ANTITRUST COMPLIANCE PROGRAMME OF RDM GROUP

(APPROVED BY THE BOARD OF DIRECTORS OF RENO DE MEDICI S.P.A. ON JULY 31ST, 2018)

Foreword by Michele Bianchi

As indicated in the Code of Ethics in its Edition 2013, our Company policy is to conduct business in accordance with the highest ethical standards and in compliance with the law. Naturally, this requires strict compliance by all employees with the antitrust and competition laws applicable in the countries in which we conduct business.

The Company has put in place an extensive compliance programme to ensure that our employees are aware of the impact and importance of antitrust and competition laws. The present booklet forms part of the compliance programme and aims to provide guidance on the principal rules of antitrust and competition law and to highlight areas that may raise sensitivity. It also sets out practical guidelines on how to avoid conduct that could infringe the law. Let there be no doubt, our policy on compliance with the law is not subject to any exceptions. Employees who cause the Company to infringe antitrust and competition law will be subject to disciplinary action which may include dismissal. In addition, the individuals concerned may face personal sanctions, including heavy fines and imprisonment. It is each employee's individual duty to ensure that he or she complies with the law and I assure you that the Company will make every effort to provide whatever guidance and training our staff may find helpful to ensure that our activities remain compliant with the law.

Michele Bianchi

PART I - FACTUAL AND LEGAL BACKGROUND

1. Background

The RDM Group ("**RDM**") firmly believes in the importance of fair competition, in the interest of both businesses and consumers. Its activities are always in compliance with all applicable laws and regulations for the protection of free and fair competition in the various jurisdictions where RDM operates. RDM has adopted a Code of Ethics, where it recognizes the fundamental importance of a competitive market and undertook to comply with competition rules.

RDM has decided to adopt an antitrust compliance programme ("**Programme**"), also following a number of high-profile cases that have demonstrated the increased enforcement of competition rules by the European Union ("**EU**") and national competition authorities, including in relation to the paper and cartonboard industry. These developments have also highlighted the importance of implementing an effective antitrust compliance programme as a means to reduce the risk of potential infringements and/or exposure to heavy fines (in some jurisdictions, up to 10% of the global turnover in the last financial year).

In the last years, the European Commission ("**Commission**") has launched several antitrust investigations in the paper sector on the basis of allegations of competition law breaches. Similarly, in March 2017 the Italian antitrust authority ("**AGCM**") launched a wide investigation into the markets of corrugated cardboard and packaging.

RDM's subsidiaries manage at local level the risk of the "non-compliance" with the antitrust legislation in force in the countries where it operates. Accordingly, each subsidiary is requested to implement the Programme at national level, in accordance with its specific needs and priorities and the rules applicable at country level.

The adoption of the Programme by RDM follows the adoption of the antitrust compliance programme by Cascades Inc. ("**Cascades**", parent company of RDM). This demonstrates the entire Group's global commitment to antitrust compliance and that this is a fundamental element of the Group's corporate culture at all levels.

2. Legal framework

Several competition rules are applicable to the operations of RDM, which is committed to strictly comply with all of them in all its activities and practices. Such rules include the following provisions (both in the EU and in the national legal systems).

A) The ban on cartels

A cartel is defined as a group of independent companies which join together to fix prices, to limit production or to share markets or customers between them. Instead of competing with each other, cartel members rely on each other's agreed course of action, which **reduces their incentives** to provide new or better products and services at competitive prices. As a consequence, their clients (consumers or other businesses) might face higher prices for lower quality.

This is why cartels are illegal under EU competition law and why the Commission imposes heavy fines on companies involved in a cartel. EU or national competition laws apply depending on whether the activity affects trade between Member States or it only affects the market in a Member State without any cross-border effects.

Article 101 of the Treaty on the Functioning of the European Union ("**TFEU**") (and similar provisions in the competition laws of the Member States) prohibits: (i) agreements between companies, (ii) concerted practices of companies, and (iii) decisions by associations, which have as their object or effect the prevention, restriction or distortion of competition.

Agreements between competitors do not need to be formal to raise concerns under competition law. Such concerns may arise in case of any kind of understanding, formal or informal, secretive or public, under which each of the participants can reasonably expect that another will follow a certain course of action.

