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## Supplier Sustainability Policy

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## SUSTAINABILITY POLICY

This document contains CIEM S.p.A expectations related to conduct of parties doing business with CIEM S.p.A values of sustainability. This concerns both direct and indirect suppliers.

CIEM S.p.A expects suppliers, consultants, sales and service representatives, to conduct business in accordance with the highest ethical standards. Suppliers must not conduct business in a manner that could damage the reputation of CIEM S.p.A or cause CIEM S.p.A to be in violation of any law or regulation.

We expect our suppliers to treat people with respect and dignity, encourage diversity and diverse opinions, promote equal opportunities for all, and help create an inclusive and ethical culture. Suppliers must ensure that their personnel are aware of the importance in ethical behaviour.

We expect our suppliers to not engage in the use of forced labour, indentured labour, involuntary prison labour, or trafficking of persons. This includes transporting, harbouring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction, or fraud for the purpose of exploitation.

We expect our suppliers to ensure that child labour is not used in the performance of work. The term “child” refers to any person under the minimum legal age for employment where the work is performed.

We expect our suppliers to provide equal employment opportunity to employees and applicants for employment without regard to race, ethnicity, religion, colour, sex, national origin, ancestry, sexual orientation, gender identity or expression, marital status, family structure, genetic information, or mental or physical disability

Suppliers will comply with applicable laws regulating work hours, wages and benefits. Employees must be paid in a timely fashion that meets or exceeds minimum legal standard.

Suppliers will comply with applicable laws that recognize and respect the rights of employees to freedom of association and collective bargaining.

Our suppliers must act with honesty and integrity and in compliance with all applicable laws and regulations in doing business in any country. Suppliers must comply with all flow down terms, conditions and other provisions specified in the CIEM S.p.A purchase order. When performing international business, or if the primary place of business is outside of Italy, suppliers must comply with local laws and regulations.

Our suppliers should minimize the risk of introducing counterfeit and/or diverted parts and materials into deliverable products and adhere to relevant technical regulations in the product design process.

It is essential to identify any potential conflict of interest and handle it effectively. CIEM S.p.A is committed to proactively detecting and disclosing any conflict of interest situations, and provides a measure to eliminate or mitigate them. Supplier will not tolerate corruption, bribery, embezzlement or fraud in any form. This includes giving or receiving anything of value, including money, gifts or unlawful incentives to improperly influence negotiation or any other dealings with governments and government officials, customers or any other third parties. We have a zero-tolerance policy for corruption, and prohibit anyone conducting business on our behalf to engage in activities not in concurrence to our policy. Suppliers must use reasonable efforts to promote among their business partners adherence to this Code of Conduct, and exercise due diligence to prevent and detect corruption in all business arrangements.

We expect our suppliers in the offering or receipt of any gift or business courtesy not to give or receive business gifts unless of nominal value and permitted by law, regulations, rules and standards of the recipient's organization, and never in cash or cash equivalent. Suppliers should provide meals and

entertainment to customers and others only if permitted by applicable laws and regulations, and, to the extent legally permissible, in a manner that is reasonable and customary, never lavish or inappropriate.

CIEM S.p.A. undertakes to conduct its business in compliance with the anti-corruption laws and regulations in force in all countries (including the "Foreign Corrupt Practices Act" and the "Bribery Act 2010") in which significant commercial activities are carried out and planned, in addition to acting in compliance with internal rules and regulations, including this Policy and the Code of Ethics and behaviour.

Specifically, all staff must not:

- offer, promise, give, pay, authorize anyone to give or pay, either directly or indirectly, material benefits, economic benefits or any other benefits to a public or private official (Active Corruption);
- accept, or authorize someone to accept, either directly or indirectly economic benefits or other benefits or requests or urge for economic advantages or other benefits by a public or private official (Passive Corruption);
- practice any kind of anticompetitive business including cartel arrangements, abuse of dominant position and abuse of economic dependence.

CIEM S.p.A. undertakes to implement an internal reporting system and encourages the staff (administrators, managers and employees) to report any conduct that violates or may violate the anti-corruption laws and regulations. The staff (directors, managers and employees) will not be subject to retaliation, dismissal or any other disadvantageous treatment following the report.

Suppliers will not tolerate corruption, bribery, embezzlement or fraud in any form. This includes giving or receiving anything of value, including money, gifts or unlawful incentives to improperly influence negotiations or any other dealings with government officials, customers or any other third parties.

CIEM S.P.A expects its business partners to follow applicable law and rules governing privacy and data protection in all countries where CIEM S.p.A operates. It is mandatory that the privacy of CIEM S.p.A, its employees and its customers is respected.

Our suppliers should safeguard all sensitive information, including safeguarding proprietary and confidential information disclosed by CIEM S.p.A, physical property or personal data of CIEM S.p.A and its employees and customers which is in their care or possession, and use any such information only for the business purpose for which it was provided.

Suppliers will provide an adequate mechanism for their employees to report integrity concerns, safety issues and misconduct without fear of retaliation. Suppliers will also appropriately investigate reports and take corrective action if needed. Suppliers will prohibit retaliation.

We expect our suppliers to supply articles that are not and do not contain suspect/counterfeit parts. Suppliers must develop, implement, and maintain methods and processes appropriate to their products and services to minimize the risk of introducing counterfeit parts and materials into deliverable products. Suppliers must ensure that their personnel are aware of their contribution to product or service conformity.

