FEDRIGONI

ANTITRUST POLICY

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1. INTRODUCTION

1.1 Scope of application

This procedure applies to Fedrigoni S.p.A. and its subsidiaries as part of the management and coordination activities performed by the Parent Company. This procedure is a consultation tool for Group employees who have relations with competitors, customers, suppliers, and other stakeholders on behalf of Fedrigoni.

As part of the Group's ongoing commitment to Anti-trust compliance, all Recipients must receive and carefully read a copy of this Policy and then certify the following in writing by filling in "Appendix A": (1) They have read the Policy; (2) They undertake to abide by it; and (3) They undertake to report any potential infringements thereof.

1.2 Regulatory Framework

1.2.1 Internal

- Fedrigoni S.p.A.'s Code of Ethics.
- Fedrigoni S.p.A.'s Model 231.
- Global Anti-corruption Policy.
- Global Gifts and Entertainment Procedure.
- Global Sanctions Policy.
- Global Third-Party Due Diligence Procedure.
- Global Whistleblowing Policy.
- Fedrigoni Group – Information Security Policy.
- Any regulatory instrument updating and/or supplementing the above references.

1.2.2 External

- Treaty on the Functioning of the European Union (TFEU).
- Act 287 of 10 October 1990 "Rules for the protection of competition and the market", as amended.
- European Commission publication "Compliance Matters. What companies can do better to respect EU competition rules."

1.3 Relevant definitions

- **Abuse of a dominant position**: This means the abuse by one or more undertakings that hold a dominant position in the market or in a substantial part of it.

- **Horizontal agreements**: These are agreements entered into by two or more competing undertakings.
- **Vertical agreements**: These are agreements entered into by undertakings operating at different levels of the production or distribution chain. This may include agreements between producers and distributors, but also sub-contracting between competitors and non-competitors involving the transfer of know-how to the sub-contractor.
- **The Italian Anti-trust Authority (hereinafter referred to by its initials in Italian "AGCM"):** This is an independent national authority set up in 1990 with the task of monitoring and ensuring compliance with the rules aimed at prohibiting abuse of dominant positions, agreements and/or cartels that may be harmful or restrictive to competition.
- **Concentration:** A concentration occurs when there is a lasting change of control resulting from the merger of two or more previously independent undertakings or parts of undertakings, or from the acquisition, by

  one or more persons already controlling at least one other undertaking, or by one or more undertakings, whether by purchase of shares or assets, by agreement or by any other means, of direct or indirect control of all or parts of one or more other undertakings.
- **Undertaking:** In competition law, an undertaking is defined as any entity engaged in an independent economic activity, regardless of its legal status or the way in which it is financed. The notion of an undertaking also incudes all companies subject to the same management and coordination centre.
- **Restrictive agreements**: These are agreements (even tacit) whose object or effect is to prevent, restrict, or distort competition in a substantial manner.
- **Relevant product market**: These are goods and services which are regarded as interchangeable or substitutable by the consumer, by reason of their characteristics, prices, or intended use.
- **Relevant geographic market**: This is the area in which the undertakings supply the relevant goods and services and in which the conditions of competition are sufficiently homogeneous and appreciably different from those existing in neighbouring geographic areas.
- **Dominant position:** An undertaking holds a dominant position in the market where the share of production and sales of goods and services, which it has achieved in relation to other competing undertakings, enables it to operate in the market in a condition of clear superiority over its competitors.
- **Fedrigoni Group (or the Group):** Fedrigoni S.p.A. and its subsidiaries pursuant to paragraphs 1 and 2 of Article 2359 of the Italian Civil Code.

- **Fedrigoni Persons**: These are the members of corporate bodies, executives, employees, and collaborators representing Fedrigoni Group companies.

- **Unfair commercial practice**: This means any act, omission, conduct or statement, commercial communication including advertising and marketing of the product, contrary to professional diligence as well as false or likely to distort the commercial choices of the average consumer it reaches or to whom it is addressed.
- **Internal Audit Risk & Compliance Officer**: This means the person responsible for ensuring the necessary support and assistance in terms of Internal Audit Risk and Compliance with regard to enforcing the Anti-trust Code.
- **Anti-trust Compliance Officer (ACO)**: This is the person responsible for implementing the Anti-trust Policy.

1.4 Anti-trust Policy Objectives

The purpose of this policy is to define the guidelines of conduct that all employees of Fedrigoni and its subsidiaries must comply with in order to ensure compliance with the principles dictated by applicable anti-trust law. The Policy is part of the initiatives dedicated to fostering the development of a corporate culture of protecting competition and putting in place procedures and systems to minimise the risk of anti-trust infringements, within the broader context of compliance initiatives (Model 231, anti-corruption, business ethics, etc.) promoted by the Fedrigoni Group. In short, the main objectives of the Anti-trust Policy are as follows:

- To ensure Fedrigoni Group's full compliance with anti-trust law.
- To illustrate the key principles of anti-trust law to all Group employees, making them aware of their responsibilities and reinforcing their commitment to avoid conduct with (potentially) anti-competitive implications.
- To provide operational guidance to minimise anti-trust risks in the specific areas where the Group operates.

2. ANTI-TRUST LAW AWARENESS AND COMPLIANCE

Before moving on to the practical details of what to avoid and/or do to ensure compliance with anti-trust law, it is crucial to clarify and explain information concerning:

- Anti-trust Compliance Officer.
- Anti-trust Training.

2.1 Who is and what does the Anti-trust Compliance Officer do?

The Anti-trust Compliance Officer (ACO), who is equivalent to the Internal Audit Risk & Compliance Officer within the Group, is the internal contact person responsible for implementing the Anti-trust Policy. The Anti-trust Compliance Officer must be the first point of contact for Group employees if they have any doubts as to the compatibility of a certain conduct (even if practised by suppliers, customers, or competitors) with competition law. The Anti-trust Compliance Officer is responsible in particular for the following:

- Planning and organising anti-trust training activities.
- Checking the compatibility of corporate resolutions, agreements, or commercial conduct with competition law in advance.
- Recording any doubts and questions about the compatibility of any initiatives or conduct reported by employees with anti-trust law, so that specific countermeasures can be better tailored.
- Continuously monitoring changes in anti-trust law and case law to ensure that the Policy is always valid and up to date.
- Assisting and supervising the activities of competition authority officials in the case of inspections.
- Reporting to the company's top management any incidents of possible infringements of anti-trust laws that are brought to its attention.

The ACO ensures that the tasks set out in the Anti-trust Policy are carried out. For all communications concerning its interpretation and application, and whenever a situation of potential anti-trust risk arises, Fedrigoni employees should contact the Internal Audit Risk & Compliance Officer at the following email address: codeofethics@fedrigoni.it

2.2 Anti-trust Training

The Anti-trust Compliance Officer is also responsible for training Group staff in anti-trust matters. Therefore, they organise training sessions aimed at examining specific aspects in depth, indicating the precautions and/or conduct to be adopted in order to minimise the risk of committing possible infringements of anti-trust laws. The training is specifically aimed at those corporate departments that are most affected by anti-trust risk. Finally, the Anti-trust Compliance Officer should be contacted to suggest topics or practical issues which are particularly worthy of further study and/or general attention.

3. GENERAL PRINCIPLES

3.1 Description of the procedure

Anti-trust law consists of a set of European and national rules designed to ensure that competition between companies is protected. The ultimate aim of anti-trust law is to support a free market economy by preventing companies already established in a given economic segment from colluding with each other or from individually abusing their position of commercial or production power, with the effect of restricting and/or distorting free competition to the detriment of competitors. The principles of the free market and competition are among the Group's fundamental values. In carrying out its operations, the Group promotes competition, efficiency, and adequate levels of quality in the supply of its products. The Policy states that the Group's business and corporate activities must be conducted in a transparent, honest, fair, and bona fide manner in full compliance with the rules protecting competition. This document is the expression of these principles and values and is addressed to all Fedrigoni Persons, who are required to comply with the laws and regulations in force. The Anti-trust Policy (containing the principles and rules of conduct to be followed by Fedrigoni Persons with regard to protecting competition) aims to illustrate, in a simple and accessible manner, the contents of the regulations protecting competition and provide a practical guide on the conduct to be adopted in specific situations that may lead to potential anti-trust infringements. Adopting the Anti-trust Policy is part of the broader "Anti-trust Compliance" programme promoted by Fedrigoni, which is implemented as follows:

- Identifying relevant corporate activities where there may be a risk of an anti-trust offence being committed and the persons who, due to their responsibilities, may be most exposed to that risk.
- Suitable communication and training initiatives involving all employees aimed at ensuring familiarity with, effectiveness of, and proper implementation of the Policy. Participation in training activities is mandatory.
- A monitoring programme aimed at verifying the effectiveness and allowing for the rules contained in the Anti-trust Policy to be constantly adapted and updated.

The Anti-trust Policy is not intended to provide an exhaustive and comprehensive discussion of the rules or the types of situations Fedrigoni employees may be involved in (that represent causes of anti-trust infringements), but it is intended to identify the most common anti-trust infringement risk situations and to suggest the proper conduct to be adopted. Fedrigoni employees are required to inform their manager and contact the ACO whenever they identify a potential anti-trust risk situation in order to receive the necessary support. The Group intends to promote an anti-trust culture and ensure its employees' commitment to refraining from activities or conduct that may be detrimental to competition.