A **concerted practice** involves coordination among enterprises which falls short of an actual agreement. A concerted practice may take the form of any direct or indirect contact between companies whose object or effect is to influence market behaviour or to tacitly exchange information on the conduct or the commercials strategies they intend to adopt in the future (e.g. a mere exchange of sensitive information).

An activity restricting competition may exceptionally be exempted from the cartel ban only if it: (i) contributes to improving the production or distribution of goods or to promoting technical or economic progress; (ii) allows consumers a fair share of the resulting benefit; (iii) does not impose on the companies concerned restrictions which are not indispensable to the attainment of these objectives; and (iv) does not afford such companies the possibility of eliminating competition in respect of a substantial part of the products in question.

The Commission's and national competition authorities' "**leniency policy"** encourages companies to hand over inside evidence of cartels to the Commission or the relevant national competition authority. The first company participating in any cartel to do so will not have to pay a fine. In the recent years, most cartels have been detected by the Commission after one cartel member has revealed the existence of a secret cartel and has applied for leniency. However, the Commission carries out its own investigations to detect the existence of cartels.

The Commission also encourages individuals to report any inside knowledge they may have of a cartel to the Commission. They can do this openly or anonymously through a "**whistle-blower**" tool established in 2017.

B) Vertical restraints

Vertical restraints are restrictions on the competitive behaviour of a party that occur in the context of vertical agreements. Examples of vertical restraints include: exclusive distribution, certain types of selective distribution, territorial protection, export restrictions, customer restrictions, resale price maintenance ("**RPM"**), exclusive purchase obligations and non-compete obligations.

The general prohibition under Article 101 TFEU may apply to vertical restraints provided they are not: (i) "genuine agency" arrangements; or (ii) concluded among related companies.

Certain restraints are considered to constitute hard-core restrictions of competition. Examples for such restrictions include: (i) fixing minimum resale prices; (ii) certain types of restriction on the customers to whom, or the territories into which, a buyer can sell the contract goods; (iii) restrictions on members of a selective distribution system supplying each other or end users; (v) restrictions on component suppliers selling components, such as spare parts to the buyer's finished product; and (vi) certain restrictions on online sales.

Under EU competition law and Member States' competition acts, the inclusion of a hard-core restraint into a vertical agreement gives rise to a reversal of the burden of proof. Unless the parties involved can demonstrate that the hard-core restraint gives rise to pro-competitive efficiencies, the Commission is entitled to assume negative effects on competition, and does not need to prove the existence of such effects.

Other clauses in vertical agreements can also be problematic, for clauses containing non-compete obligations (both before and after the termination of the agreement) and clauses restricting the sale of competing goods in selective distribution systems.

C) Prohibition of abuse of dominance

A company can restrict competition if it is in a position of strength on a given market. A dominant position is not in itself anti-competitive, but if the company exploits this position to eliminate competition, it is considered abusive.

Article 102 TFEU prohibits any abuse by one or more undertakings of a dominant position within the internal market, because they are incompatible with the internal market in so far as they may affect trade between Member States. Similar considerations also apply at national level.

An abuse of dominance may consist in: (i) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions; (ii) limiting production, markets or technical development to the prejudice of consumers; (iii) applying dissimilar conditions to equivalent transactions with other trading parties, placing them at a competitive disadvantage; (iv) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which have no connection with the subject of such contracts; or (v) refusing to deal

with certain customers or offering special discounts to customers who buy all or most of their supplies from the dominant company.

D) Merger control

The legal basis for EU Merger Control is Council Regulation (EC) No 139/2004, the "**EU Merger Regulation**" or "**EUMR**". The EUMR prohibits mergers and acquisitions which would significantly reduce competition in the EU, for example if they would create dominant companies that may increase prices for customers and consumers.

Therefore, the EUMR introduces a mechanism for the control of mergers and acquisitions with an "EU dimension" (i.e. where certain turnover-based thresholds are met), while national legislations lay down the rules for the examination of mergers and acquisitions in the other cases.

