*Privileged and confidential*

# Reno De Medici Group

# ANTITRUST COMPLIANCE MANUAL

*April 2023*

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## Message from the CEO

Competition rules play a central role in regulating the activities of companies operating in all sectors of economic life. Compliance with these rules is of crucial importance for all the companies that are part of the Reno De Medici Group ("**RDM**"), which undertakes all the most appropriate initiatives to avert the risk of infringement and adopts a general and programmatic attitude of utmost attention to compliance with the rules protecting free competition.

This manual, which is part of a broader programme ("**antitrust compliance programme**") aimed at spreading knowledge of the rules protecting free competition (hereinafter referred to as "**antitrust rules**"), contains a series of rules of conduct that must be scrupulously observed by all members of RDM's executive bodies, managers, employees and agents.

The first part of the manual, is devoted to illustrating the rules that, having regard to the nature of the activity carried out by RDM and its position on the market, might be applicable. These rules are further elaborated in Annex 1, which, in the form of a Q&A, analyses some risk scenarios that are typical of RDM's business and could occur in dealing with competitors, suppliers and customers.

The second part of the manual describes how to make so-called 'records' in day-to-day business (*i.e.,* drafting documents, e-mails, notes, etc.) and sets out the rules of conduct to be adopted in the event of a dawn raid by antitrust authorities.

The third part of the manual is devoted to explaining the sanctions applicable in the event of a breach of antitrust rules.

It should be noted that the very nature of antitrust prohibitions, which are based on a few general principles, makes it impossible to provide exhaustive rules that can analytically guide one's behaviour in any given situation. However, it is important to understand which situations may give rise to a risk of breach of antitrust rules. It is possible that the specifics of individual situations may give rise to doubts as to the behaviour to be adopted from time to time. In such cases, please do not hesitate to contact RDM's Antitrust Compliance Officer.

Not complying with the rules contained in this manual constitutes a breach of the obligations arising from the employment contract and will therefore result in the application of the disciplinary sanctions provided for by the applicable legal and contractual provisions. The fourth and final part of the manual is therefore dedicated to describing the applicable sanctions, as well as the procedures available to managers and employees to report the existence of antitrust violations as well as the investigation procedures available to RDM.

**Michele Bianchi - CEO of Reno De Medici S.p.A.**

# PART ONE

After a brief illustration of the basic principles of antitrust rules, the first part of this manual, describes the guidelines that must be observed in situations that, given the nature of RDM's activity, typically may expose it to a risk of breaching antitrust rules.

The instructions below must always be scrupulously followed. However, please note that the below does not cover the entire range of situations potentially relevant under antitrust rules. Reach out to the Antitrust Compliance Officer or another member of our Legal Department if you think you are facing a risk not contemplated by this manual, or in any case to ask for guidance and clarifications to ensure that your actions are compliant with antitrust rules.

**Legal Department**

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## I. CARTELS AND ABUSE OF DOMINANT POSITION

Antitrust rules prohibit: (i) restrictive agreements and (ii) the abuse of dominant position. They also regulate concentrations between undertakings, which are not covered by this manual.

## 1. Restrictive Agreements

Antitrust rules prohibit agreements that by their object or effect may restrict competition.

Antitrust rules prohibit **restrictive agreements of both a horizontal** (i.e. between economic operators active at the same level of the production or distribution chain) **and vertical** (i.e. between economic operators active at different levels of the production or distribution chain) **nature** [1].

### 1.1. The notion of "anticompetitive agreements"

The scope of the prohibition includes any form of agreement, such as, for example:

1) agreements concluded informally (e.g. verbally or through an exchange of e-mails), even by employees/managers who do not have the necessary powers to bind the company to third parties;

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[1] Restrictive agreements are regulated by Article 101 of the Treaty on the Functioning of the European Union ('**TFEU**') and the corresponding national rule that may apply depending on where the agreements have effect.

2) so-called '*gentlemen's* agreements' or in any case also legally non-binding agreements.

The notion of 'cartel' also includes concerted practices. Concerted practices are forms of coordination, which, without taking the form of an actual agreement, constitute conscious collaboration between undertakings to the detriment of competition. The two essential elements of concerted practices are: (i) some form of contact between the undertakings (e.g. informal conversations, exchange of information, etc.), and (ii) a concrete impact of the contact on the commercial practices actually adopted (e.g. simultaneous price increases, standardisation of commercial conditions, etc.).

## 1.2. Cartels

The most common forms of collusion between competitors, so-called 'cartels', represent the most serious breach of antitrust rules.

