

GLOBAL POLICY ON THIRD PARTY DUE DILIGENCE



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1. INTRODUCTION

The Fedrigoni Group periodically interacts with third parties (such as customers, suppliers, and agents) for the purposes of its business. Entering into a business relationship with any third party, be it a customer, supplier or agent, can potentially expose the Fedrigoni Group Companies (hereinafter referred to as the Group) to risks of infringing regulations and committing one or more crimes, such as:

- Corruption, if the transaction is used as a means to conceal or if it involves a corruption scheme.
- Money laundering, if the funds used for the transaction come from a previous crime committed by the Customer.
- Infringing sanctions programmes put in place by governments or international institutions.

This may lead to criminal proceedings being brought against Group companies, resulting in a significant risk of damage to its reputation, image, and brand value.

In order to identify and limit these risks, and given the inherent risks of entering into a business relationship with any third party, the Fedrigoni Group has created this Policy for Assessing Risks Associated with Third Parties (hereinafter referred to as "Global Policy on Third Party Due Diligence" or the "Policy"), describing the due diligence process to be conducted prior to working with a potential customer, supplier, or agent.

Pursuant to the Group's Code of Ethics, Group companies hold their third parties to the highest standards of ethics and integrity. In fact, the Group and its staff may be subject to civil and criminal fines or penalties, and exposed to regulatory investigations and enquiries, if their agents or third parties engage in improper or unethical behaviour when acting on the Group's behalf.

This document sets out a due diligence process by which the Fedrigoni Group vets third parties with whom it has business dealings in order to manage the aforementioned risks in their third-party interactions.

2. PARTIES INVOLVED

All third parties the Group comes into contact with shall be subject to a due diligence process to determine any risks associated with the third party to the standards defined by the relevant laws and this Policy.

The screening process described in this Policy applies to customers, suppliers, and agents that the Company comes into contact with from the date this Policy is approved. Third parties with



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which the Fedrigoni Group had relations prior to the date this Policy was approved may be subject to spot checks depending on the circumstances.

The chapters below explain the various phases of the due diligence process, the degree of specificity which varies depending on the type of entity the Group interacts with and the jurisdiction to which it belongs.

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



3. THIRD-PARTY DUE DILIGENCE PROCEDURE

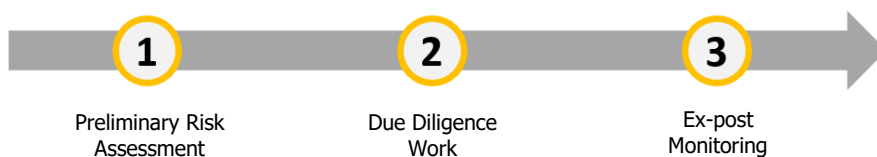
The third-party screening procedure must be applied by Group companies before entering into new binding agreements involving the Group and a third party, such as a customer, supplier, or agent.

The Internal Audit Risk & Compliance Department is responsible for implementing and enforcing this Policy.

The checks described in this Policy may be periodic or occasional.

The third-party due diligence procedure is based on gathering information, analysing it, and processing the results, including identifying risk situations (so-called 'red flags'). This procedure consists of three phases:

1. Preliminary risk assessment.
2. Due diligence work.
3. Ex-post monitoring.



3.1. Preliminary Risk Assessment

The first phase of the Preliminary Risk Assessment consists of the following activities:

- classifying the third party.
- identifying the risk categories.

Classifying third parties

The first step involves classifying the third party that the Group deals with (*the due diligence procedure, in fact, involves a different degree of specificity depending on the assessment of various factors, including the type of party*).

All third parties that the Group interacts with must fall into the following categories:

- Customers
- Suppliers
- Agents

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This classification is useful for determining how to conduct the due diligence (*for details on how to conduct the due diligence procedure, see section 3.2 below*).

Therefore, classifying the type of third party involved in the procedure is the first key factor in identifying the type of due diligence to be conducted.

Identifying the risk categories

After classifying the third party, a risk assessment must be conducted in order to identify any critical aspects concerning the party.

