

FEDRIGONI

GLOBAL POLICY INTERNATIONAL SANCTIONS



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1. INTRODUCTION

The Fedrigoni S.p.A. Group and its subsidiaries (hereinafter collectively referred to as “Fedrigoni” or the “Group”) are committed to conducting all facets of their business activities in accordance with the highest ethical and legal principles and expect all employees or third parties acting on their behalf to abide by this commitment.

Fedrigoni’s policy provides for full compliance with the export control and trade sanctions laws and regulations of the countries in which it operates and which affect it by virtue of its ownership structure and banking relations.

This Policy and the internal controls set out herein have been designed to prevent such infringements, avoid any suspicion of wrongdoing and enable the Group to respond promptly and effectively to any investigation of its conduct. In the following pages, Fedrigoni aims to provide general guidelines for compliance with the regulations on sanctions which, however, due to their nature, cannot cover every potential scenario that could affect compliance with this Policy. For any questions regarding the provisions of this Policy, it is therefore recommended that the interested party consult his or her line manager, who may refer him or her to the Group’s external consultants, in conjunction with the Internal Audit Risk & Compliance Department.

2. PARTIES INVOLVED

This International Sanctions Policy (hereinafter referred to as the “Policy”) applies to all directors, senior managers, employees, agents, distributors, business partners, representatives of the Group and other associates acting on the Group’s behalf (hereinafter collectively referred to as the “Recipients”).

Pursuant to the law and any applicable national collective bargaining agreements, Group employees who infringe this Policy may be subject to disciplinary action, up to and including dismissal.



3. OUR SANCTIONS POLICY

Economic sanctions are financial, trade or travel-related restrictions and embargoes targeting individuals, companies and countries.

They may be imposed by governments or international organisations and are generally designed to:

- Sanction past behaviour;
- Persuade the individual, society or country subject to the sanction to change their current conduct.

The Group strictly prohibits breaches of applicable economic sanctions and expects all Recipients to raise promptly any doubt regarding the applicability of sanctions or the screening procedures outlined in this Policy.

The following paragraphs describe the types of international sanctions provided for under supranational systems, namely:

- UN sanctions issued by the UN Security Council;
- EU sanctions enacted through European Council Regulations;
- US sanctions issued by the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury.

It should be noted that the list of international sanctions is subject to change. Therefore, the official links of the above-mentioned institutions (given in the following paragraphs) should be consulted for up-to-date lists.

3.1. UN Sanctions

The UN Security Council may take action to maintain or restore international peace and security under Chapter VII of the UN Charter.

Sanctioning measures under Article 41 include a wide range of enforcement options that do not involve the use of armed force.

Security Council sanctions have taken a variety of forms in pursuit of several different objectives. These measures have ranged from broad economic and trade sanctions to more targeted measures such as arms embargoes, travel bans and restrictions on finances or assets. The Security Council has applied sanctions to support peaceful transitions, discourage non-constitutional changes, limit terrorism, protect human rights and promote the non-proliferation of arms.

The list of sanctions issued by the UN can be found at the following link <https://www.un.org/securitycouncil/sanctions/information>



3.2. EU Sanctions

Within the framework of the EU's Common Foreign and Security Policy, EU sanctions are imposed through EU regulations directly applicable to all EU Member States. Each EU Member State has its own “competent authority” responsible for implementing the aforementioned sanctions by adopting local laws and regulations¹.

The European Council imposes “restrictive measures” against countries, companies or individuals, including arms embargoes, travel bans and financial and trade restrictions. It is therefore important for Fedrigoni to ensure compliance with both EU law and local laws implementing EU sanctions. Infringement of EU sanctions may constitute a criminal offence.

The European Union imposes list-based sanctions to further the objectives of the EU's Common Foreign and Security Policy and to prevent the financing of terrorism. Persons or companies targeted by restrictive measures, referred to as “Designated Persons”, are included on the EU Consolidated List of Designated Persons and Entities. Institutions subject to EU rules are required to freeze all funds and economic resources of persons on this list and are prohibited from making funds or resources available to them.

The updated list of EU sanctions is available at: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions_en

3.3. US Sanctions

The aforementioned Office of Foreign Assets Control (“OFAC”) of the US Department of the Treasury is responsible for administering, imposing and enforcing economic sanctions. Infringements of OFAC sanctions carry significant financial and possible criminal penalties.