There are different types of cartels, all of which are strictly prohibited and sanctioned. The most common forms of cartel are agreements between competing undertakings having as their object:

(i) the joint fixing of prices and/or other commercial terms - e.g. current or future prices, timing of price increases, discount levels, criteria for obtaining discounts, profit margins, payment terms, inclusion or non-inclusion of penalty clauses;

(ii) the joint adoption of strategic decisions - e.g. agreements concerning the fixing of the amount of investments (in promotional activities, research, etc.), the timing/launch of new services, the decision to refuse to supply products to certain types of customers;

(iii) allocation/splitting of customers - e.g. agreements to make business proposals only to customers with certain characteristics, to refrain from making business proposals to certain customers, to allocate each group of customers among several competitors;

(iv) allocation/splitting of geographical areas - e.g. agreements to refrain from appointing commercial agents/ advertising or promoting in a certain geographical area, refusing orders from customers located in a certain geographical area, treating customers differently depending on their location;

(v) bid rigging, i.e. an agreement between competitors to determine in advance the final outcome of a public or private tender - e.g. agreements concerning: "back-up" bids (such as excessively high bids compared to both the bid of the designated winner and the amounts known to be unacceptable to the contracting authority), non-submission of a bid to favour the designated winner, bid rotation, subcontracting part of the services to the company that withdrew from or did not take part to the tender.

The exchange in any form of confidential business information between competitors (e.g. prices, production or sales data relating to the recent past or future) is a practice that

facilitates and encourages coordination between undertakings and often fits into the various forms of cartels listed above. In some cases, antitrust authorities have found the exchange of confidential business information to amount to an antitrust violation *per se*.

## 1.3. Cooperation agreements between competitors

Not all agreements between competitors are prohibited. There are various forms of cooperation between competitors that can generate positive effects on the market in terms of price reductions, increased production levels, innovation, variety and quality of the products offered, etc.

The most frequent horizontal cooperation agreements that antitrust rules may consider permissible are the following: (i) specialisation/production agreements; (ii) research and development agreements; (iii) joint purchasing agreements; (iv) standardisation agreements; (v) sustainability agreements.

The variety and diversity of horizontal cooperation agreements, and the fact that they are based on direct relationships between competitors (with the risk of inadvertently giving rise to cartels), requires a case-by-case assessment based in particular on the following parameters: (i) object of the agreement; (ii) market power of the parties; (iii) market structure; (iv) economic benefits; (v) indispensability of the restrictions; (vi) impact on competition.

The Legal Department must be involved in all stages leading to the conclusion of horizontal cooperation agreements and their subsequent implementation.

## 1.4. Vertical Agreements

Vertical agreements are agreements between operators at different levels of the production/distribution chain. Vertical agreements may consist, for instance, of commercial distribution agreements, franchising agreements, licensing agreements, etc.

Vertical agreements are generally treated more leniently than horizontal agreements.

In any case, there are two types of vertical restraints that must always be considered prohibited and therefore avoided (unless expressly authorised by the Antitrust Compliance Officer):

(i) the restriction of a purchaser's ability to determine its resale price;

(ii) absolute restrictions as to the territory into which, or the customers to whom, the buyer may sell the contractual goods or services. The consequence of this prohibition is that the manufacturer cannot prevent/restrict parallel imports, i.e. the buyer's ability to resell the contract goods/services to other buyers within the European Economic Area.

Other types of vertical agreements that are likely to restrict competition (e.g. non-compete obligations requiring the buyer not to market goods or services in competition with the contract goods, which in any event must not exceed a five year duration, or exclusive supply

obligations requiring the supplier to sell the goods or services to a single buyer), enjoy a presumption of compliance with antitrust rules if the market share of the manufacturer and the buyer does not exceed 30 per cent.

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## 2. The abuse of dominant position

The prohibition of abuse of dominant position only applies to undertakings with significant power in a given relevant market.

The dominant company is burdened with a 'special responsibility', which results in the prohibition to engage in any conduct likely to reduce competition or hinder its development in markets where, precisely because a dominant company operates there, the degree of competition is already reduced. This special responsibility translates into the prohibition of adopting commercial conducts that are instead permitted to non-dominant companies.

An undertaking in a dominant position may not abuse its market power and, therefore, (i) exclude and/or hinder competitors by reducing their ability to compete, or (ii) impose unjustifiably onerous and/or discriminatory prices or other contractual terms and conditions with detrimental effects on suppliers, purchasers and final customers.

### 2.1. Exclusionary abuses

First of all, exclusionary abuses (i.e. commercial conducts capable of excluding competitors from the market or hindering their ability to compete effectively) are prohibited.

Some of the most common instances of this type of abuse are:

(i) so-called 'loyalty rebates', i.e. rebates conditional on the buyer's commitment not to source from competitors;

(ii) so-called 'target rebates', i.e. those rebates that are conditional on the buyer reaching a certain purchase target during the reference period;

(iii) other than in exceptional circumstances, exclusive dealing, i.e. the use of exclusivity clauses binding buyers to purchase most or all of their requirements from the dominant undertaking;

(iv) so-called "tying" practices, which consist in making the sale of a good (generally one in which the undertaking is dominant) conditional upon the purchaser buying another product or service that is economically separable from the first, without there being a requirement for the sale to be made jointly as the product or service is marketable separately. Similarly, the dominant undertaking cannot grant discounts, premiums or other benefits conditional on the joint purchase of products and/or services;

(v) the refusal to supply or the unjustified interruption of a supply in order to extend its market power in a neighbouring market (e.g. the dominant

undertaking on the market for the production of a given good, which wants to extend its power in the distribution market by interrupting supplies to customers who become its competitors in the downstream market).