Below are the risk assessment metrics to be considered during the Preliminary Risk Assessment:

- **Geographical location:** the jurisdiction the party belongs to represents one of the main assessment factors used by Fedrigoni Group companies.
- **Existence of sanctions:** the existence of any sanctions pending against the third party represents a significant risk indicator. In fact, the Group refuses to have any business relationship with parties that have been sanctioned by international bodies (e.g. OFAC, European Community, etc.).

In order to ensure that the Group is fully compliant with current regulations and the ethical principles defined by the Code of Ethics, Group companies agree to conduct in-depth analyses whenever they have commercial relations with third parties deemed to be highly exposed (e.g. at risk of being bribed, money laundering), and also agree not to engage in any form of commercial relations with parties belonging to the highest risk bracket. See Appendix B of this Policy for details on the exposure levels associated with the above indicators.

The risk assessment must also take into account any assessment of relations with the Public Authorities. The existence of relations between the third party and the Public Authorities does not in itself constitute an illegal act for the purposes of establishing commercial relations between the third party and the Group. However, for the purposes of risk assessment, the following types of relationships should be considered and carefully scrutinised:

- **Frequent Interactions:** interactions with government officials, government agencies, or public bodies in the country of origin.
- **Corporate Structure:** the third party is fully or partially controlled by a government official, invested in by a public body, or has direct or indirect links to public officials or public bodies.



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- Historical analysis of relations with the Public Authorities: the third party has previously worked for a government agency or has close relations with the political class in the country of origin.

These types of relationships do not necessarily represent a risk indicator but should be considered as "sentinel" cases to be assessed based on the circumstances and/or contingencies.

The following should also be assessed as part of the risk assessment:

- Contractual clauses: specific contractual clauses imposed by the third party concerning, for example, the reference currency, payment methods, commissions or bonuses for the third party, represent a significant point of concern for the Fedrigoni Group in the onboarding phase and therefore the absence of contractual clauses that could represent a risk for Group companies must be verified.
- Contact opportunity: the existence of external recommendations (e.g. from customers and/or government officials) aimed at facilitating the establishment of a relationship with a third party is prohibited and therefore the Group avoids the granting of fast tracking of any kind.

3.2. Due Diligence Work

Due diligence activities include the verifications and enquiries carried out by the Group Internal Audit Risk & Compliance Department as a result of the analyses made during risk assessment, and are based on the risk profile identified during risk assessment (see Chapter 3.1 of this Policy).

After the Risk Assessment work is done, the third-party screening process is triggered. The third-party screening process involves three types of due diligence which increase in analytical detail according to the risk profile identified during the Risk Assessment:

1. Standard due diligence.
2. Intermediate due diligence.
3. Enhanced due diligence.

The type of Due Diligence to be carried out varies depending on the type of party identified and the risk profile associated with that party resulting from the Risk Control Assessment.

Party	Exposure Level*	Due Diligence Level
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Customers	Low	Standard Due Diligence
	Medium-High	Intermediate Due Diligence
Suppliers	Low	Standard Due Diligence
	Medium-High	Intermediate Due Diligence
Agents	Low	Intermediate Due Diligence
	Medium-High	

**Please refer to Appendix B of this Policy for details of the criteria used to define the identified exposure levels.*

Below you will find possible ways of applying the due diligence process.

Standard Due Diligence

Standard Due Diligence is the first level of due diligence.

This due diligence is triggered by default if, after the risk control assessment, the party is found to be:

- A customer with a "Low" level of exposure.
- A supplier with a "Low" level of exposure.

Standard Due Diligence involves verifying a number of minimum requirements (including, but not limited to, no pending sanctions, belonging to a low-risk jurisdiction, and not invalidating clauses) regarding the third party's compliance with applicable regulations and Group standards.

The standard Due Diligence is conducted by the third party filling in the specific "Third-Party Questionnaire" (Appendix A) whereby they declare their compliance with the applicable regulations and acceptance of the Group's ethical standards.

If the results of the questionnaire reveal risk profiles and/or any remaining concerns regarding the third party's risk profile, the Internal Audit Risk & Compliance Department will trigger the second level of due diligence.

