

March 2020

KARTON S.P.A.

K-HOLDING S.P.A.

CODE OF CONDUCT

A guide to the way we work



1. INTRODUCTION

K-Holding Spa and Karton Spa are committed to conducting their business activities and interests in compliance with law and ethics. The Code applies to all our employees, contractors and sub-contractors working in all our businesses. Illegal behaviours and actions by any of the above may affect the Group's reputation and are not tolerated.

The long-term success of K-Holding Spa and Karton Spa depends upon our ability to maintain our reputation and the trust of our stakeholders wherever we operate. The Code is supplied to, understood by and adhered to at every level from Board of Directors to all employees. The Board is firmly committed to the highest ethical standards.

At any stage should employees feel the Code's principles have been compromised they should report their concerns to their supervisors. Employees will not be criticised or penalised for reporting non-compliance with our Code or those rising a concern in good faith, they will not suffer from any form of retaliation. The Code of Conduct is issued to ensure that all our employees and other stakeholders are aware of the values they can expect from K-Holding Spa and Karton Spa.

2. COMPANY ETHICAL PRINCIPLES

a. Applicable Legislation: The Group undertakes to operate in full compliance with all the provisions of the law and regulations in force in the countries in which it operates. All the function managers and supervisors are supposed to ensure the Code is understood by and adhered to at any level including employees they manage. The mandatory requirements applicable to the Group's activities are absorbed within the corporate procedures.

b. Corporate Fairness: Relations with employees, consultants, agents, suppliers and customers are based on full respect for loyalty, collaboration and mutual respect. The use of illegal practices such as corruption, extortion and use or acceptance of bribes is therefore prohibited.

c. Fair Competition: fair competition is a fundamental element for the development of our company and the market; the Group's activities are managed by promoting a competition based on innovation, quality and performance of its products. The Group and employees must refrain from engaging in unfair commercial practices and, in no way, the belief that they are acting in favour of the Group can justify adopting behaviours that conflict with these principles.

d. Safety and Health: The Group operates with a Safety and Health Management System based on the international standard BS OHSAS 18001 in order to protect the health and safety of workers to constantly reducing both the frequency and the severity of accidents on the workplace. It is the responsibility of the company, as well as of the entire workforce, to commit and actively participate in achieving this important goal.

e. Sustainability and Environmental Protection: The Group manages its activities with the aid of UNI EN ISO 14001:2015 certified Environmental Management System, striving to ensure that its products and production contribute to sustainable development. Therefore, the design of the products must endeavour to reduce its long-term impact upon the environment. The continuous monitoring of resource consumption, waste production and pollution is aimed at introducing improvements. It is the responsibility of the company, as well as of the entire workforce, to commit and actively participate in achieving this important goal.

f. Product Quality and Food Safety: the Group manages its activities with the aid of a Quality Management System based on the ISO 9001 standards: this has been integrated with the requirements of the ISO 22000 standard in order to manage the Food Safety of the packaging used for the food supply chain.

g. Freedom of Association and Right to Collective Bargaining: All employees are free to exercise their right to form or join trade unions or other organizations for collective bargaining, as well as to refrain from associating with these organizations.

h. Child Labour: The use of child labour is strictly prohibited. Child labour refers to those activities which are mentally, physically, socially and morally dangerous or harmful to children, or which interfere with their school activity.

Remuneration: Direct, indirect and deferred remuneration (by way of example and without limitation, ordinary and overtime work, surcharges for night shifts and holidays, function allowance, severance indemnity, 13th monthly salary ...) and any other accessory charges (contributions to social security institutions and insurance) are paid as per current legislation. Extra benefits are managed, always in full compliance with applicable legislation, on an individual basis.

j. Equal Opportunities: The Company is committed to equality of opportunity in our employment practises and professional growth, ensuring that everyone can enjoy fair treatment, according to merit criteria, without any gender discrimination.

k. Relations with commercial partners, customers, suppliers and subcontractors: The Group aims to excel in product and service quality, maintaining an excellent competitiveness and sustainability. Negotiations with customers must take place according to principles of mutual commercial fairness, good faith and respect for the commitments undertaken. Suppliers and external partners play a crucial role in improving the overall competitiveness of the Company. Relationships with suppliers and business partners are based on loyalty and respect for all the parties involved. The Company undertakes to promote compliance with the laws and principles of the Code of Conduct by third parties with whom it has a legal relationship.