### 2.2. Exploitative abuses

Exploitative abuses (i.e. commercial conducts aimed at exploiting market power vis-à-vis consumers in order to extract over competitive profits) are also prohibited.

Some of the most common cases of exploitative abuse are:

(i) discriminating against purchasers by applying objectively different commercial terms for equivalent services, exploiting the different degree of preference/need of purchasers. Discrimination may then have an exclusionary purpose (but may be prohibited even if there is no exclusionary intent or effect in practice), when it is aimed at favouring certain customers (e.g. the best, or the one contended with competitors) in order to eliminate/obstruct competitors;

(ii) imposing unjustifiably burdensome prices or contractual terms, e.g. a price charged by a dominant undertaking in one geographic market was found to be unjustifiably burdensome if it was twice as high as a price for the same product charged in a separate geographic market (without significant cost differences).

# PART TWO - RECORDS AND DAWN RAIDS

The second part of this manual describes how to make so-called 'records' in day-to-day business activities (i.e., drafting documents, e-mails, notes, etc.) and sets out the rules of conduct that must be scrupulously followed in the event of a dawn raid by an antitrust authority at RDM's premises.

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## II. RECORDS

The term 'Records' refers to documents, e-mails, instant messaging (e.g. WhatsApp, iMessage, etc.), personal notes, visual or sound records (such as answering machines) and any other form of record that may document an interaction regardless of the level of responsibility and representativeness of the author of the Record.

Records (think for instance of an e-mail) are often inaccurate and imprecise. This means that they may be subject to interpretations that do not reflect their true meaning. When making a Record it must be borne in mind that this may come into the possession of an antitrust authority, which may interpret the language contained therein in the most unfavourable meaning possible (and most favourable to the claimant).

The following rules, which limit the risks associated with Records, must be observed by RDM's managers and employees in their daily tasks:

(i) avoid creating unnecessary Records: any Record created today may one day be made public by the recipient or fall into the hands of an antitrust authority;

(ii) use simple, clear and accurate language. If you believe that the subject matter is likely to expose RDM to an antitrust violation, please contact the Legal Department before making any Record;

(iii) avoid using negative expressions referring to competitors, suppliers or customers that indicate an intention, for example, to exclude a competitor or to charge a customer excessively high prices;

(iv) take care to indicate the source of any information relating to prices, market shares, or other competitively sensitive information in particular if it relates to competitors (so as to avoid creating the suspicion that such information comes directly from competitors);

(v) do not use wording that may create suspicion (e.g. '*destroy after reading*');

(vi) do not speculate on whether a given behaviour may be legal.

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## III. REQUESTS FOR INFORMATION FROM ANTITRUST AUTHORITIES

It is RDM's policy to comply with all applicable legal provisions and to respond to legitimate requests for information from antitrust authorities. However, RDM's rights and trade secrets must be protected.

Antitrust authorities may request information from RDM by sending written questionnaires. For example, RDM may be asked to answer questions relating to transactions involving its customers, competitors or suppliers. Questionnaires may also be directed to specific individuals within RDM's organisation.

The request for information is part of a formal procedure:

(i) RDM's response must reflect the information and position of all companies that are directly or indirectly controlled by RDM at any given time, not just the legal entity to which the questionnaire is addressed;

(ii) the information provided by RDM may be used by the antitrust authority in the future in cases of strategic importance to RDM; it is therefore important that the answers are carefully evaluated and consistent;

(iii) the answers provided by RDM are likely to contain confidential information; unless specifically marked as confidential and in the absence of an express request for non-disclosure, such answers may be disclosed by the antitrust authority to competitors, customers or suppliers of RDM;

(iv) the answers provided may have legal consequences for RDM: it is therefore important that they are verified by the Antitrust Compliance Officer; and

(v) antitrust authorities may impose fines on companies that do not reply to questionnaires or that provide incomplete or misleading answers.

If a request for information is received from an antitrust authority, the recipient must immediately forward it to the Antitrust Compliance Officer. The Antitrust Compliance Officer will be responsible for coordinating the responses to the questionnaire on the basis of the inputs received from all relevant business units and thereby ensuring that RDM adopts a consistent approach towards antitrust authorities.

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# IV. DAWN RAIDS AT RDM'S PREMISES

Antitrust authorities have ample investigative powers including the one to carry out dawn raids at companies suspected of breaching antitrust rules.