Intermediate Due Diligence

Intermediate Due Diligence, which is the second level of due diligence set out by this Policy, is triggered when the party is:

- A customer with a "Medium-High" level of exposure.



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- A supplier with a "Medium-High" level of exposure.
- An agent with a "Low" level of exposure.
- An agent with a "Medium-High" level of exposure.

Intermediate Due Diligence includes specific checks with regard to third parties. The Internal Audit Risk & Compliance Department checks regularly and thoroughly to see whether the party is on the main lists of persons subject to international sanctions.

Specifically:

- OFAC Sanctions Lists¹ (also, "Reference Lists") is the US regulation on restrictive measures relating to third countries or third parties issued by the Office of Foreign Assets Control (also, "OFAC"), the financial intelligence and oversight agency of the US Department of the Treasury. The main ones are listed 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](#).
- European Community sanctions² adopted through Council Regulations, immediately enforceable in each Member State to ensure timely, simultaneous application which are available at the following link https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions_en.

The third level of due diligence, as set out in this Policy, must be initiated if after consulting these lists there is evidence of risk associated with the party and/or³ residual concerns regarding their

¹ OFAC, in implementation of US foreign policy, oversees several sanctions programmes:

for entities that have relations of various kinds with certain countries that are exhaustively indicated and constantly updated in the above-mentioned regulations.

for entities that engage in transactions involving the transfer, payment, export, withdrawal, or other disposal of property or interests in property of an entity or individual listed on the SDN or other Reference Lists.

Sanctions can be comprehensive or selective, using asset freezes and trade restrictions. It is recommended that the extent of applicable sanctions, regardless of their nature (civil, criminal, administrative, etc.), be checked from time to time, as they are often subject to change by OFAC. More information on OFAC's Sanctions Programmes and Country Information can be found at the following link: <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

² The list of sanctions in effect can be viewed on the European Commission's website (https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions_en). Sanctions may be adopted or independently decided by the European Union through Council Regulations, which are immediately enforceable in each Member State to ensure they are implemented in a timely manner.

³ If it is not clear how to view the above lists, we recommend consulting the Financial Security Committee (FSC) which is responsible for monitoring how the system for preventing and combating money laundering, terrorist financing and the proliferation of weapons of mass



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connection to a sanctioned country. These checks are also performed using specific tools and/or databases available to the Group.

Enhanced Due Diligence

Enhanced Due Diligence is the third and most in-depth level of due diligence set out by this Policy.

Enhanced Due Diligence requires the Internal Audit Risk & Compliance Department to conduct in-depth investigations regarding the party using a variety of third-party screening tools including but not limited to:

- Specific tools/databases available to the Group.
- Possibly using external suppliers specialised in forensics.

These tools enable the Department to identify any critical aspects of the party when it comes to corruption, money laundering, and compliance issues.

If the results of the Enhanced Due Diligence are confirmed and/or critical aspects are found with regard to the party under scrutiny, they must be immediately reported to senior management and relations with the party will be terminated.

If, on the other hand, the findings of the Due Diligence (any type) lead to a positive outcome, the Internal Audit Risk & Compliance Department shall communicate this to the Commercial Department and/or the Procurement Department, which will then proceed with the relevant steps for contracting the third party.

3.3. Ex-post Monitoring

The last step of the process is implementing monitoring after the third party relationships have been approved.

The steps taken in this phase include:

- Confirming the accuracy and adequacy of the information provided by the third party.
- Consulting updated lists of sanctions.
- Updating the risk assessment of the third parties involved.

destruction works, as well as the activities of countries that threaten international peace and security, also for the purpose of implementing freezing measures ordered by the United Nations, the European Union, and nationally. (https://www.dt.mef.gov.it/attivita_istituzionali/prevenzione_reati_finanziari/comitato_sicurezza_finanziaria/index.html)



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- Certifying the third party's compliance with the applicable laws and Fedrigoni Group regulations.