In implementing US foreign policy, OFAC oversees several sanctions programmes:

- for entities that have relations of various kinds with certain countries that are exhaustively indicated and constantly updated in the aforementioned regulations;
- for entities that engage in transactions involving the transfer, payment, export, withdrawal or the transfer of property or interests therein of an entity or individual listed on the Specially Designated Nationals List (SDN) or on other Reference Lists.

¹ For a timely consultation of the sanctions and/or for any further clarification in Italy, it is advisable to consult the *Comitato di Sicurezza Finanziaria* (CSF - Financial Security Committee), which has the task of monitoring the functioning of the system for preventing and combating money laundering, the financing of terrorism and the proliferation of weapons of mass destruction, as well as the activities of countries that threaten international peace and security, also with a view to implementing the asset freezing measures ordered by the United Nations, the European Union and individual nations.
(https://www.dt.mef.gov.it/attivita_istituzionali/prevenzione_reati_finanziari/comitato_sicurezza_finanziaria/index.html)



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Sanctions can be comprehensive or selective, including the use of asset freezes and trade restrictions².

Links to the Reference Lists are given below:

- Specially Designated Nationals List (hereinafter also referred to as “SDN List”) [sdnlist.pdf \(treasury.gov\)](#);
- Consolidated Sanctions List [Consolidated Sanctions List \(Non-SDN Lists\) | U.S. Department of the Treasury](#);
- Additional OFAC Sanctions Lists (including the SSI List and the FSE List) [Other OFAC Sanctions Lists | U.S. Department of the Treasury](#).

² It is advisable that the scope of applicable sanctions, whatever their nature (civil, criminal, administrative, etc.), be checked periodically as they are frequently subject to change by OFAC. Further information on OFAC’s Sanctions Programs and Country Information can be found at the following link: <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>



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4. SCREENING PROCEDURES

The risk of incurring infringements of sanction programmes implemented by sovereign states or international institutions is taken very seriously by the Fedrigoni Group.

Indeed, infringements may lead to criminal proceedings against Group companies, resulting in a significant risk of damage to the Group's reputation, image and brand value. In addition, infringements of the sanctions programmes set out above may result in the Group being unable to comply with requirements laid down by banks, creditors, insurers, and certain customers of the Group, with the consequence that business activities may come to a halt.

In order to identify and limit these risks, and in consideration of the hazards inherent in entering into a business relationship with any counterparty, the Fedrigoni Group has developed its **"Third Party Due Diligence" Global Policy** with a view to assessing the risks associated with third parties by detailing the due diligence process to be conducted before engaging the potential customer, supplier or agent. Recipients must strictly comply with the requirements of the above Policy whenever they come into contact with a third party (agent, customer or supplier).

Recipients must refrain from conducting business related to sanctioned territories classified as having a "High" risk exposure level under the "Third Party Due Diligence" Global Policy. If a Recipient is in doubt as to the applicability of sanctions, he/she shall review the proposed transaction with his/her line manager, who may refer him/her to external Group consultants, in conjunction with the Internal Audit Risk & Compliance Department. Group staff must be extremely vigilant and promptly report any doubts or concerns regarding persons or companies subject to sanctions.



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5. REPORTING REQUIREMENTS AND WHISTLEBLOWER PROTECTION

The Group takes its commitment to compliance very seriously and expects all Recipients to share this commitment.

Therefore, the Group requires that any Recipient who becomes aware of an infringement of this Policy, or who has reason to suspect such an infringement, immediately contact the Legal Department and/or the corporate bodies entrusted with compliance tasks. For companies operating in Italy, for example, these are the Supervisory Bodies (SBs) pursuant to Legislative Decree 231/01 operating within each company. **Reports may be made (omissis)**

Reports may be made anonymously. If a recipient fails to report an infringement despite being aware of it, he/she may be subject to disciplinary action, up to and including dismissal.

It is the Group's policy to ensure that, in the event of any conscientious reports, made in good faith, of proven or suspected infringements of sanctions laws and of this Policy, the whistleblowing employee shall not be subjected to retaliatory measures under any circumstances.

All reports must be made in accordance with the requirements of the Global "Whistleblowing" Policy.

As part of the Group's ongoing commitment to comply with sanctions, all Recipients must receive and carefully read a copy of this Policy, and then certify the following in writing by completing "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.



APPENDIX A

CERTIFICATION OF GLOBAL INTERNATIONAL SANCTIONS POLICY FOR EMPLOYEES

I hereby acknowledge that I have received, reviewed and I fully understand the Group's Global International Sanctions Policy (hereinafter referred to as the "Policy") and I agree to comply with all of the rules stipulated therein. I also agree to report any potential infringements through the channels provided by the Group and I will participate in the 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).