In particular, officials in charge of inspections ("**Inspectors**"), have the power to enter all premises, land and means of transport of the company. Various antitrust authorities (including the European Commission) may conduct inspections elsewhere, including premises, land, means of transport and the homes of managers, directors and other employees of the company.

During dawn raids, Inspectors have the power to access all documents, including those drafted on or saved on computers: in order to find clues relevant to the investigation, in addition to examining paper files, Inspectors can also search the computers, external hard disks, tablets and telephones/smartphones of RDM's managers and employees. Inspectors may also access e-mail systems and company servers.

Inspectors may also request oral information and explanations concerning the facts or documents relating to the dawn raid from any person (irrespective, therefore, of their power to represent RDM).

Below are guidelines to follow in the event of a dawn raid. Timely compliance with them is essential to enable RDM to protect its rights.

## 1. Dawn Raid Guidelines

### 1.1 Inspectors at the door

In most cases dawn raids come 'by surprise'. Inspectors usually arrive at the beginning of the working day.

Receptionists should:

(i) ask the Inspectors to show the decision, warrant or authorisation granting them access to the premises (the '**inspection documents**');

(ii) immediately notify the members of the Legal Department indicated at the beginning of this document and e-mail them a copy of the inspection documents. The Legal Department will contact RDM's external lawyers and ask them to attend the inspection;

(iii) request the authorisations and identity documents of all Inspectors present and check that the names match those on the inspection documents;

(iv) make the Inspectors aware that the presence of members of the Legal Department has been requested, letting them know how long it will take for them to arrive. Ask the Inspectors if they are willing to allow a reasonable amount of time for members of the Legal Department to arrive at the premises;

(v) Inspectors are usually willing to wait a reasonable period of time. However, they are not obliged to do so and if they wish to start the inspection immediately, they must be allowed to proceed. In that case, the instructions below must be followed.

## 1.2. Preliminary activities

Before the start of the dawn raid:

(i) create a dedicated team to support and assist each Inspector;

(ii) inform the staff of the dawn raid in progress;

(iii) request them not to communicate its existence outside RDM;

(iv) make a meeting room without archives / company documents available to the Inspectors.

## 1.3. How to behave during the dawn raid

During the dawn raid you are required to:

(i) scrupulously follow the instructions given by the Antitrust Compliance Officer (or by the person appointed to lead the internal RDM inspection team);

(ii) each member of the inspection team must always accompany the Inspector assigned to him/her, taking written note of all his/her relevant actions (where he/she goes, any questions/inquiries he/she makes, keywords used to search electronic devices);

(iii) if approached by Inspectors, request the assistance of the Antitrust Compliance Officer or the person designated by her;

(iv) do not destroy any documents relevant to the inspection. More generally, in the course of the inspection, the deletion and/or destruction (including by computer) of any document must be immediately suspended. The destruction/deletion of documents, even if completely irrelevant to the subject matter of the inspection, may give rise to suspicions as to an attempt to destroy compromising evidence, and more generally as to RDM's willingness to cooperate;

(v) As mentioned above, Inspectors may request information/explanations during the course of the dawn raids. The statements made are recorded. The answers should be as concise as possible. Where the answer is not known or the question requires a complex answer or data that cannot be provided in an exact and accurate manner at that time, a response should be reserved for a later time;

(vi) without prejudice to the preceding point, provide the information or the documents requested by the Inspectors. It should be noted that a refusal to provide information or submit documents, or the submission of untrue

information or documents may result in the imposition of administrative fines and may be classified as a criminal offence;

(vii) do not disclose the fact that a dawn raid is taking place to third parties (even if they are employees, collaborators and/or agents of RDM, who are not at the premises at the time of the dawn raid and/or whose offices are located in a different place than those where the dawn raid is taking place). The fact that there is an ongoing dawn raid should be kept absolutely confidential to avoid that, should third parties who are potential suspects of the same infringement as RDM become aware of it, this could be used as relevant evidence for the purpose of establishing an unlawful understanding with competitors. Furthermore, confidentiality protects RDM's interest in 'managing' the way in which the dawn raid is portrayed externally in order to minimise potential damage to its image.

In case of dawn raids at premises other than company premises (including of home inspections), the Antitrust Compliance Officer must be informed immediately.

## 1.4. Documents in electronic format

Dawn raids focus on the examination of documents in electronic format, which Inspectors have the right to examine in whatever medium they are contained and to take an electronic or paper copy. Inspectors may examine both the final version of documents and earlier versions (including metadata and deleted versions).