Monitoring activities are performed on a discretionary basis after prior analysis by the Internal Audit Risk & Compliance Department which selects the sample of parties to be monitored and independently determines the frequency of the checks.

Any doubts about a party's compliance with applicable regulations and Group standards must be promptly reported to the Internal Audit Risk & Compliance Department in order to initiate the verification and monitoring phase.

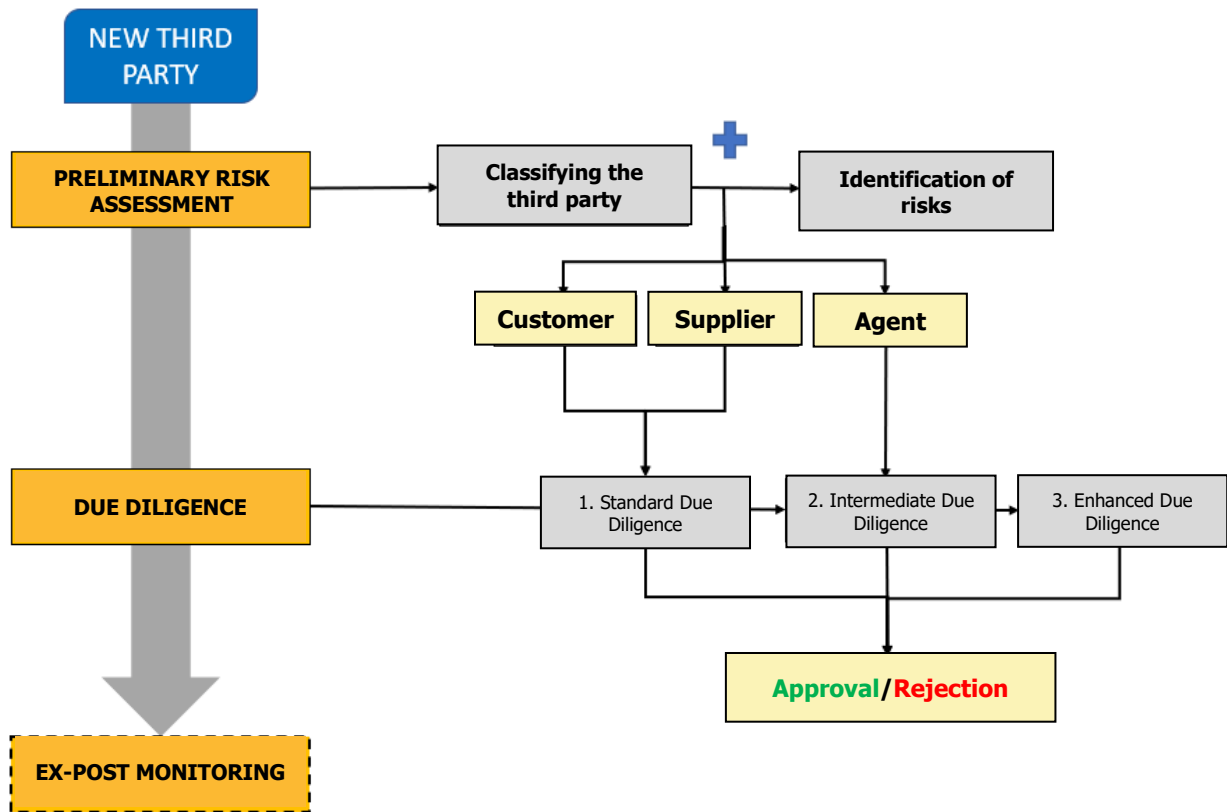
When implementing monitoring activities, all corporate departments interfacing with parties outside the Group must actively and proactively cooperate. The main compliance-related red flags that may be raised during the course of their relationship with the third party may relate to the following:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, ill-defined or last minute payments, success fees, unusual commissions or mid-stream compensation payments.
- Requests for payment to another third party, to a numbered account, or in cash or other untraceable funds.
- The third party is related to or has a close personal or business relationship with a government official.
- Any refusal or hesitancy by the third party to disclose its owners, partners, or principals.
- The third party uses holding companies or other methods to obscure its ownership, without adequate business justification.
- The third party expresses a desire to keep their representation of the Company or the terms of their retention confidential.