3.2 Main anti-trust law risks

The main risks the company may face as a result of conduct infringing anti-trust law include the following:

- Administrative fines of up to 10% of the Group's turnover;
- Agreements entered into that infringe anti-trust law being considered null and void;
- Compensation for damages caused to customers or competitors who may have suffered direct and/or indirect damage as a result of anti-trust conduct;
- Damage to the company's reputation.

3.3 Typical cases of Anti-trust Law

Anti-trust law consists of a set of European and national rules aimed at promoting and protecting free and balanced competition on the market. The application of European law and the jurisdiction of the European Commission depend on the actual or potential impact of the conduct on trade between Member States: where the conduct is likely to affect only national markets, national rules and the jurisdiction of the national competition authority will apply. The concepts of “undertaking” and “relevant market” are particularly relevant to anti-trust law. Anti-trust law applies only to undertakings: it prohibits all conduct by an undertaking that determines or may determine the behaviour of a competing undertaking, thereby restricting the latter's decision-making independence or commercial freedom in some way.

Under anti-trust law, an undertaking is "any entity engaged in an economic activity (production and/or marketing of goods and services), regardless of its legal form (private or public), the way in which it is financed, and the commercial purpose for which it operates".

Two or more separate companies may be regarded as a single undertaking when their commercial conduct is determined by a common parent company or when one is directly or indirectly controlled by the other. Conduct by undertakings is relevant under anti-trust law insofar as it has an actual or potential restrictive effect on competition in a relevant market. Individual conduct is not assessed theoretically, but with specific regard to the concrete circumstances (economic, factual, etc.) of the 'relevant market'. Only by looking at the relevant market is it possible to assess whether conduct has a positive or negative impact on competition. Specifically:

- The **relevant market** is identified by referring to a specific product and geographic area.
- The **relevant product market** includes "all products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of their characteristics, prices, and intended use".
- The **relevant geographic market** includes "the area in which the relevant undertakings are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous and can be

distinguished from neighbouring geographic areas because the conditions of competition are different in those areas".

For anti-trust purposes, the relevant market is a notion that is instrumental to the assessment of a specific case. Therefore, an analysis of precedents must of course always be done, but it will hardly be able to provide conclusive guidance. Changes in the competitive balance and technological advances may result in different definitions of the relevant market over time and in different areas. The Anti-trust Compliance Officer should be contacted to identify the relevant market.

3.3.1 Relevant Product Categories

Paper is a product made through a complex industrial process which has evolved over time with the introduction of highly innovative technologies from both the "Paper" and "Self-Adhesives" sectors for designing and producing self-adhesive materials. More than 80% of the pulp fibres used in Italy and in Europe is certified as sustainable in the forest or plantation of origin, thanks to the 'Fsc' and 'Pefc' forest certification schemes which are recognised by the European Union and internationally. More than 60% of the total fibres used in Italy is recycled as a result of the paper industry's collection and recycling system which it developed even before national and European legislation required it. It serves as an example of the circular economy.

Relevant product categories include:

- **Fedrigoni Paper**: paper for impregnation, paper for electrical purposes, paper for industrial uses, paper for graphic and writing purposes, handmade and hand-use paper, art and publishing papers, laser paper, one-side coated paper, classic and modern paper, paper for stationery items, photocopy and xerographic papers, offset papers, roto-offset, rotogravure, bond and security papers in general, cardboards and boards, wrapping paper, self-adhesive material in sheets, reels of any colour and size, with customised certifications.
- **Fedrigoni Self-Adhesives**: self-adhesive papers (premium, coated, coloured, metallic, for direct thermal printing, for technical transfer printing), films (polypropylenes, polyesters, polyethylenes, vinyls), linerless, digital printing, laminations, special constructions (electrostatic films, double-sided adhesives, Gamma Triplex), films for cutting plotters.

3.4 General Principles

The main cases covered by competition law fall into three main areas:

- **Prohibition of restrictive agreements**. These rules prohibit agreements or concerted practices between two or more undertakings active at the same or a different level of the production chain, or decisions by associations of undertakings which have the aim or effect of distorting otherwise normal competitive dynamics in the market (e.g. fixing sales prices, sharing markets or customers, etc.).

- **Prohibition of abuse of a dominant position**. These rules prohibit anti-competitive practices (e.g. imposing unjustifiably onerous contractual conditions, limiting production or market access, discrimination, etc.) engaged in unilaterally by an undertaking which, because of its large market share and/or other factors, has market power and can therefore behave independently of competitors, suppliers, and customers ("dominant" position).
- **Ex-ante review of concentrations**. These are the rules under which, once certain turnover thresholds are exceeded by the undertakings involved, transactions leading to a structural change in the market (mergers, joint ventures, takeovers, etc., so-called 'concentrations') must be notified in advance to the relevant anti-trust authority so that it can make sure that the concentration does not reduce competition, enabling the new entity to exercise significant market power by increasing prices or applying unfavourable conditions to its rivals. Competition law applies only to conduct by undertakings, i.e. any entity (private or public, even an individual) engaged in an economic activity, regardless of its legal status or financing method. In accordance with the economic nature of this notion, two or more separate companies are regarded as part of a single undertaking when their commercial conduct is determined by a common parent company or when one is directly or indirectly controlled by the other. From this 'broadened' notion of an undertaking, it follows that agreements between companies belonging to the same group are, as a rule, not relevant under anti-trust law, since in any case they do not involve parties acting in competition with each other. In practical terms, this means that the prohibition of restrictive agreements does not apply to agreements between undertakings belonging to the same group and thus not independent of each other.

The Anti-trust policy focuses on prohibiting agreements that restrict competition and on prohibiting abuse of a dominant position. Specifically with regard to a dominant position, it should be noted that, to date, no competition authority has ever found that the Fedrigoni Group has a dominant position in any of the relevant markets in which it operates. The Group pursues significant market positions in certain product and geographic areas in which it promotes and operates its business. In this context, detailed guidance should also be provided to Group employees with regard to this area of competition law. As for the rules governing concentrations, these pertain to extraordinary business decisions and therefore compliance with them is the direct prerogative of senior management after consulting the ACO.

Reference is only made to EU law in this Anti-trust Policy, although this also applies in principle to national anti-trust law. The EU rules are applied at EU level by the European Commission (the "Commission"), but are also directly applicable in each of the EU Member States by the local competition authorities, and in Italy by the national Anti-trust Authority based in Rome (AGCM). Having said that, at the EU level, the prohibitions of restrictive agreements and abuse of a dominant position are set out in Articles 101 and 102 of the Treaty on the Functioning of the European Union ("TFEU"), while at the Italian level by Articles 2 and 3 of Act Number 287/1990.

4. THE PROHIBITION ON AGREEMENTS RESTRICTING COMPETITION

The first paragraph of Article 101 of the TFEU expressly prohibits agreements, concerted practices between independent undertakings and decisions by associations of undertakings which may affect trade between Member States of the Union whose object or effect is to prevent, restrict, or distort competition within the market. In the anti-trust field, the notions of "agreement", "decision of associations of undertakings" and "concerted practice" are extremely broad. Specifically:

- The notion of **agreement** is independent of the legal form it has (or of the civil law concept). In this sense, even a "handshake" or simple verbal understandings may suffice for the existence of an "agreement" (a "meeting of the minds").
- **Concerted practice**, on the other hand, is a form of coordination between undertakings which, without going so far as to enter into an actual agreement, deliberately replaces practical cooperation between them with the risks of competition. More specifically, the existence of a concerted practice may be inferred from forms of "contact" between undertakings that enable them to know each other's commercial strategies (e.g. exchanging sensitive information relating to the business activity) and from conduct on the part of the undertakings involved that takes into account the information obtained through the "contact" (so-called aligned conduct, such as, for example, price increases of the same amount or implemented in the same time frame, identical discounts or discount schemes, etc.). For the purposes of prohibiting a concerted practice, it is not necessary to find evidence of reports, meetings, or minutes, but it is sufficient to observe a pattern of conduct, which - for example - could take the form of simultaneous or close variations in the prices charged over a sufficiently significant period of time. Therefore, in order for one to speak of concerted practice, it is essential to be aware of acting in concert (which distinguishes it from cases of mere parallel conduct).
- Decisions of **associations of undertakings** (such as trade associations, consortia, chambers of commerce, federations, etc.) are considered to be all acts, even non-binding acts, which are adopted by an association of undertakings whose purpose is to influence the economic behaviour of the participating undertakings by distorting competition.

Restrictive object or effect

As has been seen, a cartel may restrict competition by object or by effect. A cartel is considered restrictive by object when it is intended to restrict competition by its very nature. It involves a limited set of practices (so-called "hardcore restrictions"), mainly the following:

- Fixing prices.
- Sharing markets and/or customers.
- Limiting production.

- Distorting competition mechanisms.
- Boycotts.

If the object of a cartel is not sufficiently detrimental to competition for it to be considered restrictive per se, the effect of the cartel must be examined and, in order to prohibit it, there must be evidence that competition has been significantly impeded, restricted, or distorted. In order to assess the anti-competitive effect of a cartel, it is necessary, in other words, to assess its actual impact on the market in the light of the characteristics of the market, the undertakings which operate in it or are likely to enter it, and the products/services they offer.

