



**SUSTAINABLE
PROCUREMENT POLICY
AND
SUPPLIER CODE OF
CONDUCT**



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1. PREAMBLE

Giordano Controls understands that supply chains are the driving elements of the global economy, and that is why we believe that consciously acting to ensure that our supply chain is robust and of high quality, by managing the risks and opportunities associated with our own supplies, not only ensures the company's business continuity, but also positively impacts the economy. Promoting sustainable initiatives in managing our own supply chain, therefore, contributes to broad-based socio-economic development and creates shared value. However, there are also many potential negative impacts that a company like us could instead make on the environment and people.

In order to prevent such impacts, in our role as a global player, we demand and require that our business partners, including our **Suppliers** (mainly suppliers of goods and services, consultants, and professionals), adopt the same approach in the execution of activities as we do, and thus, in addition to ensuring the necessary quality standards, embrace **best practices in human rights and working conditions, health and safety, and environmental responsibility**.

We plan to implement a standardized qualification and management process to verify that our suppliers meet quality and sustainability requirements. Each step will be carried out with the intention of incorporating corporate objectives, business strategies and sustainability policies, defining the optimal purchasing criteria for each category of supplier. These rules are based on transparency and fairness, convenience and cost-effectiveness and are identified on the basis of objective evaluations of quality, price, innovation, reliability, honorability, competitiveness, sustainability and performance in performing the service.

This Policy establishes Giordano Controls' commitment to the objectives described and will be regularly updated to ensure relevance, compliance and adherence to the initiative.

Objective

This Sustainable Procurement Policy and Supplier Code of Conduct aims to promote sustainable procurement practices throughout the entire supply chain and defines a set of guidelines and principles that establish the ethical, behavioral and compliance standards that suppliers must follow when interacting with Giordano Controls. As such, Suppliers are required to recognize and adopt the same principles and ensure compliance throughout the supply chain with regard to:

- Legal compliance: suppliers must comply with all applicable laws, regulations and standards in the territories in which they operate, including those related to health and safety, child labor, human rights, environment, competition and anti-corruption.
- Business ethics: suppliers must commit to conducting their business with integrity, honesty and transparency, avoiding fraudulent or misleading practices.
- Human and labor rights: suppliers must respect the basic human rights of their employees, including the prohibition of child labor, respect for trade union freedom, and fair and non-discriminatory treatment of all employees.

- Environment: suppliers must adopt sustainable practices to reduce the environmental impact of their operations by complying with environmental regulations and constantly striving to improve their environmental performance.
- Health and safety: suppliers must provide a safe and healthy working environment for their employees by implementing incident prevention measures and providing the necessary training to ensure safety in the workplace.
- Supply chain management: suppliers must promote ethical practices within their supply chain, ensuring that their sub-suppliers follow the same ethical and compliance standards.
- Quality, transparency and accountability: suppliers must meet quality requirements and be transparent in their operations, providing accurate and complete information to Giordano Controls and actively cooperating to resolve any problems or disputes that may arise in a timely and flexible manner.
- Innovation: suppliers should promote innovation and the search for improved technical solutions.
- Information security and privacy: suppliers must protect the security and integrity of exchanged data and information in all their use and storage.

Compliance with and signing this Policy is a necessary condition for establishing and maintaining a business relationship with Giordano Controls. Any violation of this Policy will entitle Giordano Controls to terminate the business relationship.

2. REFERENCE PAPERS

This Policy should be read in conjunction with the following documents that prescribe the principles and values Giordano Controls is committed to:

- Code of Conduct [Codice Etico]
- MOG 231: Organization, management and control model pursuant to Legislative Decree No. 231/01 GENERAL PART and SPECIAL PART [Modello di organizzazione, gestione e controllo ai sensi del D.lgs. n. 231/01 PARTE GENERALE e PARTE SPECIALE]
- Giordano Controls Sustainability Report (annual)
- Internal guidelines related to improving energy efficiency and limiting other environmental impacts
- Policies and procedures of the corporate risk management system
- Documents to support the health and safety management system in accordance with legal requirements
- The Ten Principles of the United Nations Global Compact.
- The UN 2030 Agenda for Sustainable Development.

Suppliers are required to comply with the regulations and standards in force in the countries in which they operate. If the local regulations are less stringent than the principles contained in this Policy, Suppliers undertake to adopt, within a reasonable period of time, the necessary measures to comply with the principles and behavior defined in this Policy and detailed below.