With regard to electronic documents, please observe the following rules of conduct:

(i) if requested by Inspectors, provide passwords to access computers and e-mail accounts, and open encrypted e-mails. Inspector may also ask to block access to the e-mail accounts of senior roles;

(ii) under no circumstances should Inspectors be allowed to access electronic systems directly or unsupervised. If possible, the person accompanying the Inspector should verify whether the electronic document is outside the scope of the dawn raid or covered by legal privilege before the Inspector views it. Where there is no issue of relevance or legal privilege, the Inspector must be allowed to view the document on screen;

(iii) if Inspectors wish to take a copy of a hard disk, object on the grounds that it may contain documents covered by legal privilege or outside the scope of the dawn raid. If the Inspectors proceed anyway, make sure to have two copies of the hard disk;

(iv) ensure that Inspectors do not remove data/hardware necessary for day-to-day operations.

## 1.5. Copies of documents

With reference to the documents requested by the Inspectors:

(i) make three copies of each and all requested documents - one for the Inspectors and two for the company;

(ii) verify that each of the documents that the Inspectors wish to take falls within the scope of their powers. While it is up to the Inspectors to determine the relevance of each document, the acquisition of documents relating to aspects that are clearly outside the scope of the dawn raid must be opposed. Before denying Inspectors the acquisition of a document, consult the Antitrust Compliance Officer;

(iii) do not hand over documents covered by legal privilege (i.e. correspondence with outside lawyers or documents formed in order to request a legal opinion from an outside lawyer); in case of doubt, the documents must be placed in a sealed envelope.

### 1.6. Before the Inspectors leave

Before the conclusion of the dawn raid:

(i) request that all copies or documents acquired by the Inspectors be treated confidentially;

(ii) request a copy of the list or lists of documents from which the Inspectors have extracted copies;

(iii) verify the accuracy of what was recorded by the Inspectors, in particular, the questions asked and the answers given;

(iv) record in writing all points of disagreement with the Inspectors;

(v) reserve the right to object to the acquisition of documents on the grounds that they are covered by legal privilege or extraneous to the subject of the dawn raid;

(vi) if the dawn raid is not completed, agree with the Inspectors on how to seal the premises. Warn all office staff, cleaners and security personnel not to touch the seals.

## 2. Sanctions for lack of cooperation during inspections/audits

### 2.1. Sanctions for RDM

Failure to cooperate with the Inspectors may result in the imposition of significant fines. Such sanctions have been applied in cases where companies have obstructed a dawn raid, including by destroying documents, have failed to provide requested information or have broken seals affixed by the authority.

Sanctions may also be applied in case of delay in providing information requested by the antitrust authority.

Failure to cooperate may also adversely affect the outcome of the investigation and constitute an aggravating factor in the quantification of the sanction in the event that the investigation concludes with a decision finding an antitrust infringement.

## 2.2. Sanctions for directors, managers and other employees

Individuals may also be sanctioned if they: (i) obstruct the dawn raid; (ii) provide inaccurate, incomplete or misleading information in response to a request for information.

# PART THREE - SANCTIONS FOR BREACH OF ANTITRUST RULES

## V. SANCTIONS

The infringement of antitrust rules may result in:

(i) the issuance of decisions (either by the antitrust authority or by the ordinary courts, both also on an interim and urgent basis) preventing the continuation of unlawful conduct;

(ii) the imposition of administrative fines of up to 10% of the total annual group turnover;

(iii) actions for damages brought by the damaged parties before ordinary courts;

(iv) in general, decisions ascertaining the existence of antitrust breached hold a prominent role in the media and this has a negative effect on the company's reputation.

In any case, restrictive agreements/contractual clauses that breach the prohibition of abuse of dominant position are null and void.

The fight against cartels has long been the main focus of antitrust authorities. So-called '**leniency programmes**', which grant benefits (immunity or significant reduction of sanctions) to companies that provide information that helps to detect and sanction cartels, have been adopted in most jurisdictions. Indeed, leniency programmes have been a particularly effective tool in the fight against cartels by increasing the level of risk deriving from collusive behaviour between competitors.

Antitrust authorities grant full immunity from sanctions only to the undertaking that first provides sufficient information to establish an infringement that they were not already able to prove on the basis of information in their possession. In order to benefit from leniency programmes, the undertaking concerned must:

(i) immediately cease its participation in the denounced cartel;

(ii) actively cooperate with the antitrust authorities throughout the investigation process;

(iii) not destroy, falsify or conceal relevant information or documents; and

(iv) refrain from informing third parties of its intention to file a leniency application and its subsequent cooperation with the antitrust authorities.

# PART FOUR - INTERNAL DISCIPLINARY SANCTIONS, REPORTING PROCEDURES, INVESTIGATION PROCEDURES AND PERIODIC REPORTING TO THE BOARD OF DIRECTORS

## VI. DISCIPLINARY SANCTIONS

Breaches by any person within the organisation of RDM (managers, employees, agents, etc.) of the rules contained in this manual not only exposes the company to the sanctions and further negative consequences described in Section V, but also constitutes a breach of the obligations arising from the employment contract and therefore entails the application of disciplinary sanctions proportionate to the conduct and its seriousness, as provided for by the applicable legal provisions and collective agreements.