If there is any doubt that an agreement or, more generally, an arrangement in which Fedrigoni is involved may have an anti-competitive effect, the Internal Audit Risk & Compliance Officer must be immediately notified and will take action once they have established the plausibility of what has been reported.

Horizontal or vertical agreements

Horizontal agreements are between undertakings directly competing with each other, i.e. operating at the same level of the production or distribution chain (e.g. between two or more producers of the same goods or suppliers of the same service). Even when they consist of a mere exchange of sensitive information, these types of agreements can easily lead to a restriction of competition by object. Agreements are vertical if they are concluded between undertakings operating at different levels of the production or distribution chain (e.g. between manufacturer and retailer). As a rule, they are less likely to lead to restrictions of competition because:

- They occur between undertakings that do not directly compete with each other.
- They can produce pro-competitive effects.
- Thus efficiency increases that ultimately benefits customers/consumers.

However, vertical agreements may also be restrictive, for instance by restricting the parties' commercial freedom (by fixing resale prices) and/or intra-brand competition (between distributors of the same manufacturer) or inter-brand competition (between manufacturers of different brands).

Penalties in the event of an infringement

Infringements of the prohibition of restrictive agreements can be punished by competition authorities with administrative fines that can be very large (up to a maximum of 10% of turnover).

According to paragraph 2 of Article 101 TFEU, restrictive agreements are also 'automatically null and void'. As a rule, this sanction only affects the clauses that immediately conflict with the prohibition of restrictive agreements, not the entire agreement containing them, unless the clauses in question are objectively inseparable from the rest of the agreement. In addition to

the above-mentioned consequences, further impactful ones can be added (reputational damage, claims for damages).

Exemption from the prohibition

Paragraph 3 of Article 101 TFEU exempts restrictive agreements that are restrictive but nevertheless produce pro-competitive effects. Such agreements may be individually exempted from the application of the prohibition in paragraph 1 of Article 101 TFEU. In order to benefit from this exemption, the following conditions must be cumulatively fulfilled:

- The agreement in question must contribute to improving the production or distribution of goods or services, or to promoting technical or economic progress.
- Consumers or customers must be allowed a fair share of the resulting benefit from the agreement.
- The agreement must not contain restrictions that are not essential for achieving the virtuous result intended by the parties.
- The agreement must not result in eliminating a substantial part of competition in relation to the goods or services covered by the agreement.

The evaluation of these criteria is based on a complex analysis of legal, economic, and factual factors and therefore requires the involvement of the ACO.

4.1 Cartels

Horizontal agreements are typically known as cartels and are usually secret, involving coordination between competitors on key competitive levers (e.g. prices, quantities, customers, and territories).

These agreements constitute the most serious infringement of competition rules and are therefore sanctioned very severely by the anti-trust authorities, even if they do not have an actual distorting impact on the market and if the participating undertakings have not actually implemented them. It is also prohibited to participate in a cartel in a purely passive manner (without providing sensitive information to competitors or without the intention of implementing what has been agreed with them). When in doubt

about the scope of the prohibition of horizontal restrictive agreements, or if you suspect that certain Fedrigoni employees are involved in a cartel, you should contact the Internal Audit Risk & Compliance Officer to get an opinion based on the circumstances of the case and effectively assess the situation. The main types of horizontal restrictive agreements are described below.

4.1.1 Price fixing or other contractual conditions

Price is one of the main competitive levers for a company. Therefore, any concerted conduct with competing undertakings that influences pricing strategies (even if only potentially and/or

indirectly) results in a serious infringement of anti-trust law. This is an absolute prohibition, so it is not even relevant that the cartel is aimed at lowering the price or is inspired by consumer support purposes, nor that the parties do not implement it.

The prohibition of price-fixing includes not only sales prices in the strict sense, but also surcharges, promotions, discounts, rebates, trade margins, credit or warranty terms, service charges, additional charges, agents' commissions, and any other items that contribute to determining the final price. The following is therefore strictly prohibited between competing undertakings:

- To discuss current or future prices.
- To agree on prices to be charged (or even not to change them for a certain period of time).
- To coordinate the timing of price changes, when to increase or decrease them.

4.1.2 Limiting production or investment

Agreements to limit production or curb investment significantly alter the competitive dynamics of the market and are therefore strictly prohibited. In particular, the following is prohibited between competing undertakings:

- To agree on sales or market shares.
- To agree on the volumes to be distributed.
- To agree to close production facilities (even in an alternating manner) or not to open new ones.
- To incentivise a competitor's exit from the market.
- To agree to limit expenditures on research and development.
- To agree to reduce or freeze supply capacity.

It is entirely irrelevant whether the agreement is intended to offset situations of oversupply, and it is strictly forbidden to agree with competitors to discriminate against a specific customer or supplier by imposing unfavourable contractual conditions on it or to agree to refuse to enter into supply or distribution agreements with a specific party (so-called boycott).

4.1.3 Sharing suppliers, customers, territories, or tenders

The partitioning of markets leads to a serious restriction of competition and is therefore strictly prohibited by anti-trust law.

It is therefore strictly prohibited to discuss and agree with competitors regarding the sharing of the following:

- Territories and/or activities.

- Types of goods to be produced or sold.
- Suppliers (e.g. with non-aggression pacts).
- Customers or groups of customers.
- Tender procedures.

4.2 Exchanging sensitive information between competitors

Exchanging information between competitors is a very sensitive issue in European and Italian anti-trust law. Indeed, while it may be that an exchange of information can be the perfect substitute for a cartel agreement in the strict sense (i.e. a secret anti-competitive agreement), it is undeniable that information transparency can also yield efficiencies. On the other hand, many markets characterised by healthy, vigorous competition have systems, mechanisms, and/or structures in place that favour a certain degree of information flow.

Anti-trust law is concerned with the exchange of a very specific type of information known as ''competitively sensitive'' information. This means all information that can reveal the strategies of a market player. Therefore, the Anti-trust Policy focuses on this type of information exchange. To understand whether information is of a sensitive nature, it may be sufficient to ask: Would I want a competitor of mine to know about it?

Intuitively, the answer will be no with regard to information that affects the Group individually, its current and/or future strategies and, in general, all information deemed confidential and commercially sensitive. In general terms, although such an assessment depends on the context and characteristics of the market in question (e.g. in markets with an oligopolistic structure, exchanges of information between competitors are more serious than in markets with other characteristics), the following information is deemed sensitive:

- Strategies or other commercial decisions;
- Prices, discounts, promotions, economic conditions;
- Sales volumes;
- Production costs (direct and indirect);
- Profit margins;
- Business plans;
- Sales conditions;
- Economic and technical offers, lots you intend to bid on, etc. when participating in tender procedures;
- Any other confidential information that has commercial/strategic relevance.

On the other hand, the following information is not deemed sensitive:

- Aggregated by geographic and product areas that are large enough to make it impossible to identify (even indirectly through reverse engineering) the individual data of individual competitors.
- Historical, i.e. past information that can only be used for statistical purposes and is now devoid of any strategic relevance.
- Information already in the public domain.

This information is normally not deemed sensitive, since it is not confidential (any longer). The exchange of sensitive information is prohibited, since it has the effect of eliminating the normal uncertainties concerning the economic behaviour that different undertakings that are competitors in a given sector, intend to adopt on the market. By doing so, undertakings could in fact establish anti-competitive coordination of their conduct, even if no specific agreements exist in this respect. However, this does not mean that market intelligence activities, such as monitoring competitors' activities and general market trends, constitute anti-trust offences. If the information is collected independently, without being the result of concertation or mere acquiescence on the part of competitors, market intelligence activities are part of the normal activities that companies can independently engage in to establish an effective, competitive business strategy. However, when sensitive information concerning competitors' activities is exchanged between undertakings this is clearly different. It should be noted that this potentially anti-competitive exchange can also be carried out with the help of third parties acting as intermediaries (such as trade associations, for example), collecting information and then disseminating it among the undertakings participating in the exchange. In this regard, it is important to emphasise that even the mere receipt of particularly sensitive information from a competitor is prohibited, as it is assumed that the recipient will take this into account when determining its own commercial conduct on the market. With specific reference to negotiations conducted for possible corporate transactions (acquisitions, establishment of joint ventures, etc.), commercially sensitive information may be exchanged with competing undertakings provided that the party receiving the information agrees to keep it confidential and that the exchange is:

- Strictly necessary for the purpose for which it is intended.
- Limited to data that is really necessary.
- Structured so as to limit the number of persons with access to the information as much as possible.

In these circumstances, specific rules concerning sensitive anti-trust information must be included in the non-disclosure agreements, which are typically signed by the parties to govern the negotiation phase. For instance, it is essential to limit the dissemination of sensitive information to persons not involved in the company's commercial and operational decisions. The person in charge should therefore be involved in reviewing and integrating relations between the parties during business negotiations. In more general terms, if a Fedrigoni

employee receives sensitive information relating to competitors, he/she must promptly report the incident to the Internal Audit Risk & Compliance Officer, who will take the most appropriate measures to reduce the Group's risk of an anti-trust infringement.