4. DIAGRAM OF THE THIRD-PARTY DUE DILIGENCE PROCEDURE

In order to ensure a better understanding and overview of the Third Party Due Diligence procedure, an outline of the steps described above is provided below:



APPENDIX A

THIRD-PARTY QUESTIONNAIRE

1. Compliance Representations and Warranties.

As of the date hereof, _____ (hereinafter referred to as "the Third Party") represents and warrants solely in respect of itself that:

- They have not engaged in any activity prohibited by anti-corruption laws, including but not limited to, negotiating and obtaining any assets, licenses, government permits, or any other legal rights or privileges.
- They have complied with all Sanctions, laws, regulations and similar orders to which the Party is subject; and
- Neither they, nor their subsidiaries or affiliates, nor their respective directors, officers, employees, agents, or representatives, are Sanctioned Persons.

2. Compliance Agreements

(a) The Third Party represents, warrants, and agrees that, on behalf of Fedrigoni or in performance of this agreement, it shall not:

- Engage in any activity that is prohibited by anti-corruption laws.
- Directly or indirectly engage in business transactions with or for the benefit of Sanctioned Persons or persons subject to Sanctions; or
- Otherwise infringe the Sanctions or take any action that would result in either Party becoming a Sanctioned Person.

(b) The Third Party shall adopt, revise, and comply (as applicable) with policies and procedures that are sufficient to fulfil its obligations under this Agreement.

(c) Upon three (3) business days' notice, the Third Party shall allow Fedrigoni (and its professional advisors, as applicable) access to its books, records, and accounts for the purposes of assessing and auditing compliance with this Agreement and applicable laws.

3. Anti-corruption Compliance Representations and Warranties

_____ (hereinafter referred to as the "Third Party") acknowledges and accepts that it is the Fedrigoni Group's (hereinafter referred to as the "Group") written and established policy to fully comply with all applicable anti-corruption laws and regulations in Italy and in all jurisdictions in which it does business. The Third Party warrants and represents that it will not take any action



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that may constitute an infringement, or implicate the Group in an infringement, of the Italian Penal Code, or the laws in force in the jurisdictions in which the Group does business.

The Third Party shall immediately and peremptorily notify the Company of any infringement or potential infringement of the applicable laws and shall be liable for any damage caused to the Group by the Third Party or its representatives due to infringing or potentially infringing the laws.

In furtherance of the Company's Anti-corruption Compliance Policy, Third Party represents, warrants, and agrees that:

1. Neither the Third Party nor any of its officers, owners, agents or employees is currently a government official, agent or employee of any government, government-owned enterprise, or government agency, department or office or of any political party or of any public international organisation, nor are they a candidate for any government or political office, nor are they an agent, government official, or employee of any government-owned enterprise (hereinafter referred to as a "Government Official"). If the Third Party (or its agents) becomes a Government Official during the project referred to in this certification, the Third Party shall immediately notify the Group's Internal Audit Risk & Compliance Department so that it may take all the necessary precautions and measures to ensure compliance with applicable regulations, and reserves the right to do so.
2. As of the date this certification is signed, no Government Official is currently associated with or has any direct or indirect stake in the Third Party, nor do they have any legal or beneficial interest in or benefit from the proposed agreement/relationship between the Third Party and the Group or the payments the Group will make to the Third Party under this agreement. In addition, the Third Party warrants that if a Government Official acquires such an interest in the Third Party, the Third Party shall immediately inform the Group's Internal Audit Risk & Compliance Department so that it may take all the necessary precautions and measures to ensure compliance with applicable regulations and hereby reserves the right to do so.
3. Any fees paid or discounts applied by the Group are exclusively for the Third Party and will not be transferred or passed on to other parties. In addition, the Third Party agrees not to make payments to other third parties on the Group's behalf.
4. The Third Party agrees and warrants that neither it nor any of its employees, affiliates, or agents has:
 - Offered, promised, or given, nor shall any person in the future offer, promise, or give any financial or other advantage to anyone for the purpose of influencing any person (who need not be the recipient of the advantage) to perform their duties



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improperly, or where the acceptance of that advantage is in itself, or may be considered, improper, or

- Offered, promised, or given, and who shall not in the future offer, promise, or give any financial or other advantage to a Government Official (or to any other person at the request or with the consent of a Government Official) for the purpose of influencing that Government Official in the performance of their public duties.