The EUMR applies to any "concentration" that has, or is deemed to have, an EU dimension. The concept of "concentration" includes mergers, acquisitions of control over an enterprise and the creation of full-function joint ventures.

One of the main consequences of the application of merger control rules is concentrations generally must be notified to the Commission or the relevant national competition authorities. Concentrations cannot be implemented unless and until the Commission and/or the respective competition authority/ies have authorized it.

Considerable fines may be imposed, should the merging parties fail to observe the mandatory pre-merger notification requirement and waiting period and/or clearance requirements under the applicable merger control rules.

E) Antitrust fines

In most jurisdictions, antitrust infringements may lead to the imposition of hefty fines. These measures ultimately aimed at preventing infringements and must hence fulfil two objectives: to punish and to deter.

When determining fines, the Commission may impose a coefficient of up to 30% of the value of a company's relevant sales, depending on the seriousness of the infringement, which in turn is determined on the basis of a number of factors, including the nature of the infringement (e.g. price fixing, market sharing), its duration, its geographic scope, and whether the infringement has been implemented. For cartels, the relevant percentage tends to be in the range of 15-20%.

This percentage of the value of relevant sales is multiplied by the number of years and months the infringement lasted. The fine can then be increased (for example, if the company is a repeat offender), or decreased (for example, if the company's involvement was limited, or legislation or authorities encouraged the infringement).

The fine is limited to 10% of the overall annual turnover of the company in the last financial year. The 10% limit may be based on the turnover of the group to which the company belongs if the parent of that group exercised decisive influence over the operations of the subsidiary during the infringement period. There is also a limitation period of five years from the end of the infringement until the beginning of the Commission's investigation.

Similar sanctions apply under national rules. Antitrust infringements may have further potential consequences, such as: (i) administrative fines and/or criminal sanctions for individual persons (directly responsible staff or responsible directors); (ii) private damage claims; (iii) disciplinary actions; (iv) disqualification of directors; and (v) loss of reputation and adverse publicity.

F) Antitrust compliance programmes as a mitigating factor in the quantification of the fines

In an increasing number of jurisdictions, the adoption of an antitrust compliance programme is considered as a mitigating factor in the case of imposition of a fine.

For example, existing rules applicable in **Italy** by the *Autorità Garante della Concorrenza e del Mercato* ("**AGCM**") allow for a reduction of up until 15% of the fine, if the company has adopted and implemented a specific antitrust compliance programme. The antitrust compliance programme only triggers the reduction of the fine if: (i) it is in line with European and national best practices; and (ii) there is evidence of an effective and concrete commitment by the company to comply with the programme. In particular, this can be proven by:

i. demonstrating the full involvement of the management within the adoption and the implementation of the programme;
ii. identifying the employees responsible for the implementation and enforcement of the programme;
iii. identifying and assessing the risks, based on the industry sector and the operating context;
iv. organizing training activities appropriate for the size of the company;
v. providing for incentives for compliance with the programme and disincentives for the breach of its provisions; and
vi. implementing monitoring and auditing systems.

In the **United Kingdom**, the reduction of the fine could be of up to 10% of the fine, if the company has adopted an antitrust compliance programme in line with the guidelines provided by the Competition and Markets Authority ("**CMA**"). In addition, the disqualification of company directors could be avoided if it is demonstrated that the management actively committed to the prevention of antitrust infringements.

In **France**, existing programmes could be used in the context of a leniency application or as a mitigating factor if the infringement has been terminated before the launch of the investigation.

3. Objectives of the Programme

The primary objective of the Programme is to reduce the scope for future antitrust infringements through training and controls, and by detecting potential infringements through various means. In particular, with the adoption of the Programme, RDM aims at achieving the following benefits:

a) encouraging an innovative and pro-competitive behaviour among its staff;
b) enabling RDM to detect any infringement at an early stage and take corrective measures;
c) allowing RDM to identify situations in which it may consider taking actions against anti-competitive conducts committed by third parties (e.g. suppliers and competitors);
d) reducing the risk of fines;
e) mitigating the level of the fines, in particular in those jurisdictions where the adoption of an effective compliance programme can be used as a means to mitigate the consequences of the infringements;
f) avoiding potential private actions, including claim for damages from third parties that suffered damages as a result of an infringement of antitrust rules;
g) avoiding potential civil and criminal liability for the employees involved;
h) avoiding rendering agreements null and void (and thus unenforceable), which is the consequence for example of the inclusion of hard-core restrictions in the agreements between RDM and its customers;
i) reducing the costs related to litigation (including fines, legal fees, as well as the indirect costs); and
j) reducing the risk of adverse publicity and reputational damages.