4.3 Hub-and-spoke arrangements

Particular attention must also be paid to potential development of hub-and-spoke dynamics that may constitute a prohibited agreement under Article 101 of the TFEU. A hub-and-spoke arrangement is understood as follows:

The coordination of the commercial policies of two or more competing undertakings (spokes) through a third party (hub) operating at a different level of the production chain, which acts as an intermediary by individually interfacing with each competitor.

In particular, a hub-and-spoke arrangement may take the following forms:

- Coordination between two or more distributors through an upstream supplier.
- Coordination between two or more suppliers via a downstream distributor.
- Cross coordination, i.e. coordination between two or more suppliers, which in turn coordinate two or more distributors.

Unlike traditional cases of restrictive agreements, a hub-and-spoke arrangement therefore takes place where there is no direct contact between the spokes, i.e. the two competing undertakings, but rather through indirect contacts through the hub, which may act of its own accord or at the behest of one of the two spokes. A hub-and-spoke arrangement infringes the prohibition of paragraph 1 of Article 101 of the TFEU if it is likely to result in:

- Fixing sales prices or minimum prices.
- Sharing markets or customers.
- Hindering parallel imports.
- Exchanging price information or other commercially sensitive information to the extent that the exchange reduces or eliminates the degree of uncertainty as to how the market operates by enabling an alignment of commercial conduct leading to a restriction of competition.

The most common hub-and-spoke arrangement in practice is the alignment of the resale prices of two or more distributors through a common supplier, even if only through a flow of information on current and/or future resale prices that facilitates an alignment of those prices.

4.4 Cooperation agreements between competitors

Cooperation agreements between (actual or potential) competitors can bring substantial economic benefits, allowing them to share risks, reduce costs, share know-how, increase the

quality and variety of products and launch innovative products on the market more quickly. Acknowledging the benefits normally associated with cooperation agreements between competitors (known as horizontal cooperation), competition authorities have ruled in numerous precedents that horizontal cooperation agreements do not fall at all under the prohibition of restrictive agreements in paragraph 1 of Article 101 of the TFEU or otherwise fulfil the cumulative conditions for applying the exemption in paragraph 3 of Article 101 of the TFEU. However, precisely because they involve undertakings in direct competition with each other, cooperation agreements may sometimes have negative effects on competition and thus fall under the prohibition of restrictive agreements. In particular, depending on the circumstances, these agreements may:

- Facilitate anti-competitive coordination in downstream markets.
- Strengthen the market power of the parties to the agreement.
- Hinder innovation.
- Hinder market entry (e.g. preventing third party access to a standardised technology).

4.5 Relations with trade associations

Participation in trade associations does not in itself constitute anti-trust conduct. However, the associative context may constitute the means or opportunity to coordinate the conduct of member undertakings, with the aim or effect of restricting or distorting competition, or to exchange sensitive or confidential commercial information with competitors. The scope of the trade association is expressed in the following:

- In merely providing the opportunity for cartel agreements to be put in place or for sensitive information to be exchanged, without playing any active role (e.g. cartel meetings taking place at the end of the association's scheduled meetings).
- In playing an active role in promoting homogeneous market behaviour for its members (e.g. by establishing uniform supply conditions, disseminating circulars indicating the prices to be applied, etc.).

In the first case, the individual members meet separately at association meetings to discuss and/or agree on prices, market shares, to share markets or customers or, in any event, to coordinate their conduct on the market. Under these circumstances, the association is not involved in the restrictive conduct and liability falls solely on the members involved in the infringement. In the second case, the association is an active party to the anti-trust infringement. This means that the liability for an infringement falls as much on the association as on the member undertakings (e.g. in cases where the association's resolutions formalise collusive behaviour by members or otherwise have the effect of directing or standardising the members' business strategies). It is therefore strictly prohibited for all Fedrigoni Group staff and trade associations to envisage initiatives whose aim or effect is to restrict competition

between member undertakings. In this regard, the following initiatives are considered to be anti-competitive when they are aimed at:

- Altering the independent setting of prices or other conditions for the sale of products or services provided by member undertakings (e.g. base prices, surcharges, discounts, promotional activities, etc.).
- Limiting the production, with regard to the quantity and type of product in question, or the research and development activities of member undertakings.
- Facilitating the sharing of customers or sales territories among member undertakings.
- Distorting the independence of establishing the conditions applied by member undertakings to certain suppliers/customers or even the opportunity to do business with them.

On the other hand, activities that are generally legitimate from an anti-trust point of view are those consisting of:

- Collecting and disseminating historical and/or aggregated information.
- Conducting market analysis.
- Lobbying.
- Drawing up codes of conduct.
- Organising training initiatives for trade association members.

4.6 Leniency programmes

Since traditional investigative tools can often prove insufficient, in order to facilitate identifying collusive conduct (i.e. typically known as secret cartels), the Commission and the Italian Anti-trust Authority (AGCM) have introduced leniency programmes. These programmes grant full immunity from sanctions, or a significant reduction thereof, to undertakings that decide to cooperate with the competent authority by reporting their participation in a restrictive agreement, providing evidence of it and cooperating in the investigation procedure, whereby an essential element in obtaining this benefit is timing. Only the undertaking that first reports the unlawful conduct benefits from full immunity from sanctions. Undertakings that subsequently join the leniency programme may only obtain a (gradually decreasing) reduction of the fine - but not an exemption from it - if they provide evidence that has significant added value with respect to the evidence already provided by the first whistleblower or with respect to the evidence already in the competent authority's possession. In order to qualify for immunity or leniency, there is also a general obligation to cooperate with the competent authority throughout the investigation phase. This cooperation consists essentially of the duty to:

- Put an immediate end to participation in the agreement.

- Not destroy, alter or conceal information/documents relevant to the authority's investigation.
- Avoid communicating to anyone that one is cooperating.

In light of the above, it is essential that if there is a suspicion that Fedrigoni employees are involved in an anti-competitive agreement, the Internal Audit Risk & Compliance Officer must be promptly informed so that they can effectively assess the situation and take the necessary actions.

4.7 Vertical agreements

Vertical agreements are those entered into between undertakings operating at different levels of the production and distribution chain. They involve the conditions under which the parties to an agreement may purchase, sell, or resell the products covered by the agreement. Vertical agreements are therefore distribution agreements between suppliers of raw materials and manufacturers of derived goods, between manufacturers and wholesalers, and between wholesalers and retailers. Competition law assesses vertical agreements less strictly than horizontal ones because, unlike the latter, the former can pursue entirely legitimate objectives and have pro-competitive effects. For example, vertical agreements may lead to production or distribution efficiencies (thus improving the quality of services), reduction of costs, reduction of free-riding between distributors of the same product, etc. However, vertical agreements may also lead to restrictive effects on competition. The most common restrictive effect (deemed less serious) is the restriction of intra-brand competition, i.e. between distributors of products of the same brand. Sometimes, a vertical agreement may also lead (indirectly) to a reduction in inter-brand competition, i.e. between different manufacturers. Even where there are restrictive clauses, the efficiencies and pro-competitive effects created by a vertical agreement may justify an exemption from the prohibition of restrictive agreements under paragraph 3 of Article 101 of the TFEU if the restrictive clauses are indeed necessary to create such pro-competitive effects and meet the other conditions for exemption. If they do not fulfil the conditions for an exemption, the clauses restricting competition fall under the prohibition of restrictive agreements and are therefore null and void. If essential to the agreement, they may render it void in its entirety. The invalidity of the clause precludes its producing any legal effect, with the consequence that the parties will not be able to enforce it (or the entire agreement if the clause is essential and inseparable from the rest of the agreement). In assessing the possible restrictive effects of a vertical agreement on competition, factors related to the structure of the market affected by the agreement and the position of the undertakings involved in the agreement on their respective markets must also be taken into account. Indeed, anti-competitive effects are more likely when competition at one or more levels of trade is insufficient and at least one of the parties to the agreement has significant market power.

The Commission has also recently renewed its interest in vertical agreements, especially in relation to the distribution of products and the provision of online services. In Regulation (EU) 330/2010 on the block exemption on vertical agreements (the "Regulation"), the European

Commission set out the following criteria which, if fulfilled, make it possible to presume the legality of a vertical agreement on the assumption that it fulfils the conditions for exemption from the prohibition of restrictive agreements in any event:

- Both the supplier's and the distributor's market share does not exceed 30% in the respective markets affected by the agreement (where the supplier sells the products object of the agreement and the distributor resells).
- The agreement does not contain any clauses that severely restrict competition (hardcore restrictions such as, e.g., imposing fixed or minimum resale prices or prohibiting passive sales).

Even when a vertical agreement satisfies these criteria, certain clauses (e.g. non-compete/exclusive obligations exceeding a certain duration) may not be covered by the block exemption in the Regulation and may therefore require independent assessment. Even in cases where the market share threshold is exceeded and the agreement therefore does not fall under the automatic block exemption of the Regulation, a potentially restrictive vertical agreement may still benefit from an individual exemption under Article 101 of the TFEU, providing it does not contain hardcore restrictions. In that case, undertakings must conduct a self-assessment to determine whether the agreement fulfils the four cumulative conditions of Article 101 of the TFEU, and then have the burden of proving the accuracy of their self-assessment in the event of subsequent investigations. In any case, the Internal Audit Risk & Compliance Officer must be contacted in order to assess whether the prerequisites for a block or individual exemption exist.