### 1. The types of sanctions

In particular, these sanctions may include:

(i) reprimand/warning;

(ii) demotion / lack of promotion;

(iii) reduction in pay;

(iv) dismissal from employment with or without notice;

(v) compensation for damages / withdrawal of bonus / withdrawal of pension benefits.

### 2. Mitigating factors

The sanctioning system may provide for mitigating factors, such as:

(i) the employee's full cooperation with the internal investigation;

(ii) the employee does not hold an executive or managerial role;

(iii) the employee had not been requested to participate in the antitrust training programme;

(iv) the employee acted in good faith in the belief that he/she did not infringe antitrust rules;

(v) the fact that the conduct was sanctioned or encouraged by the employee's direct manager.

### 3. Aggravating factors

However, the sanctioning system may also provide for aggravating factors, such as:

(i) any failure to co-operate or fully disclose matters known to be important to the investigation;

(ii) if the employee holds a managerial role;

(iii) the employee's participation in antitrust training and his/her knowledge of the required standards of conduct;

(iv) the employee's failure to attend antitrust training courses;

(v) if the breach was repeated;

(vi) if the employee encouraged other employees to take part in the infringement;

(vii) if the employee ignored or failed to take legal advice before engaging in the activity that infringed antitrust rules.

## VII. REPORTING PROCEDURES

RDM guarantees the right to confidentiality of anyone who wishes to report ongoing or past breaches of the rules contained in this manual. For this reason, we request that such reports are directed to the Antitrust Compliance Officer or submitted by using one of the channels provided by the RDM whistleblowing policy (the "**Whistleblowing Policy**"), in particular by sending an email to the following address: organismodivigilanza@rdmgroup.com.

The content of the report must comply with the Whistleblowing Policy. The activities to verify the merits of the report will be conducted by the Antitrust Compliance Officer under the supervision of the Surveillance Body, who will then report to the Board of Directors for the adoption of appropriate initiatives.

The whistleblower will be protected in the forms set out in the Whistleblowing Policy.

## VIII. REGULAR REPORTING TO THE BOARD OF DIRECTORS

### 1. Periodic Report

On an annual basis the Antitrust Compliance Officer sends the board of directors of Reno De Medici S.p.A. a report detailing (i) any potential areas of risk encountered in the performance of business activities; (ii) reports of antitrust breaches received; (iii) investigations carried out and their conclusions; (iv) complaints received from third parties relating to RDM breaching antitrust rules; (v) requests for information received from antitrust authorities; (vi) additional potentially relevant facts (e.g. fact-finding investigations initiated by antitrust authorities and/or investigations concerning the sector in which RDM operates, investigations for antitrust violations initiated against competitors of RDM).

The Antitrust Compliance Officer will also assess the need to interact with the decision-making and supervisory bodies of the Reno De Medici Group companies directly affected by conducts potentially relevant under antitrust rules.

## 2. Update proposals

The Antitrust Compliance Officer, in his/her annual report or whenever he/she deems it appropriate, makes proposals to the board of directors of Reno De Medici S.p.A. to update the antitrust compliance programme in order to improve its effectiveness in preventing breaches of antitrust rules, also in light of any changes in the market in which RDM operates and the manner in which it conducts its business, as well as the evolution of antitrust rules and their application by antitrust authorities.

## ANNEXES:

**Annex 1** - Q&A

## Q&A - Annex 1

### 1. Contacts with competitors

The general rule is to avoid contacts with competitors that could influence market behaviour. Contacts with competitors are permissible only when necessary for the implementation of a legitimate cooperation project authorised by the Legal Department or for taking part to initiatives of common interest, such as the activities of a trade association.

When sensitive information (e.g. prices, quantities, market shares, business strategies, customers, suppliers, contractual conditions, innovations, etc.) is exchanged in the course of contacts with competitors - even of a social nature - such contacts may expose RDM to the risk of antitrust investigations.

Consequently, contacts with competitors must be avoided when possible; in any case, particular care must be taken in strictly complying the rules of conduct contained in this manual.

*a) You meet a competitor's sales manager at the airport and he starts talking about the market situation, expressing concern about the drop in demand. He says 'our warehouses are full, we will probably stop production for the whole month of August. What are you going to do?' How should you act in such a situation?*

Such discussion could be interpreted by the antitrust authorities as an attempt to coordinate or align production stoppages, with the aim of reducing available capacity and maintaining/increasing prices. Pursuing such discussion would therefore expose RDM to the risk of an antitrust violation: production stoppages, as well as the level of capacity utilisation, are decisions that must be taken unilaterally and independently by each company on the basis of its own assessments and business strategy.

It follows that, in such a scenario it is necessary to point out that this conversation is inappropriate as it concerns the sharing of sensitive information and strategic choices regarding future conduct that each competitor must adopt unilaterally.