PART II - THE PROGRAMME

1. Introduction

RDM decided to adopt a Programme that is: (i) in line with the latest guidelines and best practices on antitrust compliance programmes, provided by the European Commission and Member States' competition authorities (also in order to benefit from the special legal treatment as a result of the adoption of the Programme, in case of a breach) and (ii) at the same time adapted to the nature of the company, as well as to its activities and industry sector.

The structure of the Programme is composed of the following parts:

A. Risk identification: RDM has identified the main risks of antitrust infringements in connection with its activities, on the basis of its industry sector and of the context in which it operates;
B. Risk assessment: RDM has assessed the level of the different risks of antitrust infringements for different categories of employees, based on the nature of their roles and activities;
C. Risk mitigation: RDM has put in place procedures and training, aimed at mitigating the risk which have been identified; and
D. Review: RDM has planned the regular review of the outcome of the steps outlined above.

2. The content of the Programme

A) Identification of the main risks of antitrust infringements

RDM has identified several key risks. On the basis of the nature of its business and operations, RDM concluded that these could be the potential risks:

1. Cartels - **Low**
   These conducts could include the direct or indirect exchange of information on prices, production levels, market sharing or any other commercially sensitive information with competitors (for example, in the context of the meetings of trade associations).
   However, the product markets where RDM is mainly active (*Folding Boxboard* "**FBB**", and *White-lined chipboard* "**WLC**"), are fragmented and have a high number of competitors. In addition, companies operating in those markets do not exchange any sensitive information. These circumstances substantially reduce the risk of collusion among competing businesses operating in those markets.

2. Vertical restraints of competition - **Low**
   RDM does not apply in its distribution practices any policy aimed at influencing the resale prices of its products. In addition, the agreements currently entered into by RDM do not typically contain any critical provisions.

3. Abuse of dominance - **Low**
   Should RDM be considered to be dominant in any of the product or geographic markets where it operates, it would be subject to a special responsibility and certain conducts or practices could constitute a breach of antitrust law, such as refusals to supply customers, tying or bundling sales, and non-cost justified or fidelity rebates or discounts. However, RDM does not implement any of those practices.

B) Assessment of the different risks

RDM together with its external counsel has assessed the risks identified above, depending on the categories of staff and employees and their respective exposure to antitrust infringement risks.

- High exposure

This category includes the members of the staff who:

- have roles in the senior management;
- are employed with sales and marketing departments;
- are entrusted with purchasing and procurement activities;
- deal regularly with competitors and/or attend trade association meetings;
- deal regularly with customers and distributors/retailers; and
- are new employees who have joined from a competing company.

- Medium/Low level exposure

This category includes the members of the staff who:

- have no contacts with competitors or suppliers/customers; and
- operate in the production process.

C) Mitigation of the relevant risks

In light of the risks outlined above, the Programme contains the following sections: (a) Involvement and support of the Senior Management; (b) Dos and Don'ts checklists; (c) Specific procedures; (d) Training; (e) Auditing; (f) Due diligence; (g) External counsel; (h) Reporting system; (i) Incentives for the compliance and disincentives for breaches; and (j) Employees for the implementation and enforcement of the Programme.

All employees, officers and/or directors within RDM are responsible for carrying out their duties in strict compliance with the principles of the Programme. It is the individual obligation and responsibility of each of them to comply with it and to refrain from engaging in any actions that may have, as their object or effect, the restriction or distortion of the competition in any market.