As indicated above, vertical agreements can contain very serious restrictions of competition. If these clauses exist, the agreement cannot benefit from a block exemption (regardless of the market share of the parties) and is also presumed to fall under the prohibition of restrictive agreements and is highly unlikely to benefit from an individual exemption under Article 101 of the TFEU. The clause containing the hardcore restriction is automatically null and void and its presence in a vertical agreement may lead a competition authority to open an investigation that may even result in a sanction. Typical examples of hardcore restrictions include the following:

- Imposing resale prices i.e. clauses directly or indirectly imposing a fixed or minimum resale price.
- Absolute sharing of the market by territories or customer groups (such as territorial exclusivity clauses with prohibition of passive sales outside the territory).

A supplier may therefore not impose fixed or minimum resale prices on its distributors for the products object of the agreement, be it in writing (including by email, messages, or any other form of correspondence) or verbally. The prohibition applies even if the prices are imposed indirectly. Typical forms of imposing indirect resale prices are:

- Granting bonuses, discounts, or reimbursement of promotional expenses that are contingent upon the distributor's compliance with the recommended price.

- Imposing penalties on distributors who do not comply with recommended prices, or threats or intimidation, penalties, delay or suspension of deliveries, termination of agreements in connection with compliance with a given price level.
- Fixing the distributor's margins or the maximum level of discount the distributor may grant to its customers.
- Setting formulas for calculating the resale price. On the other hand, a supplier may lawfully agree with distributors on maximum or recommended resale prices, providing they do not amount to de facto fixed or minimum prices.

4.8 Conduct Guidelines

As pointed out, a restrictive agreement may benefit from an exemption from its prohibition if it produces pro-competitive effects. In this sense, agreements whose pro-competitive effects outweigh their anti-competitive effects are not prohibited. The inapplicability of the prohibition of restrictive agreements, defined as an "efficiency defence" may result from:

- The applicability of specific block exemption regulations issued by the European Commission for certain types of agreements between undertakings that are more common in business practice (e.g. in relation to research and development agreements, specialisation and joint production agreements, technology transfer agreements, agreements between manufacturers/suppliers and distributors whose market shares do not exceed 30%).
- A case-by-case assessment of whether the identified requirements for inapplicability are met.

For both individual exemption cases and those falling under block exemption regulations, the assessment as to whether a given agreement qualifies for the relevant exemption is the responsibility of the undertakings and their lawyers (self-assessment). The assessment of the applicability or inapplicability of the anti-trust prohibition must be made by the undertakings involved themselves.

The possibility of obtaining an "authorisation" from the Commission in this regard has been eliminated. This is why it is particularly important to conduct a proper analysis and prepare the contractual documents and practices in advance, in cooperation with the Anti-trust Oversight Authority. The following is a (non-exhaustive) list of prohibited conduct that Fedrigoni Persons must refrain from engaging in:

- Discussing, agreeing with customers/competitors/suppliers to boycott customers, competitors, or suppliers or preventing a competitor or customer from entering the market.
- Agreeing with a competitor not to compete in relation to the respective customer portfolio.

- Agreeing with a competitor on the sharing of a certain territory.
- Exchanging detailed, recent information with competitors regarding costs, future business plans, or other information that is usually confidential and has commercial relevance.
- Discussing this information within trade associations.
- Calling a competitor to check its willingness to apply terms and conditions similar to those applied by Fedrigoni Group companies.
- Agreeing with competing undertakings on which undertaking will win or drop out of a tender.
- Agreeing with competing undertakings to consult with each other before submitting their bids and the price range within which to submit their bids in relation to participating in a tender.

Should any doubts arise as to the compatibility of agreements with anti-trust law that exist and/or are to be entered into, of business practices with customers, competitors, or suppliers, or of the topics to be dealt with in the context of a trade association, it is expressly stipulated that the ACO must be contacted in advance.

5. PROHIBITION OF ABUSE OF A DOMINANT POSITION

5.1 Prohibition

Article 102 of the TFEU prohibits undertakings that have a dominant position from abusing such position. However, having a dominant position on a market is not prohibited per se. However, the dominant undertaking has a special responsibility that requires it to take greater care in determining its business strategies. Indeed, conduct that is perfectly legitimate for a non-dominant player may become unlawful if engaged in by an undertaking that has a dominant position. This does not imply that the dominant undertaking cannot protect its commercial interests, but its conduct must be kept within reasonable limits and not have the purpose or effect of diminishing the degree of competition existing on the market (already reduced by the presence of a dominant player) or of exploiting customers or suppliers. Whether a dominant position exists within a given product or geographic market must be verified on a case-by-case basis, depending on the factual circumstances in which the allegedly unlawful conduct takes place. In this respect, one relevant indicator to consider is the market share held by the undertaking in question (usually, a market share in excess of 40% is indicative of a dominant position), but this factor is not the only one to be taken into account as there are levers that enable an undertaking to behave independently of its suppliers or customers even without particularly high market shares. Finally, it is important to emphasise that anti-trust law does not prohibit the existence of a dominant position per se, nor the legitimate pursuit by the dominant undertaking of its business interests, but only engaging in abusive conduct. In fact, it should be noted that the dominant undertaking has a special responsibility vis-à-vis the other market players, which is why perfectly lawful conduct, if adopted by a small player, may constitute an anti-trust infringement when it is committed by an undertaking with a dominant position.

5.2 Relevant Market

In order to ascertain whether an undertaking has a dominant position, it is first necessary to conduct an analysis of the competitive pressures to which it is subjected, i.e. define the relevant market, through which competing products, services, and suppliers can be identified. The relevant market results from the combination of two aspects:

- The product aspect (the relevant product market) which includes all goods or services deemed interchangeable or substitutable by customers, in the light of their characteristics, prices, and intended use.
- The geographical aspect (the relevant geographic market), which identifies the area in which the competitive conditions are sufficiently homogeneous and, at the same time, appreciably different from those of neighbouring geographic areas.

Identifying the relevant market - in both its product and geographic aspects - can be complex and requires sophisticated quantitative and qualitative tests and analytical tools. A competition authority might identify a relevant market other than the one that is intuitively and immediately discernible: for instance, geographical

boundaries might be smaller (or broader) than national ones and product or service categories different from those commonly referred to by market players. This is why the Internal Audit Risk & Compliance Officer should always be consulted for this type of analysis.

5.3 Dominant position

A dominant position is a position of economic power that enables the undertaking that has it to operate on the market independently of suppliers, competitors, customers, and final consumers, i.e. without having to take special account of their potential reactions (individual dominant position). Dominance does not imply the absence of all competition in the market, but rather a situation in which the dominant undertaking can greatly influence the way in which it competes and can to a large extent disregard the reactions of competitors and customers when defining its market strategies. Whether a dominant position exists in a relevant market must be assessed on a case-by-case basis based on numerous factors.

The starting point for analysing is the market share held by the undertaking:

- A share that is greater than 50%, stable over time, results in a presumption of dominance.
- A share between 40% and 50% is a strong indication that, in conjunction with other factors, it may lead to there being dominance.
- A share of between 30% and 40% is normally insufficient, but dominance may still exist if there are other decisive factors (e.g. vertical integration, control of non-duplicable infrastructure, availability of essential patents, etc.) which give the undertaking important competitive advantages.
- With a share below 30% dominance is excluded, except in exceptional cases.

Other relevant factors are:

- Competitors' market shares, which are indicative of competitive pressure.
- The existence of spare production capacity.
- Obstacles to market entry (e.g. authorisation schemes, economies of scale, switching costs for customers).
- Customers' buying power.
- Market characteristics.

In exceptional circumstances, several undertakings may jointly be in a collective dominant position. This occurs when several companies that are legally and economically independent and disagree with each other are led by constraints (contractual, structural, or economic) and market structure to adopt a common course of action on the market, appearing to competitors

and customers as a single dominant entity. For collective dominance to exist, three conditions must be fulfilled:

- A high degree of market transparency (each oligopolist is able to monitor the conduct of the others, e.g. if they undercut prices).
- The existence of incentives to keep a common line (an effective retaliation system or the possibility of triggering a price war).
- No external disruptive factors capable of impairing the results of joint action (tacit coordination) such as the reaction of competitors not participating in the joint conduct or that of customers.

Each collectively dominant undertaking may abuse the joint power through individual conduct.

5.4 Abuse of a dominant position

The European competition rules (and the equivalent national rules) do not provide a definition of abuse, limiting themselves to a merely illustrative list of abusive conduct. It is therefore an atypical notion, encompassing any conduct objectively capable of harming competition, hindering competitors or exploiting business partners. The abuse is objective in nature and the intent of the dominant undertaking is irrelevant. Abusive conduct can be subdivided as follows:

- **Exclusionary abuses**, i.e. conduct to the detriment of competitors that indirectly harms customers or consumers by excluding existing competitors or otherwise marginalising them or hindering the entry of new competitors into the market.
- **Exploitative abuses**, i.e. conduct directly detrimental to customers, aimed at extracting supra-competitive profits, typically through the imposition of excessive or discriminatory prices.