In both cases, in order to obtain or retain business or any other form of commercial advantage for the Company.

5. The Third Party consents to the Fedrigoni Group's review of the Third Party's books and records relating to the project on which the Third Party is working in collaboration with the Group, and agrees to cooperate with any Group audit or compliance review.
6. The Third Party and its subsidiaries have effective disclosure controls and procedures and a system of internal accounting controls that are sufficient to provide reasonable assurance that infringements of applicable anti-corruption laws will be prevented, detected, and deterred.

The Third Party understands and acknowledges that any misrepresentations made in this Questionnaire and any failure to comply with the above representations shall constitute a material breach of the agreement between the Group and the Third Party and shall be grounds for immediate termination of the project related to this Questionnaire and any subsequent agreement that the Third Party, or any of its affiliated companies, may enter into with the Group.

The Third Party understands that the Fedrigoni Group may implement measures to protect itself against any misrepresentation or infringement of the above representations, warranties, and covenants, including but not limited to termination of the relationship with the Third Party or other appropriate legal action.

Date: _____

Name: _____

Position: _____

Signature: _____



APPENDIX B

GEOGRAPHICALLY DEFINING THIRD-PARTY EXPOSURE LEVELS

In order to provide more detail on how third party exposure levels are defined by jurisdiction, a summary table is provided below with the following information:

- Exposure Level.
- Jurisdictions related to the exposure level.
- Reasons for placing a particular jurisdiction within the risk bracket.
- Procedure implemented.

The following table has been prepared as a result of a cross-analysis between the lists prepared by International Organisations (OFAC⁴, UE⁵) and Transparency lists⁶ analysing anti-corruption and anti-money laundering risks.

4 <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

5 https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions_en.

6 <https://www.transparency.it/indice-percezione-corruzione>



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Exposure Level	Jurisdictions	Reason	Procedure
High	<ul style="list-style-type: none"> • North Korea • Crimea • Cuba • Iran • Libya • Syria • Sudan and Darfur • South Sudan 	<ul style="list-style-type: none"> • Sanctions in the jurisdiction according to the lists prepared by OFAC and the European Union • LOW level of transparency for the jurisdiction • Unstable socio-political setting 	Business relationships with third parties at this level of exposure are prohibited and therefore Group companies do not enter into any relationship with such parties.
Medium-High	<ul style="list-style-type: none"> • Afghanistan • Belarus • Burundi • Iraq • Lebanon • Myanmar • Nicaragua • Central African Republic • Democratic Republic of Congo • Russia • Somalia • Venezuela • Yemen • Zimbabwe 	<ul style="list-style-type: none"> • Sanctions in the jurisdiction according to the lists prepared by OFAC and the European Union • MEDIUM-LOW level of transparency for the jurisdiction • Unstable socio-political setting 	<p>Customer: Intermediate Due Diligence</p> <p>Supplier: Intermediate Due Diligence</p> <p>Agent: Intermediate Due Diligence</p>



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Low	All countries other than those listed above and/or jurisdictions with a Transparency Index below 40/100 (global average) are included in this classification.	<ul style="list-style-type: none">• No sanctions in the jurisdiction according to the lists prepared by OFAC and the European Union• HIGH level of transparency for the jurisdiction• Stable socio-political setting	Customer: Standard Due Diligence Supplier: Standard Due Diligence Agent: Intermediate Due Diligence
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APPENDIX C

CERTIFICATION OF THIRD PARTY DUE DILIGENCE POLICY FOR EMPLOYEES

I hereby acknowledge that I have received, reviewed and fully understand the Group's Global Policy on Third Party Due Diligence (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 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).