l. Relations with the community and social context: The Group maintains relations with local and national public authorities based on full and effective collaboration, in compliance with applicable regulatory provisions and environmental protection. The Group intends to contribute to the economic well-being and growth of the community in which it operates. The Group does not make contributions, benefits or other benefits to workers' political parties and trade union organizations, nor to their representatives or candidates, without prejudice to compliance with any applicable legislation.

m. Gifts: The employee cannot accept or offer gifts or forms of entertainment that can be considered as exceeding normal commercial or courtesy practices; we prohibit the exchange of gifts or other benefits that could affect either party's impartiality, influence a business decision connected to any activity of K-Holding and Karton S.p.A. Employees are required to notify their supervisors of the gifts received and to share in turn what they have received with other production units in the Company.

n. Obligations for Supervisors: Every supervisor is called to:

- i. Motivate their workforce and teams in a proactive way, through a line of conduct that represents an example of action in an ethical way for the teamwork;
- ii. Promote the maintenance of a work atmosphere based on honesty, courtesy and respect between colleagues and towards customers, suppliers and third parties;
- iii. Direct employees to comply with the Code of Conduct as well as Company's procedures;
- iv. Supervise their co-workers so that they do not adopt behaviours non-compliant with the indications provided by the Code of conduct and the Company procedures or improper use of information reserved for purposes unrelated to one's professional activity;
- v. Interact proactively with other corporate functions to prevent situations that differ from the procedures, contributing to the continuous improvement of the business practises.

o. Obligations for Directors:

- I. Promote compliance with laws, regulations and internal procedures;
- II. Supervise the work of their co-workers to ensure effective management of all activities;
- III. Provide accurate and complete financial accounting data;
- IV. Regularly report to the Board of Directors in the terms and in the manner prescribed by law;
- V. Exchange correct and truthful information;
- VI. Adopt a transparent conduct in relation to the requests of the Board of Statutory Auditors, as well as shareholders and the auditing firm;
- VII. Avoid omitting conduct and make known to the Board of Directors as well as to the Board of Statutory Auditors any interest they may have in a specific transaction of the company on which they are called to decide.
- VIII. This communication must be precise and punctual, specifying the nature, terms and purpose of the interest itself. In the event of a conflict of interest, the Board of Directors is solely responsible for assessing the conflict with respect to the interests of the company.
- IX. The interested party is required to refrain from the evaluation on which, by virtue of its powers, it is called to decide, leaving every decision to the Board of Directors;
- X. Protect the interests of creditors.

p. General Provisions.

The Company is committed to:

- I. Update the Code as well as the internal procedures in order to adapt them to current legislation, company changes and risk areas;
- II. Ensure that all the actions, transactions and negotiations carried out by the Group are inspired by the principles of fairness, completeness and transparency of information, legal legitimacy as well as and clarity and truthfulness of the accounting records in accordance with current regulations and internal procedures;
- III. Require that their Directors and employees behave correctly towards Public Administration, prohibiting any practice of corruption, favouritisms or promises of personal advantages towards any employee in the Public Administration. Gifts or other benefits are permitted, provided they are of modest value and such as not to compromise the integrity of any of the parties and such that they cannot be interpreted as aimed at acquiring advantages in an improper way.
- IV. Carry out the appropriate investigations in case of known violation of the rules and procedures governing the company activities;
- V. Prevent anyone from being retaliated for providing information regarding possible violations of the Code or internal procedures.

q. Disciplinary proceedings and sanctions:

Infringements of the rules written in this Code, such as actions or behaviours that fail to abide by our Code or the omission of actions or behaviours prescribed therein by the employees, may face disciplinary action, including up to dismissal, following current regulations and collective labour agreements, where present, also with regard to the preservation of the employment relationship and may also entail compensation for damages to the Company.

Sanctions are foreseen by current regulations and collective contracts. They will be proportionate to the degree of the violation and never such as to harm the dignity of the human person.

The penalty is imposed by the relevant corporate function.

Regarding the failure of Other Recipients to comply with the provisions of this Code of Conduct, relevant sanctions will be those provided by law and / or contained in the respective legal relations in force within the Company.

Giovanni Bressan
President
Karton Spa - K-Holding Spa