The abuse may also take place or produce effects in markets other than the dominated market (e.g. the dominant undertaking in market A applies predatory pricing in market B where the competitor is already active in order to deter it from entering market A; or the sole producer of an essential input unjustifiably cuts off supplies to a customer with whom it competes in the downstream (non-dominated) market in order to exclude it from the latter). An abuse of a dominant position can be defined as any specific case that cumulatively presents, including but not limited to, the following characteristics:

- The existence of a dominant position.
- The abuse of that competitive advantage.
- The actual or potential restriction of competition.
- In the case of an EU regulation, the occurrence of an effect on trade between Member States is additionally required.

Thus, an offence is committed if the aforementioned factors are fulfilled regardless of the intentions of the undertaking that engaged in the prohibited conduct, i.e. regardless of the existence of intent or fault on the part of the undertaking in engaging in the offending conduct. The conduct must have the actual or potential effect of restricting or distorting competition, e.g. by leading to different commercial conditions from those that would prevail if there were no abuse (higher prices, more unfavourable conditions) or by causing competitive harm to a competitor that will eventually be forced out of the market.

In order for abuse to be of supra-national significance and for EU law and jurisdiction to be applicable, Article 102 of the TFEU requires the effect on trade between Member States, a factor which has been interpreted very broadly by EU case law and which is already incorporated by the mere fact that the abuse involves a product that is also marketed in other Member States. Unlike the prohibition of restrictive agreements, the rules on the prohibition of abuse of a dominant position, both nationally and at the EU level, do not provide for any possibility of exemption from the prohibition.

5.5 Main exclusionary abuses

5.5.1 Unjustified refusal to deal

Even dominant undertakings are fundamentally free to decide with whom to do business, but in some cases this may constitute an abuse of a dominant position:

- Discontinuing a supply relationship with a customer without an objective justification.
- Unjustifiably refusing to supply an essential input (or denying access to an essential infrastructure) to compete in one or more downstream markets. Imposing unfair or excessively burdensome conditions may amount to rejection.

For a refusal to deal to qualify as abusive, the following three circumstances must be fulfilled:

- The required input or infrastructure is essential to be able to compete effectively in one or more downstream markets in the sense that not only must there be no alternative sources of supply, but the infrastructure or input must also be non-duplicable by competing companies in the downstream market (not even through a collective effort).
- The refusal eliminates effective competition in the downstream market.
- The refusal has no objective justification, such as technical reasons (e.g. capacity saturation), contractual reasons (e.g. default, late payment by the requesting party) or other reasons (e.g. financial unreliability of the requesting party).

It has also been held in some cases that the dominant undertaking's refusal to fully meet orders placed by an existing customer may constitute abuse where:

- The partial refusal to supply is intended to prevent or in any event limit parallel exports of the products in question to other EU Member States, thereby restricting competition in the distribution of those products in the markets of the exporting Member States.
- The customer's orders are not abnormal, i.e. they are not excessively high.

5.5.2 Predatory pricing

Predatory prices are sales prices below average avoidable costs (selling at a loss), which are charged by the dominant undertaking as part of a long-term business strategy. Since by definition it entails an economic sacrifice, this type of conduct is abusive because it is presumed to be aimed at eliminating competitors who, not having the same economic strength as the dominant undertaking, will be unable to respond with similar prices and will therefore be driven out of the market.

The basic idea is that once competitors are eliminated, the dominant undertaking can then raise its prices to a supra-competitive level and recoup its margins. If prices exceed average avoidable costs, but are below average total costs, they are only predatory if it is proven that the conduct is part of a broader exclusionary strategy. These prices may in fact have legitimate explanations other than exclusionary purpose, at least in the short term. A useful test is the repeatability of the offer by equally efficient competitors. Repeatable and thus generally non-predatory prices above the long-run average incremental cost incurred by the dominant undertaking (identified as a proxy for the equally efficient competitor) automatically enjoy the right to align its prices with those of its competitors, if this implies below-cost pricing.

5.5.3 Tying or bundling

These are practices whereby one product is sold only together with another, different, separate product, or is otherwise sold on better terms in combination than if the two products were purchased separately.

Tying or bundling is widespread: it can reduce production and distribution costs or bring about other efficiencies. But if implemented by a dominant undertaking, they can be abusive. Through such practices, the dominant undertaking in the tying product market can in fact attack the non-dominated tied or bundled product market (leverage) or indirectly protect its dominance in the other market: Although they are widespread and can lead to various types of efficiencies, when implemented by a dominant undertaking, tying or bundling may constitute a prohibited abuse of a dominant position. This is because, through such practices, the dominant undertaking in the tying product market can attack the non-dominated tied or bundled product market (leverage) or indirectly protect its dominance in the other market, leading to a negative impact on the economies of scale and profits of actual or potential competitors, which hinders their continued existence in the market. For tying or bundling conduct to be regarded as abusive, the following is necessary:

- Such conduct must be carried out by an undertaking that is dominant in the tying (bundling) product market.
- The tying product and the tied/bundled product must be two genuinely distinct products.
- There must be coercion, pressure, or in any event an inducement to jointly purchase the two products.
- The conduct must have the effect of reducing competition in the market for the tied/bundled product.

Tying or bundling is permissible if an (even hypothetical) equally efficient competitor to the dominant undertaking can compete with them profitably by offering even one of the products or, where this is actually the case, similar bundles. Verification requires complex assessments of the dominant undertaking's costs and their repeatability.

5.5.4 Discounts and loyalty practices

Discounts stimulate demand and lead to tangible benefits for consumers. However, in certain circumstances, rebates which are conditional on certain purchasing behaviour by dominant undertakings may have exclusionary effects on competitors. It is normally considered abusive and therefore prohibited for a dominant undertaking to apply the following:

- Discounts that are conditioned on the buyer's commitment to purchase from it exclusively or for more than 80% of its requirements.
- Discounts that are contingent on achieving purchasing targets corresponding to all or almost all of the customer's needs.

In more general terms, it constitutes an abuse of a dominant position to give loyalty discounts which make it uneconomic to work with alternative suppliers that cannot replicate them.

Loyalty-inducing discounts can take a variety of forms and combinations. In general, within a system of discounts linked to achieving various sales targets (e.g. certain thresholds within a given time period), the loyalty-inducing effect is greatest for the following types of discounts:

- Disproportionate, i.e. increasing disproportionately in the highest brackets.
- Retroactive, i.e. where the discount applies to all units sold, from the first one, when certain thresholds are exceeded.
- Accruable over very long periods of time (depending on the context and frequency of transactions in the market, annual periods may be considered excessive).
- Individualised, i.e. when the purchase thresholds that must be reached in order for the discount to be applied vary from customer to customer.

For instance, retroactive and individualised discounts are the type of discount which, after the above-mentioned exclusive discounts, is traditionally considered most likely to result in anti-competitive foreclosure of competitors due to its strong loyalty-inducing effect. In fact, in order to persuade a buyer to shift part of its purchases from the dominant undertaking to itself, a competitor must take into account the absolute value of the discount granted by the dominant undertaking if the thresholds are reached and set its own discount at a higher percentage, in relative terms, than the smaller volume of purchases made from it by the buyer. Depending on the circumstances, this may prove difficult, if not untenable, and thus lead to the above-mentioned loyalty (and hence foreclosure) effect occurring.

Obviously, the stronger this effect is, the longer the reference period within which the buyer has to meet the thresholds in order to benefit from the discounts, and the higher the market share of the dominant undertaking.

The Commission has proposed a more economically oriented approach to assessing the dominant undertaking's discounts, which aims at first estimating what is the actual price level (net of accruable discounts) charged by the dominant undertaking to the customer for the portion of sales that the competitor intends to capture, and secondly whether or not that price is higher than the costs of an equally viable competitor (assuming they are the same as those of the dominant undertaking). In practice, the calculations required to apply the Commission's test can be very complex and require information that is not always available. A quantity discount system, linked to the achievement of various purchase targets and aimed at passing on to customers the efficiency savings obtained through supplying higher sales volumes, is considered legitimate. In more general terms, it is more difficult for a discount system to be abusive if the discounts are incremental (i.e. applicable only to units sold after the threshold has been exceeded), with staggered discounts over a not too long period of time (in any case not more than one year), with proportionate discount levels and staggers close enough so as not to create an undue competitive disadvantage for a customer in the event of failure to reach the target threshold, always resulting in an effective price above the cost of the units sold.

5.5.5 Margin or price squeeze

A strategy by which the (dominant) supplier of an essential input to compete in a downstream market it also operates in, hinders its competitors in the downstream market by raising the price of the input or lowering the price of the derived product or service to levels that do not allow competitors purchasing the input to make any profit in the downstream market is deemed abusive. In order to determine whether there is an abusive margin or price squeeze, it must be ascertained whether or not the actual price charged by the dominant undertaking to its customers in the downstream market is higher than the sum of the following:

- The price paid by competitors to purchase the upstream product.
- The long-run average incremental cost for the dominant undertaking to produce and market the derived product.

If the price is higher, then the conduct cannot be qualified as abusive because an equally viable competitor will be able to replicate it and thus effectively compete in the downstream market with the dominant undertaking, while purchasing the input from the latter.

5.6 Abuse of right

Dominant undertakings must beware of conduct that, although theoretically lawful and actually tantamount to exercising one's own right, is at the same time likely to exclude competitors. In particular, conduct aimed at delaying or hindering the entry of competitors into the market, for example by instrumentally using the rights of ownership of industrial property rights or the possibilities offered by judicial protection (sham litigation) or administrative law, represents a risk.