Useful links:

[Codice Etico](#)

[Modello Organizzativo 231 PG](#)

[Politica di Sostenibilità](#)

[Report di Sostenibilità di Giordano Controls](#)

[Strategie e Obiettivi 2023-2025](#)

[Dieci Principi del Global Compact delle Nazioni Unite](#)

[Agenda 2030 per lo Sviluppo Sostenibile](#)

[Privacy e Whistleblowing](#)

3. GUIDELINES AND PRINCIPLES



3.1. LABOR AND HUMAN RIGHTS

In accordance with international standards and with a view to social protection and sustainability, in order to prevent and/or avoid that its activities may cause or contribute to human rights violations, Giordano Controls requires its suppliers:

- **not to use child labor.** They shall not, under any circumstances, employ anyone under the age of 15, unless it is a youth work experience, training or apprenticeship program authorized by the government and of evident benefit to the participant;
- not to make use of **any form of forced labor.** They must not tolerate the use of any disciplinary practices involving the use of physical and psychological violence and must oppose any form of human traffic and modern slavery;
- Recognize, respect and fully guarantee **the right to work and free association** of its employees in all facilities and apply forms of collective bargaining where regulations and/or social system provide for them, working constructively with its employees, or any organization representing them, to promote their best interests;
- **not to tolerate any form of harassment and/or discrimination** based on gender, minority membership, political opinion and religious belief, age, ethnicity, civil status, family status, disability, and any other personal condition, and must recognize and promote the positive value of diversity;
- Comply with applicable regulations on the management of **working hours**;

- Promote the material well-being of its employees as much as possible. **Salaries** and **allowances** shall be paid in accordance with current regulations;
- to commit to considering **local people and communities** among the key stakeholders in any type of community project they plan to implement.

3.2. ETHICS

- Giordano Controls, as expressed in the Code of Conduct and the Organization, Management and Control Model pursuant to Legislative Decree no. 231/01, does not allow any form of corruption and is committed to complying with the anti-corruption laws in force in all the countries in which it operates. Therefore, requires that Suppliers also act with transparency and integrity, complying with the anti-corruption laws in force in all the countries in which they operate.
- **Any form of bribery, instigation to commit crimes, extortion and embezzlement is strictly prohibited.** Suppliers shall not offer, promise, pay, request money directly or indirectly (through bribes and/or gifts and incentives in money or other benefits) in order to obtain an undue advantage, in cases where the undue advantage offered either directly or through an intermediary.
- **Fair competition** is a fundamental prerequisite in creating business success, achieving positive financial performance and creating shareholder value. Suppliers must act in accordance with the competition, antitrust and trade regulations applicable in each country in which they operate.
- Suppliers must **report any relevant conflict of interest**, actual or potential, in the performance of their activities. A conflict of interest exists when a personal interest or activity interferes or could interfere with the business relationship with Giordano Controls.
- Suppliers **must firmly oppose all forms of money laundering** and take measures so that each economic and financial transaction is properly traced, ensuring its transparency.
- Suppliers **must respect the intellectual property rights of third parties** and protect the information and personal data of their Customers.
- The adoption of a Code of Ethics or Conduct and a periodic audit to monitor its implementation are strongly recommended.

3.3. QUALITY

Giordano Controls promotes the continuous improvement of its Suppliers' performance and their involvement in product innovation processes, with a view to strategic partnership.

In order to ensure the maximum safety and quality of its products, Giordano Controls is committed to involving Suppliers from the earliest stages of a project's development, adopting a preventive and proactive approach, which allows to anticipate and solve any critical issues identified.

In particular, Giordano Controls recommends that Suppliers have a certified Quality Management System..

3.4. HEALTH AND SAFETY AT WORK

Giordano Controls makes the protection of Health and Safety at work a key principle of its actions and its way of doing business. Therefore it asks the Supplier to define and maintain **Health and Safety at Work policies** aimed at providing safe and healthy working conditions to its employees in compliance with applicable legal requirements. In particular:

- Suppliers are required to embrace the principles of Management Systems that, inspired by ISO 45001 (or equivalent), promote continuous performance improvement;
- Suppliers commit to disseminating and consolidating a safety culture that promotes responsible behaviour by workers;
- if a production process has been outsourced to the Supplier, the latter undertakes to adopt the applicable legislation and to eliminate, where possible, hazards to workers' health and safety, and to assess residual risks, implementing solutions to reduce them to a minimum level.

3.5. ENVIRONMENT

Giordano Controls fully endorses the principles of sustainable development and is committed to minimizing the consumption of non-renewable resources. To pursue this goal, the contribution of the entire supply chain is a fundamental and indispensable element.