This conversation must be reported to the Legal Department in order to record the circumstances of the meeting and the content of the conversation.

(b) *During negotiations with an integrated operator (which is also a competitor of RDM in the market for the production of WLC), the client/competitor complains about RDM's excessively competitive attitude. In particular, through a policy of heavy discounts RDM has recently acquired former customers of RDM's competitor. How should you act in this situation?*

When dealing with integrated operators who are both competitors and customers of RDM, it is always necessary to distinguish the competitive relationship from the supply

relationship.

It follows that in such a situation, it must be clearly stated that - regardless of the existing supply relationship - RDM unilaterally decides its own commercial policy and any discussion of the terms and conditions applied to joint customers must be avoided.

This discussion must then be reported to the Legal Department in order to record the circumstances of the negotiation and the content of the conversation.

***c) At a business convention, you find yourself at a social event chatting with representatives of RDM's two biggest competitors in the WLC market. At one point, the conversation moves to the recent introduction of legislation requiring all manufacturers to comply with pollutant emission reduction standards within three years. One of the competitors notes that complying with these standards will entail significant costs and, given the difficult market situation, he expects all competitors to comply within the final deadline by choosing the least expensive technology that allows them to meet the imposed standards and nothing more. How should you behave in such a situation?***

Decisions on how and when a company should adapt to environmental standards are strategic choices to be made independently. In the proposed scenario, the competitor is trying to prevent companies from competing with each other on the timing and adoption of the best available technologies for reducing polluting emissions. Discussing the issue and reaching an understanding, even if merely informal, on such choices may constitute a breach of antitrust rules.

On the other hand, cooperation with competitors aimed at achieving higher environmental standards that would not be achievable without such cooperation, is allowed. In any case, any cooperation project with competitors, must be carried out with the involvement of the Legal Department.

In a scenario such as the one described, you should point out that the conversation is not appropriate and that these are choices that RDM makes autonomously according to its own strategic evaluations.

You should also report the incident to the Legal Department in order to record the circumstances of the meeting and the content of the conversation.

## 2. Participation to trade associations

Trade associations support their members by representing the sector they belong to at institutions, promoting in-depth studies on issues of general interest, providing regulatory update services and providing information useful to conduct business.

At the same time, associations are bodies in which competing undertakings are represented and therefore their decisions, even if taken in accordance with the relevant organisational

rules, may constitute agreements restrictive of competition. Furthermore, trade associations provide a meeting place for representatives of competing undertakings.

It is therefore important to pay particular attention to ensuring that the activities of the associations to which RDM belongs are exclusively dedicated to the pursuit of lawful objectives. Furthermore, during or on the fringes of association meetings, discussions, even of an informal nature, on competitively relevant topics must be strictly avoided.

To this end, the following rules of conduct must be followed:

(i) every meeting of trade association bodies (assemblies, steering committees, working groups) must be follow an agenda;

(ii) if the agenda contains sensitive topics, consult the Legal Department;

(iii) during the meeting, stick to the items listed on the agenda;

(iv) if the discussion deviates from the agenda and concerns commercially sensitive topics, ask for the discussion to be interrupted;

(v) if the discussion nevertheless continues, leave the meeting immediately, ensuring that this is recorded in the minutes and inform the Antitrust Compliance Officer of the incident;

(vi) the topics discussed at each meeting must be recorded in the minutes; ensure that the minutes accurately reflect what was discussed at the meeting;

(vii) the minutes of trade association meetings must be filed in an orderly manner.

In the context of trade association activities, it is possible that activities entailing the collection and spread of data are carried out in order conduct market studies. Such activities must be carried out in compliance with the rules set out in this manual (see, in particular, Section 3 below, '*The Exchange of Sensitive Information*').

***a) In the context of a trade association meeting, during a break, a representative of a competitor approaches you and begins to discuss the market situation, with particular reference to certain customers. He suggests that in order to lower the competitive tension it might be appropriate to decide who between RDM and the competitor will supply these customers. How should you respond?***

Even if the conversation takes place in an informal context, the competitor's suggestion constitutes an invitation to create a cartel. Antitrust rules require that you distance yourself and RDM from such an invitation; remaining silent is not enough. You must then point out that the discussion is contrary to RDM's antitrust policy as these are decisions that each competitor must make independently.

It is important to always report such incidents to the Antitrust Compliance Officer in order to prepare an internal report that can serve as exculpatory evidence even years later.

***b) A trade association adopts resolutions, recommendations or communications of a non-binding nature aimed at aligning prices and only some of its members follow them. You ignored the communications and did not follow the association's instructions. Can you be considered part of a price cartel?***

Yes. Regardless of its precise legal nature, any expression of the will of the association to coordinate the conduct of its members is capable of constituting a breach of antitrust rules. The failure to comply with the association's instructions without actively distancing oneself from them is in itself sufficient to be considered part of a restrictive agreement.