5.6.1 Main exploitative abuses

Excessive pricing

Under normal conditions, high prices attract new competitors to the market and the resulting competition then tends to drive them down. However, in particular cases, where this self-correcting mechanism cannot be triggered (e.g. due to regulatory or economic barriers to market entry), the charging of excessive prices (i.e., prices that are not cost-oriented and are disproportionately higher than the economic value of the product or service provided) or other unfair terms of sale by a dominant undertaking may amount to prohibited abuse.

Price discrimination

It may constitute an abuse to discriminate against one customer over another by charging different prices for the same product or service, even though both customers generate similar supply efficiencies and logistical costs.

In particular, price discrimination by a dominant undertaking may be abusive in the following cases:

- It hinders the market entry and growth of competitors by making it more difficult for them to sign agreements with certain customers or suppliers.
- It creates an imbalance between competing undertakings in a downstream market.

A specific case of price discrimination occurs when the dominant undertaking charges higher prices to a customer than to its own subsidiaries or internal business units operating in the same downstream market.

Applying significantly different prices in different countries may also be regarded as abusive, if this practice has the intent or effect of isolating national markets and is aimed at achieving extra profits.

5.6.2 Abuse of economic dependence

If the presumption of dominance is not met, certain conduct adopted by the undertaking with its customers or suppliers may be regarded as abusive under the law on abuse of economic dependence (Act Number 192 of 18 June 1998). In this respect, Article 9 of Act 192/1998 prohibits conduct by undertakings that, while they do not have a dominant position in the market in question, abuse the economic power they enjoy in vertical relationships with customer or supplier undertakings. The prohibition covers conduct relating to business relations with suppliers or customers, regardless of any restrictive or detrimental effect on competition.

Under this law, conduct is unlawful if:

- It takes the form of abusive conduct by an undertaking enjoying economic strength to the detriment of a customer or supplier undertaking that, on the contrary, is in a situation of economic dependence.
- It is part of an (existing or potential) contractual relationship.

Given these prerequisites, terminating a business relationship with a customer or supplier in an entirely arbitrary manner or with the aim of damaging the undertaking in a position of economic dependence is prohibited. In the case of a commercial relationship in which one of the parties is economically dependent, any termination of the agreement by the other party is therefore of particular importance and must be carefully assessed and executed. Fedrigoni Group's position, in some geographical markets, could be assessed by the Anti-trust Authorities as dominant or a position of strength with respect to a supplier or customer in an economically dependent position, which is why it becomes of paramount importance to use special caution when engaging in conduct towards customers or competitors. In fact, the same behaviour may be lawful if adopted by non-dominant undertakings, and vice versa, unlawful if adopted by a dominant undertaking. In order to ensure the Fedrigoni Group is properly complying with anti-trust law, Group Persons must submit to the ACO any potentially problematic aspects relating to the law on abuse of dominant position and abuse of economic dependence.

6. CONCENTRATIONS BETWEEN UNDERTAKINGS

Pursuant to EC Regulation 139/04 and Article 6 of Act 287/90, certain transactions between undertakings must be notified to the competent Anti-trust Authorities in order to allow an ex-ante control to safeguard the preservation of a balanced market structure and effective competition. In this sense, the regulation on concentration control represents a preventive measure with respect to the sanctioning powers attributed to the anti-trust authorities for punishing infringements of anti-trust law.

The purpose of prior control over concentrations is to prevent excessive concentration of the market or a substantial part of it through acquisitions, mergers and spin-offs, especially by creating or strengthening dominant positions. In order for effective and timely control to be possible to protect the competitive structure of markets, it must be mandatory to report, prior to their actual implementation,

any transactions which constitute a concentration between undertakings within the meaning of anti-trust law, and in which the undertakings involved exceed certain turnover thresholds, both nationally and at the EU level. The notion of "concentration" varies to some extent depending on whether national or EU law applies, but in any event covers all transactions that result in a lasting change in the control (de facto or de jure) of the undertakings concerned, such as the following:

- The creation of a joint venture.
- The acquisition of an undertaking.
- The acquisition of lines of business, goods or assets, to which turnover can clearly be attributed.
- The merger of independent undertakings.
- The transition of a company from a situation of joint control to one of sole control and vice versa.

Where the transaction is a notifiable concentration and the turnover thresholds under Italian or EU law are exceeded, the obligation to notify must be fulfilled prior to completing the transaction and after entering into the relevant agreement. Until authorisation is granted by the relevant authority, the parties are subject to a standstill obligation, i.e. a prohibition against implementing the concentration. Infringing the duty to notify or the standstill obligation may result in:

- Sanctions being imposed by the relevant authority.
- The obligation to unbundle the concentration where it has been implemented in breach of the standstill obligation and is subsequently declared incompatible with the common market.

In order to ensure that Fedrigoni Group is properly complying with anti-trust law, before entering into negotiations, Group Persons must contact the ACO to determine whether or not the transaction may constitute a notifiable concentration and which are the competent anti-trust authorities. The following is an example of a case involving the company Ritrama when it was

acquired by the Fedrigoni Group (Case M.9589 - Fedrigoni Group/ Ritrama concerning the notification of a proposed concentration between undertakings in accordance with Article 4 of Regulation (EC) number 139/2004).

After a preliminary examination of the notification of the proposed concentration pursuant to Article 4 of Regulation (EC) number 139/2004, the European Commission issued a favourable opinion, stating that the notified concentration could fall within the scope of the regulation on concentrations. Furthermore, it noted that the conditions for the procedure set out in the notice were fulfilled in this case.

7. FINAL OPERATIONAL INSTRUCTIONS

The following are some practical instructions to be followed by all Fedrigoni Group entities.

Fedrigoni Group's policy concerning relations with competitors is defined in a clear, unequivocal manner:

- No anti-trust sensitive information may be exchanged with competitors, regardless of the context.
- No agreements (formal or informal) that may affect or limit, the Group's independent commercial strategy may be entered into with competitors (subject, of course, to the possibilities expressly provided for in this Anti-trust Policy).

If you come into contact with a Fedrigoni Group competitor, you should bear in mind the basic principles of anti-trust law. Restrictive agreements do not need to be in writing, as they can also be made verbally or informally. Any contact, irrespective of the context in which it takes place and its frequency (a lunch, a chance meeting at the airport, a social event, a trade fair, etc.), resulting in effects that could influence a competitor's behaviour on the market, could entail anti-trust risks.

Discussing with competitors or exchanging information on the following topics is prohibited:

- Prices and other sales conditions (e.g. discounts, promotions, favourable economic conditions).
- Production costs and, in general, other costs borne by the Fedrigoni Group.
- Profit margins;
- Purchase prices and other purchasing conditions agreed with suppliers.
- Sales volumes and strategies.
- Fedrigoni Group customers and suppliers.
- Sharing markets at the product, service, customer, or geographic level.
- Refusal to supply a given customer or to source from a particular supplier.
- New products or investments that Fedrigoni Group wants to make in the future; and
- Participation in a public or private tendering procedure.

Should a competitor engage in a conversation relating to one of the aforementioned topics, they must refuse to carry on the conversation and notify the ACO immediately. Precisely because of the fact that contacts that are legitimate in themselves may degenerate into anti-competitive conduct (or at least be considered as such by the relevant anti-trust authorities), it is necessary:

- To limit contacts with competitors to what is strictly necessary.
- To limit them to issues that are undisputedly legitimate (e.g. relating to new legislation that is about to be adopted and is in the parties' common interest).

During the course of its legitimate business activities and commercial initiatives, Fedrigoni Group may acquire sensitive information concerning its competitors through third parties (e.g. customers, suppliers, through public documents, etc.). This information is at the heart of market intelligence and obtaining it is not contrary to anti-trust law as long as the involvement of third parties does not serve to cover up an actual exchange of sensitive information between competitors. In the event that Fedrigoni lawfully acquires commercially sensitive information from one or more competitors (e.g. through a customer or by consulting public sources), it is nevertheless advisable to note the date the information or document was obtained and its source, in order to be able to justify that it was available. Most importantly, there cannot be an exchange of price information with one's competitors even if this information is actually public. An anti-trust authority might interpret this as an attempt to facilitate a coordinated price alignment. Therefore, the exchange of sensitive information is prohibited, since it has the effect of eliminating the normal uncertainties concerning the economic behaviour that different undertakings that are competitors in a given sector, intend to adopt on the market. By doing so, undertakings could in fact establish anti-competitive coordination of their conduct, even if no specific agreements exist in this respect.

Only in cases where information is gathered independently, without being the result of concertation or mere acquiescence by competitors, is it to be considered lawful for the purpose of pursuing an effective, competitive business strategy (e.g. market intelligence).

Extra caution must be exercised if Fedrigoni Group operates as a reseller of products of its competitors. In that situation, it is necessary to prevent resale or distribution activities from enabling an exchange of competitively sensitive information between Fedrigoni Group (in its capacity as supplier) and its competitors or even just a one-sided flow of sensitive information from the latter to Fedrigoni.

Therefore, it should be ensured, on one hand, that the information provided by competitors to the Group company in charge of distribution or resale is limited to what is strictly necessary for the performance of the distribution/sales relationship for the products in question and, on the other hand, that such information is in any case not further disseminated within the Group, unless there is a compelling or objective need to do so and the information is disseminated in a form that does not allow the individual data of individual competitors to be traced.