The Programme not only applies to RDM's relationship with its competitors, but also with regards to its relations with customers, suppliers, contractors, and other business parties.

a) Involvement and support of the Senior Management

It is essential that the message that RDM adopts a culture of antitrust compliance "comes from the top" in order to show RDM's commitment to comply with antitrust law. RDM's management needs to support the adoption of the Programme in a visible and active manner and to ensure that this message is regularly reinforced. RDM's employees must be aware that the Programme has been approved and is supported at the senior level of the management, and that they are expected to know its content, to comply with its provisions and to promote an organizational culture that encourages ethical conduct and a commitment to comply with competition law.

b) Dos and Don'ts checklists

RDM prepared, with the support of its external counsel, two Dos and Don'ts checklists to be distributed to its employees. These documents aim at raising the level of awareness and knowledge about the risks associated with infringement of antitrust rules, and include practical instructions on the correct behaviour, for example, in any contact with competitors, distributors, clients or during meetings of trade associations. Such checklists include guidelines about the use of language and the special care to be taken, while communicating, either verbally or in writing.
The Dos and Don'ts checklists should be shared with and known by RDM's employees.

- A first checklist contains detailed practical instructions on which actions shall be done and which ones shall be avoided, aimed in **general at mitigating competition law infringements**: this list

includes rules on contacts with competitors, on contacts with customers and resellers, on communication and on reporting; and

- A second checklist contains instructions specifically designed to avoid any antitrust infringements in the context of RDM's participation in meetings and activities of **trade associations**. Such instructions include rules on the preparation of meetings, on conduct and topics for discussion at meetings, on recordkeeping, and on reporting.

c) Specific procedures

When necessary, in order to mitigate the antitrust risk, RDM will follow specific procedures, for instance in the event that it: (i) intends entering into, or is in the process of negotiating, specific cooperation agreements, especially with competitors (such as joint commercial activity); or (ii) deals with an investigation carried out by an antitrust authority.

d) Training

RDM intends to ensure that its employees are fully aware of and fully understand the content of the Programme and of the Dos and Don'ts checklists, and of the antitrust rules they must comply with in the context of their activities. The training programmes are tailored to the industry for the production of cartonboard and to the particular role of the employees attending each course.

RDM is already organizing a series of seminars and compliance trainings with the support of its external counsel and will continue organizing on a regular basis training sessions for its management and staff, aimed at:

- creating a common antitrust compliance culture within RDM, explaining the basic principles of antitrust law and the consequences of violations of competition rules;
- increasing the awareness of the impact of antitrust law on the conduct of business operations and the performance of duties of all employees;
- increasing the responsibility of all employees to comply with antitrust law and refrain from engaging in any actions that may have, as their purpose or effect, the restriction or distortion of competition;
- giving guidance to employees to ensure that they understand antitrust law principles and act in compliance with them, avoiding prohibited activities.

Based on the risk assessment outlined in Section II.2.B above, RDM organizes training programmes for:

- the top managerial functions;
- employees potentially exposed to antitrust risks because of frequent contacts with competitors in the exercise of their ordinary duties (in particular, those carrying out marketing and purchasing activities), or who could face antitrust issues; and
- new recruits and those employees who are most likely, in their career developments, to have management responsibilities, in which compliance with antitrust law can assume a crucial relevance.

The training programmes are also specifically tailored to meet the specific requirements of RDM's business units, and in particular:

- the different needs of employees attending the training sessions;
- the specific characteristics of the markets where RDM is active, as well as the market positioning of RDM within such industry sectors, and the level of the antitrust risk associated with those sectors;
- the types of activities performed by the employees involved in the training; and
- the specific questions and concerns raised from time to time by the business units of RDM.

The training programmes should place great emphasis on the relationships with competitors and should be mainly focused on those antitrust law principles that raise the greatest risks (according to the identification outlined in Section II.2.A), such as price fixing, market sharing and customer allocation, prohibition of internet sales, and exchange of commercial information.

A special attention should also be dedicated to the participation of employees in the context of the **trade associations** (or other forms of industry organisation) because these organizations, if used improperly, can provide an opportunity for competitors to discuss matters that might be considered commercially sensitive. In this regard, the training programmes are as practical as possible and therefore are developed focussing on examples and cases typical in each single units business.