***c) During a trade association meeting, the discussion moves to a legislative proposal that aims to reduce carbon emissions through the imposition of rules that are deemed unfair and inefficient to achieve the targets. You discuss lobbying for the legislative proposal to be changed. You also decide that no company will comply with the new legislation until the last possible moment. Does this discussion entail any risk of an antitrust violation?***

Lobbying to protect the industry is legitimate; it is therefore within the legitimate prerogatives of associations to call for the adoption of rules that are deemed more efficient.

On the other hand, lobbying should not become an opportunity to coordinate one's strategic/business conduct: the timing of compliance with new rules is a business choice that each company must make individually.

## 3. The exchange of sensitive information

The general rule is that each undertaking must determine its market behaviour independently and exchanges of sensitive information are permissible only when directly related to the execution of the agreement between supplier and buyer or necessary to improve the production or distribution of the contract goods.

When the sharing of information between competitors reduces or eliminates uncertainty in the market or the independence of competitors' behaviour, such information exchange may constitute a concerted practice between competitors in breach of antitrust rules.

Certain characteristics of the exchanged information may increase the risk. For example, the exchange of data that is considered strategic (such as information on prices, quantities, sales, capacity, marketing plans, etc.), individualised (as opposed to aggregated data), the frequency of the data exchange, the period to which the data relates (future or current, as opposed to historical) may increase the risk of antitrust infringement.

The indirect and public exchange of sensitive information may also constitute a breach of antitrust rules. The announcement of price changes by means of public announcements (e.g., through trade publications), although perfectly legitimate in itself, may be problematic if made with the intention of inducing competitors to align. For instance, a unilateral announcement about an intention to increase prices (especially if followed by public announcements by other competitors) could represent a strategy to reach a cartel. The same applies to a public announcement about an increase in the cost of raw materials

followed by an increase in the final product/service.

Any activity involving the collection and exchange of information with competitors - e.g. as part of a market study by an association of undertakings or a consultancy firm - must be communicated to the Legal Department, which will be responsible for verifying its compliance with antitrust rules.

***a) During a negotiation, the customer shows an invoice from a competitor, stating that it will buy from RDM only at a lower price. Does the customer's conduct expose RDM to an antitrust risk?***

Receiving information regarding the pricing policies or strategy applied by competitors may constitute a breach of antitrust rules. In the present case, the information regarding a competitor's prices is communicated spontaneously by the customer and during a negotiation with the specific aim of obtaining a lower price from RDM. In this scenario, the acquisition of a competitor's information does not entail an antitrust risk.

***b) In light of the increase in costs for raw material, RDM decides to increase prices and to this end it is considered whether to prepare a standard communication to be sent to the entire customer base, requesting a uniform percentage increase. It is then agreed that customers will be contacted by telephone to negotiate the increase that will actually be applied. What do you think?***

A standard communication to be sent to the entire customer base in which a uniform percentage increase is requested may constitute price signalling, i.e. an anti-competitive practice that consists of transmitting information on price intentions to other competitors, with the aim of coordinating market strategies and reducing uncertainty.

In order to minimise the risk of price signalling, it is suggested to evaluate customised initiatives, customer by customer or by customer cluster, and with different modalities (some in writing, others with oral conversations). In this way, the specific needs, contractual conditions, business relationships and price sensitivity of each customer or customer cluster can be taken into account, and the increase can be communicated more discreetly and flexibly, without creating uniform expectations or market signals.

***c) Every month a customer calls you for an update on market trends and reports to you all price increases/reductions requested in the previous month by competing distributors. What do you think?***

In contrast to the scenario in (a) of this section, the systematic sharing by a customer of information regarding price increases/reductions applied by RDM's competitors may constitute a violation of antitrust rules, as it may constitute a *hub-and-spoke* agreement in which information is exchanged between competitors through a customer. Such dynamics with customers must therefore be avoided.

***d) A consulting company contacts you proposing a benchmarking project that aims to compare RDM's performance with that of its main competitors. Is this a legitimate activity? Are precautions/safeguards required?***

Benchmarking often serves pro-competitive purposes as it can help to improve internal efficiency. However, antitrust concerns may arise when a benchmarking exercise reduces strategic uncertainty in the market and changes the incentives of competitors to compete, enabling undertakings to coordinate their activities in the market and/or otherwise restrict competition. This is particularly the case when benchmarking involves the exchange of commercially sensitive information between competitors, even in an indirect manner (e.g. the average benchmark against which the analysis is carried out, could facilitate an alignment between the conducts of the participating undertakings).

Without prejudice to the guidance provided with regard to the exchange of sensitive information, benchmarking initiative can be joined as long as the consulting company carrying out the analysis takes the necessary precautions to prevent that sensitive information used for the analysis is shared between the parties and aggregates the data of the sample companies in such a way as to prevent competitors from inferring sensitive information of the other participants.

Benchmarking projects must be approved by the Legal Department.