In more general terms, should a Fedrigoni employee receive sensitive information relating to competitors, they must promptly report the incident to the ACO, also in order to define the methods by which to promptly notify the sender that they are not interested in receiving such information, which must then be immediately deleted without any consideration. Similarly, in the event that a Fedrigoni employee is aware of circumstances indicating that other Group employees may have had access to sensitive information relating to competitors - as may occur in the event of the hiring of new employees that were previously employed by competing companies - that person is required to contact the ACO, who will assess the most suitable measures to prevent this information from being disclosed within the Group. Finally, it should be

noted that any cooperation agreements with competitors, even if they are virtuous in principle, may have restrictive aspects on competition. For this reason, such agreements must always be submitted to the ACO for a preliminary analysis and assessment of anti-trust legality, possibly with the help of outside counsel.

Relations with distributors and resellers

In agreements with distributors and resellers of Fedrigoni Group products, not only must compliance with a fixed or minimum resale price not be imposed, but also incentives of any kind aimed at encouraging distributors not to apply prices lower than the (possibly and legitimately) recommended price (e.g., discounts or rewards contingent on compliance with that price) must not be granted - because they risk being seen as an indirect form of prohibited RPM. Where there is an indirect RPM, the possible use of contractual clauses emphasising the distributor's freedom to set the resale price obviously does not render the RPM unlawful. Similarly, while it is possible to include clauses in those agreements that prohibit the distributor from actively seeking sales opportunities in the territory or from a group of customers exclusively allocated to another distributor, the distributor must always be allowed to follow up unsolicited orders from customers located in the territory or belonging to the group of customers exclusively allocated to another distributor.

Finally, in the event of the discontinuation of a supply relationship with a distributor or reseller with whom Fedrigoni has a consolidated, long-standing relationship - or in any case a significant reduction in supplies compared to previous transactions - the ACO should be consulted in advance so that it can assess the possible anti-trust implications of such conduct.

Drafting company documents

The most important piece of evidence available to competition authorities in anti-trust investigations is company documents (notes, paper and/or electronic documents, email correspondence, etc.) that they can typically obtain through surprise inspections at the company's offices.

For this reason, it is absolutely necessary to take the utmost care when writing any document, whether it is intended for a co-worker within the Group or a third party outside the Group. In particular, it is forbidden to use:

- Phrases that could be misinterpreted, suggesting the existence of improper conduct towards competitors, customers and suppliers, using expressions such as 'we will make them pay', 'we must coordinate with the market', 'received from the competition', etc;
- Language that may erroneously suggest coordination with competitors, such as describing a lost customer as 'stolen', lower prices charged by a competitor as

'disgraceful' or 'disrespectful', or a trade association as a 'club', a competitor as a 'friend'.

Instead, one should:

- Always use appropriate language, avoiding phrases that may suggest improper conduct and are thus misleading with respect to Fedrigoni's real position and business objectives.
- Write clearly, avoiding speculation on competitive issues (real or hypothetical).
- Accurately indicate the legitimate source (e.g. an ordinary customer) of the competitively sensitive documents received, making sure to keep track of the email to which the documents were attached or to note the date, time, and circumstances under which the documents were obtained.
- Always bear in mind that anything written may be included in a potential investigation file as a result of inspections and/or requests for information (or be used in a possible lawsuit against Fedrigoni).
- Request the ACO to review documents with anti-trust implications, promptly forwarding any communication received directly from a competitor that contains sensitive information.
- As for the confidentiality of communications with lawyers, please bear in mind that:
- Only communications exchanged with external lawyers are protected by professional secrecy and cannot be acquired or used by anti-trust authorities against companies. All documents that summarise the opinion of outside counsel or are packaged for the purpose of obtaining an opinion or analysis from outside counsel should therefore be marked 'confidential and privileged - attorney-client communications'.
- Communications with in-house lawyers, on the contrary, do not enjoy this protection.

Relations with the Anti-trust Compliance Officer

Every Fedrigoni employee has the duty to contact the ACO if they believe there is conduct or circumstances that could expose the Group to a sanction for infringing competition law.

In order to facilitate the ACO's assessment, it is necessary for employees to:

- Communicate and explain any relevant circumstances (including the most inconvenient, serious and/or embarrassing ones) in as much detail as possible.
- Be available for any requests for clarification - including from Outside Legal Counsel - or further needs.

Inspections

Due to their role as enforcers of competition rules within the EU and in Italy respectively, both the Commission and the AGCM have the power to conduct inspections, which are usually

unannounced (down raids), at an undertaking's offices, other premises, and means of transport in order to search for relevant documents and request the information necessary to prove the existence of an infringement of EU and/or national anti-trust law.

Commission officials, unlike AGCM officials, may also conduct inspections at managers' and employees' private homes (although in that case prior authorisation from a judge is required).

AGCM officials are typically accompanied by Guardia di Finanza officers (Italian financial police), while Commission officials, for inspections conducted in Italy, are typically accompanied by AGCM officials and Guardia di Finanza officers.

The rules applicable to Commission and AGCM inspections are complex and, above all, a failure to cooperate is assessed very strictly, with significant and serious consequences in the event of an infringement.

Below are some practical instructions to be followed by all persons who may come into contact with Commission or AGCM officials during an inspection.

Reception staff

Receptionists are the first to come into contact with Commission or AGCM officials when they arrive. It is therefore important to follow the following rules and precautions, in accordance with the Procedure for Handling Inspection Visits:

- Immediately inform the manager in charge of the site being inspected.
- Require officials to show their service badge and take the time necessary to properly identify them (making a copy/scan of each official's badge).
- Make a scan or hard copy of the decision/authorisation (warrant) of the Commission or the AGCM ordering the inspection and immediately send it to the manager in charge.
- Prevent officials from wandering around the premises unaccompanied. Where appropriate, provide them with a visitor's badge.
- Have the officials sit in an appropriate place, where no sensitive documents are kept, asking them to wait until the manager in charge arrives).
- Keep a record of the times the officials arrive and leave.

Fedrigoni Group Employees and Executives

All expressly authorised staff may 'accompany' officials during their inspections, providing any necessary clarifications and explanations if requested. Specifically, one must:

- Immediately greet the officials, verifying their identity (by asking them to show their badge) upon their arrival at the office, making sure to promptly notify the External

Legal Counsel (via telephone), the Legal Affairs Department and the Internal Audit Risk & Compliance Department.

- Accompany officials to special meeting rooms (where no sensitive documents are kept). Obtain or make a copy of the decision or warrant ordering the inspection (making sure to carefully check its contents).
- In the event of a Commission inspection, if the inspection is ordered based on a ruling, Fedrigoni Group is obligated to cooperate; if, on the other hand, the inspection is ordered based on a mere mandate, Fedrigoni Group is not obligated to cooperate, but it is a good rule to consent to the inspection anyway in order to establish a meaningful cooperation with the Commission from the outset.
- In the event of an inspection by the AGCM, the latter's officials always come forward with a decision ordering the inspection; the company is therefore always required to comply with the inspection; moreover, the decision ordering the inspection is always accompanied by the order initiating the investigation, which identifies the scope of the hypothetical infringement under investigation.
- Identify the purpose and scope of the inspection, asking for explanations from the officials themselves, and endeavour to understand their practical needs (so as to facilitate and speed up their work).
- Assisting officials in their access to documents, whether paper or electronic. Officials have the right to view and copy all documents falling within the scope of the inspection (but not those covered by professional secrecy).
- Keep copies of all materials taken by officials.
- Respond to requests for explanations from officials regarding specific facts or documents related to the subject/purpose of the inspection. In the case of questions that are more detailed, complex or require verification, ask for them to be written down and reserve the right to reply in writing.
- Run through all possible options and post-inspection scenarios (e.g. internal audit, fulfilling the requirements to be able to submit an application for leniency to the relevant authority, etc.).

What not to do:

- Contact persons outside the Group (e.g. competitors) after the officials' arrival.
- Refuse to cooperate in the context of an inspection ordered by a decision since it may result in Fedrigoni being fined.
- Destroy documents relevant to the inspection.
- Refuse to provide officials with documents containing business secrets. Officials also have the right to access and take copies of this type of document.

- Infringe regulations (e.g. tampering with the seals that the officials have decided to affix to any business premises, register or archive) for the entire duration of the inspection, or circumvent the locking of the computer systems ordered by the officials, under penalty of a fine against Fedrigoni.
- Ensure that lawyers are present during inspections.

APPENDIX A

ANTI-TRUST POLICY CERTIFICATION FOR EMPLOYEES

I hereby acknowledge that I have received, reviewed and fully understand the Group's Global Anti-trust Policy (hereinafter referred to as the "Policy"). I agree to comply with all of the rules stipulated therein. I agree to report any potential infringements through the channels provided by the Group and I will participate in specific training related thereto on a regular basis. I understand that infringement of the Policy and any applicable law could result in immediate termination of my employment contract with the Group, in addition to any other consequences according to applicable local laws.

Signature: _____

Full Name (in upper case) _____

Company: _____

Department: _____

Date: _____

(Instructions: Please return a signed copy of the certification to the Human Resources Department to be included in the employee's personal file. The certification must be renewed on an annual basis).