Our business partner must support fair business and fully comply with all applicable fair trade, advertising, competition and antitrust laws. We expect our business partner to compete fairly and to never entering into any understanding or agreements that hinder competition. Accordingly, this means that as a business partner he should not undertake in any way with any competitor to: fix prices, discounts or terms of sale; or divide markets, market, market shares, customers or territories.

Suppliers are expected to make decisions based on solid business judgement unclouded by favouritism resulting from personal relations and opinions.

We expect our suppliers to accurately record, maintain, and report business documentation, including, but not limited to, financial accounts, quality reports, resumes and submissions to CIEM S.p.A.

We expect our suppliers to apply environmental management system principles in order to establish a systematic approach to the management of risks/hazards and opportunities associated with the environment, including potential risk from regulatory non-compliance, reputational loss, and opportunities for business growth through operational and product stewardship.

## **Pollution Prevention and Resource Reduction**

Waste of all types, including water and energy are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, reusing and recycling materials.

## **Hazardous Substances**

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal. In addition, measures should be implemented to reduce the generation of wastewater. Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be characterised, monitored, controlled and treated as necessary prior to discharge or disposal.

## **Storm Water Management**

Participants and their agents shall implement a systematic approach to prevent contamination of storm water run-off. Participants shall prevent illegal discharges and spills from entering storm drains.

## **Air Emissions**

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterised, monitored, controlled and treated as required prior to discharge.

### **Product Content Restrictions**

Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labelling for recycling and disposal.

## Boundary Noise Management

Suppliers shall identify, control, monitor and reduce noise emissions by the facility that affects boundary noise levels.

Suppliers must protect the health, safety and welfare of those who may be affected by their activities by complying with all applicable environmental health and safety laws, regulations and directives. Suppliers must ensure that their personnel are aware of their contribution to product safety as well as their contribution to product or service conformity.

It is expected that CIEM S.p.A suppliers:

- complies with regulation regarding use of energy resources and emissions of the six greenhouse gasses (GHG) (CO<sub>2</sub> – Carbon dioxide, CH<sub>4</sub> – Methane, N<sub>2</sub>O – Nitrous oxide, PFCs – Perfluorocarbons, HFCs – Hydrofluorocarbons, SF<sub>6</sub> – Sulfur hexafluoride (e.g. European Emission Trading Scheme or other national legislation regarding climate));
- measures and is able to document emission of GHG and energy use;
- has targets for reducing emission of GHG and energy use;
- has targets for the use of renewable energy sources to reduce reliance on fossil fuels;
- has an action program for meeting reduction targets on emissions of GHG and energy use.

It is expected that CIEM S.p.A supplier preserve water resources through assessment of water stress in operations and throughout the life-cycle and integrate water management into the business plan.

It is expected that CIEM S.p.A supplier

- has the necessary permits for permission to air;
- complies with any other legal requirements on emissions to air;
- documents and provides information on levels and types of relevant emissions to air including documentation of adequate training of employees responsible for air emission, includes diffuse emissions from its activities in estimates of total emissions;
- has no visible signs of soot or other particles in and nearby the supplier's facilities as a result of their emissions to air;
- keeps emission in closed system before emitted to air;
- cleans/trats emissions before emitted to air;
- clearly attempts to reduce air emission through production efficiency.

It is expected that CIEM S.p.A supplier:

- has the necessary permits for the handling, storage and disposal of hazardous and non hazardous waste;
- complies with any other legal requirements for the handling, disposal and storage of hazardous and non hazardous waste;
- documents a list or register of hazardous and non hazardous waste handled, stored and disposed of, including type and quantity;

- provides information on safe handling, storage and disposal of hazardous and non hazardous waste including documentation of adequate training of employees who handle hazardous and non-hazardous waste;
- provides necessary protective equipment for handling hazardous and non-hazardous waste
- clearly marks areas used for storage of hazardous and non waste;
- clearly attempts to prevent and reduce the production of hazardous and non waste through production efficiencies and alternatives;
- documents disposal receipt from transport contractors;
- ensures that contractors are licenced for transport, storage and final disposal of hazardous waste.

It is expected that CIEM S.p.A supplier:

- identify and manage chemicals to ensure their safe handling, movement, storage, use, recycling or reuse and disposal;
- provides safety data sheets/material safety data sheets that comply with all applicable laws and regulatory requirements;
- work towards establishing programs (IMDS or equivalent) to collect data from material manufacturers for all components, identifying all processes chemicals and intermediates that are identified as hazardous substances according to local law, or being considered for classified hazardous evaluation;
- Measure data completeness against bill of materials (BOMs), identify data shortage, and take, corrective measures to assure data is traceable to the material manufacturers.

We expect our suppliers to promote a safe, respectful and productive workplace by establishing and maintaining fair employment practices, including complying with laws that prohibit harassment.

Particular attention we ask for the cultural and linguistic rights of minorities and indigenous peoples. The right to cultural life is at the core of all human identities but indigenous peoples and minorities have particular rights to protect their collective identities, which are more easily eroded by dominant culture(s) or due to harmful practices such as involuntary assimilation.

CIEM S.p.A expects that its suppliers will cascade similar expectations through their own supply chain.