

Dear Customer,

At Caffaro Industrie our top priority are the health and safety of our employees, our customers, our partners, as well as the community and all stakeholders around us.

We are closely monitoring the evolution of the COVID-19 pandemic and strictly following the guidelines from the regional and national authorities.

In response to changing marketplace conditions, Caffaro Industrie has implemented a remarkable number of actions to secure the required safety measures and the business continuity at the same time.

The herein attached **Business Continuity Plan** is right meant to describe all the actions we have taken, which are designed to facilitate communication, reducing the opportunity for virus propagation, maintain compliance with all guidelines received by WHO and then implemented by the Friuli Venezia Giulia and the Italian Governments.

In terms of business continuity, we are glad to confirm Caffaro Industrie is not affected by the lockdown currently ongoing in Italy, so that the products of your interest remain available with no limitations.

Our team remains at your complete disposal for any questions.

We want to express our appreciation for your business and your consideration as we all go through these challenging times.

Sincerely,

Francesco Bertolini
President and CEO



Business Continuity Plan

Scope & Objectives	
<p>The aim of this BCP is to:</p> <ul style="list-style-type: none"> • minimize disruption in the day to day business operations • after a BC risk analysis prioritize business functions in order to maintain the operations during the emergency • grant to our customers the supply of the confirmed orders (according to our “Terms and General Conditions” reported in the PO confirmation) • communicate to our customers the management of the business continuity during the emergency 	
Key Business functions prioritized during an emergency	
FUNCTION	ROLE, RESPONSIBILITIES
HR, HSE & Top Management	<ul style="list-style-type: none"> ✓ Identify key connections and functions ✓ define the essential key figure that can run the business ✓ organize the personnel management in order to guarantee health and safety policies together with the business continuity
IT Service	<ul style="list-style-type: none"> ✓ Identify key connections, essential equipment/software to adapt the IT infrastructure ✓ Identify the needed equipment for the immediate implementation of the smart working for the key roles within the company
Sales & Customer Service	<ul style="list-style-type: none"> ✓ Identify key products ✓ Identify key customers (criteria: long-standing customers, annual purchased volumes, geographical location)
Logistics Dept.	<ul style="list-style-type: none"> ✓ Identify key transport companies and haulers ✓ Identify essential personnel in order to guarantee the un-/loading operations
Manufacturing Plant & QC lab	<ul style="list-style-type: none"> ✓ Identify key manufacturing processes taking into account the warehouse situation ✓ Identify essential personnel in order to run the manufacturing plants ✓ Identify essential equipment/raw materials
Purchase Dept.	<ul style="list-style-type: none"> ✓ Identify key raw materials ✓ Identify key suppliers
Account Dept.	<ul style="list-style-type: none"> ✓ Manage cash flow during the contingency period and keep bank managers informed
Crisis Occurrence	
8 March 2020	Italian Government declares the national status of emergency due to covid-19 national epidemic
11 March 2020	The WHO declares covid-19 pandemic.
Context Analysis, Impact and Risk Assessment	
<p><u>External Context Analysis:</u></p> <p>At present, in our region (Friuli-Venezia-Giulia) there are not big and critical outbreaks. According to the national legislative decree, all the population is on home confinement, with as sole exception commuting to work, going to the supermarkets and or to hospitals and pharmacies. The hospitals are improving their capacity in order to manage this emergency. Our regional governor is constantly in contact with the</p>	

embassies of neighboring countries (Austria and Slovenia) in order to guarantee the exit/entrance of the goods.

At the beginning of March, before the national emergency declaration, Caffaro activated the Business Contingency and Continuity Plan. Caffaro blocked any persons (i.e. visitors, consultants, etc.) coming from the “red regions” (i.e. Lombardy) and informed all key customers, suppliers and haulers accordingly. We postponed all the non-critical meetings/audits and implemented the use of video and phone calls via Skype, Zoom, WebEx, etc. Some of our Chinese suppliers/customers are sending us gloves and masks. At present, we are running the business in compliance with the national (Legislative Decree 11 March 2020) and regional laws. In just two days IT dept. made it possible shifting from a 100% office-based working activity to a pretty extended smart working. So far we have not detected any unconformities in the management of our main processes. Yet, we keep on monitoring and constantly checking.

Developments related to the Government Legislative Decree dated March 22nd, 2020

In order to improve the efficacy of all measures already taken to cope with the epidemic related to Covid-19, the Italian government has just tighten the lockdown to all the industrial and commercial activities of not strategic importance. The Annex 1 to the decree shows the list of all activities and sectors considered as strategic to support the country in fighting with the epidemic and the list includes all chemical production, particularly those included in the “value chains” of fundamental sectors such as agriculture, pharmaceuticals, production of special synthetic fibers. Being our production lines perfectly integrated into those mentioned value chains, it is confirmed Caffaro’s production site and activities are to be meant of strategic importance for the current and future Italian industrial network.

HR, HSE & Top Management

The Minister’s official leaflet with all the preventive measures (how to wash hands, interpersonal distance of 1 meter minimum, home quarantine in case of symptoms) was widespread shared internally.

It is forbidden the access to our Torviscosa Industrial Site to people coming from the “red areas” or from areas with outbreaks.

Only the personnel of Caffaro Group without symptoms can have access to the Industrial Site.

We established a presidio supported by CRI - Italian Red Cross - at the entrance of our production site in order to detect the body temperature to all the entering people (Caffaro workers and Haulers).

Together with smart working implementation, we have started a program of vacation rotations as alternative. All employs still present at the plant were located in individual offices.

The access to the labs, plant control room, canteen is limited or it takes place according to shifts.

We are sanitizing all the transit areas twice a day and all the air-conditioning systems. Sanitizing gel/solution dispensers were located at the entrance of all buildings and in specific locations.

IT Service

Caffaro Industrie’s network has a Fortigate firewall, equipped with a VPN enabling up to 220 safe remote connections.

Our IT dept. implemented the network with a dedicated bandwidth limit, configured at the data traffic level.

Sales & Customer Service

The restrictions generated globally as a reaction to the ongoing pandemic did not affect Caffaro’s production and sales activity. At any rate and in order to guarantee the business continuity to our customers, we have implemented the following actions.

- Increased inventories on each grade
- Increased inventories on all strategic raw materials
- Widen logistic network, both by land and by sea
- Booked slots in advance on various vessels leaving to our main ship-to destinations
- Implement the use with customers of all available video conference tools as to minimize the impact of the total lockdown on travels and meetings

Logistics Dept.
We promptly informed all the haulers about the implementation of the rules and the preventive measures through an official communication Body temperature is checked at the entrance of the production plant. Drivers can access the Logistic, Dept. through an window/front office and one at a time.
Manufacturing Plant & QC lab
The plant and lab personnel are working under the HR and HSE procedures. No detections of unconformity.
Purchase Dept.
We got in touch with all our strategic suppliers as to create frame supply agreements – or to implement the existing ones – and reinforce the relevant supply chain of all our fine chemicals. Based on these agreement we also increased the buffer stock of all our main raw materials.