In order to ensure that the training activities are effective, RDM organizes advanced and refresher courses, also taking also into account the level of compliance risk that RDM faces. RDM also organizes a regular review of its training programmes, taking into account changes occurred in the market (including RDM's competitive positioning and market share), or changes in the applicable legislation or in the decision practice of the antitrust authorities.

e) Auditing

Further to the interviews already carried out with key members of the staff in order to assess its antitrust risk, RDM intends to carry out on a regular basis an antitrust audit to identify with more details potential infringements of antitrust law and to determine whether an infringement has occurred or is likely to occur in the future.

Such activities provide an opportunity for RDM to carry out a comprehensive examination of the files and documents that could be seized and examined by officials of the antitrust authorities. The review of such documents may reveal potential antitrust law issues and provide the necessary background, information and data for antitrust enforcers to determine whether to conduct interviews of employees and ask them to supply further explanations about specific documents.

f) Due diligence

RDM commits to carry out a proper due diligence to prevent any antitrust infringements in specific situations, such as when hiring new employees and when considering memberships of trade associations.

Due diligence shall also be carried out when planning or implementing mergers and acquisitions. In-house/external counsel shall review significant contracts for compliance before they are entered into by RDM.

g) External counsel

RDM understands the importance of involving external lawyers in the assessment of the best course of action, especially in situations where a higher risk exists from a competition law point of view. RDM undertakes to involve external counsel in its antitrust auditing activities and in the assessment of the antitrust risk in connection with specific cases.

External lawyers may be asked to review, together with in-house lawyers, significant contracts for compliance before they are entered into by RDM and any plan relating to future mergers and acquisitions.

h) Reporting system

All RDM employees are required to immediately inform the Head of Legal and Corporate Affairs of RDM Group, to the following e-mail address: RDM-ANTITRUST@rdmgroup.com of any information which might be relevant to establish that an antitrust infringement occurred or to detect any other potentially problematic situation under the applicable competition rules.

RDM will implement a system, dedicated exclusively to its employees, to provide them with an instrument to quickly obtain clarifications in case of doubts and to report situations of potential infringement of the antitrust rules.

Each subsidiary of RDM is requested to supply the following information to the Legal and Corporate Affairs Department of RDM: (i) changes of the applicable national legislation and the related impact on RDM's business activities; (ii) any investigations and/or proceedings initiated by the Commission or Member States' antitrust authorities; and (iii) the status of the implementation of the Programme by RDM.

Each year, RDM's staff is required to confirm that it complies with competition law.

i) Incentives for the compliance and disincentives for breaches

RDM commits to reward proactive employees for taking steps to raise competition concerns. For example, employees who report infringements of competition law rules and/or allow the prevention of an infringement will receive a positive evaluation.

On the other hand, severe disciplinary sanctions will apply to the employees who have participated in a competition law infringement or failed to report an infringement of which they were aware.

j) Employees responsible for the implementation and enforcement of the Programme

The Head of Legal and Corporate Affairs Department of RDM is in charge of the implementation of the Programme, together with other employees identified from time to time by the Legal Department of RDM.

D) Review

RDM commits to periodically evaluate and review the Programme in order to ensure that it matches the standards imposed by the current best practices and remains relevant and effective.

RDM will assess on a regular basis whether there are any reasons to proceed with a review of the Programme and whether any amendments to its provisions are necessary. In particular, a regular assessment will be carried out to ensure that identified risks have not changed (e.g. as a result of legislative amendments or as a result of an increase in RDM's market position) and commitment to compliance remains strong.

In addition, RDM will also carry out a review in specific cases, e.g. if the company is subject to investigation by a competition authority, if a new business has been acquired, or if evidence of a potential infringement is identified.

By way of example, RDM could run specific tests, designed for managers and employees potentially exposed to antitrust risks because of frequent contacts with RDM's competitors in the exercise of their ordinary duties (i.e. marketing and purchasing activities). Such tests would include assessing employees' knowledge of antitrust law and related infringement risks. RDM believes that such tests are useful to monitor the knowledge of the fundamental principles of antitrust law and the degree of awareness of the obligations arising thereof. They are also a useful tool for assessing the capacity to address risks of unlawful conduct relating to RDM's business activities.