One of Giordano Controls' priorities is the **reduction of CO₂ emissions during the entire product life cycle**. In order to reduce the impact of the Supply Chain on the carbon footprint of its products, Giordano Controls requests from its Suppliers availability and transparency regarding the disclosure of emissions from business processes and upstream activities and the commitment to implement effective measures to reduce direct and indirect CO₂ emissions. In fact, it is foreseen under Environmental Sustainability - Climate Change (CO₂ emissions) - the **measurement of the Carbon Footprint of Suppliers**. Suppliers are invited **annually** to submit information (sustainability@giordanocontrols.it) regarding their **company's climate change policy (Sustainability Report** if available), any measures of **Scope 1, 2 and 3 emissions, emission reduction targets** if established (indicate adherence to initiatives to share and improve their climate performance, e.g. Science Based Target Initiative) and any **Sustainability Assessments** (Ecovadis or similar).

[Definitions:

- Scope 1 emissions – direct emissions from sources owned or controlled by a company.
- Scope 2 emissions – indirect emissions from purchased electricity, steam, heat, and cooling.
- Scope 3 emissions – all other emissions associated with a company's activities. it includes : Purchased goods and services, Business travel (e.g., air travel), Employee commuting, Waste generated in operations and waste disposal, Transportation and distribution tied to suppliers and customers,...]

In general, to minimize the impact of their production activities on the environment, Suppliers must:

- commit to **optimizing the use of natural resources, reducing environmentally harmful emissions**, those responsible for the "greenhouse effect";
- design products and processes that minimize impacts on the environment in their life cycle, whereby their consumption must be progressively reduced and any form of

contamination and the use of energy, the production of which is responsible for climate - altering emissions, must be avoided;

- progressively **reduce the use of energy from fossil sources** by encouraging on-site self-generation projects and energy supply from renewable sources;
- appropriately manage, in accordance with current regulations, the **treatment and disposal of waste**, reducing as much as possible the production of waste for disposal in landfills in favor of recoverable waste;
- avoid the use of hazardous substances (e.g., CMR-Carcinogenic Mutagenic and toxic for Reproduction substances) where technically feasible and, when their substitution is not feasible, manage them in accordance with applicable regulations, not only with respect to the place of production, but also to the place of destination of the products (e.g: Regulation (EC) No.1907/2006 - REACH and subsequent updates);
- adopt **optimized logistics** procedures and encourage the use of means of transportation that minimize impacts on the environment;
- drive its supply chain in minimizing environmental impacts in accordance with the commitment Giordano Controls has made as its own and that it asks of its Suppliers.

3.6. INFORMATION SECURITY

Giordano Controls believes that information security is an indispensable factor for the protection of its own assets and stakeholders' assets and is constantly committed to implementing both technical and organizational measures necessary to best ensure the integrity, confidentiality and availability of its own information assets and its Customers, Partners, Suppliers and Employees'.

Giordano Controls requires its Suppliers:

- to handle information provided by Giordano Controls appropriately and to implement administrative, physical, and technical controls regarding information security;
- to properly treat confidential information by ensuring that Giordano Controls' information is segregated from that of other Customers and Suppliers;
- to implement and maintain additional Security controls, as agreed between Giordano Controls and the Supplier;
- to notify Giordano Controls, in a timely manner, of breaches of Information Security and make best efforts for immediate resolution of the same and prevention of future breaches.

3.7. REPORTING VIOLATIONS

Suppliers are required to promptly report to Giordano Controls any violations of the principles listed in this Policy by their employees.

It also requires to report any conduct contrary to these principles implemented by Giordano Controls employees within the scope of the supply relationship. These reports should be received using the e-mail address: odv@giordanocontrols.it

Giordano Controls guarantees the confidentiality of the identity of those who make reports in good faith and those who take actions in violation of this Policy.

3.8. MONITORING

Giordano Controls requests from its Suppliers information related to the above-mentioned issues through specific questionnaires/surveys and reserves the right to carry out verifications through audits conducted by Giordano Controls personnel and/or third party, after appropriate communication, on the matters covered by this Policy.

In the event that the Supplier **violates** the principles of this Policy, fails to actively contribute to providing the required information, or, in the event that **Non-Compliance** is found and appropriate **improvement plans** are not set up and implemented, Giordano Controls reserves the right to precautionary suspend and/or prematurely terminate with immediate effect any business relationship, as well as to take action for compensation for any loss, damage, expense, or other costs incurred as a result of any default and/or conduct by the Supplier.

4. SUPPLIER'S COMMITMENT

By signing the "Commitment Form" below, the Supplier acknowledges having read and understood the contents of the Code of Conduct, the Model of Organization, Management and Control, assuming the obligation to comply with the principles set forth therein and the general principles of the United Nations Global Compact relating to labor management and human rights, as well as accepting all the principles, terms and conditions contained in this Policy for the supply of goods and the performance of performances and/or services for Giordano Controls.

The "Commitment Form" must be signed by a Legal Representative of the Company..

Commitment Form

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|----------------------|--|
| Company name: | |
| VAT ID: | |
| Address: | |
| Full Name: | |
| Job title: | |
| Date: | |
| Signature: | |