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SUSTAINABLE PROCUREMENT POLICY

Code of Conduct for Suppliers



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1. PURPOSE AND SCOPE

1.1 CMC Industries' commitment to sustainable procurement and fighting bribery

Ciemmecalabria Srl (hereinafter referred to as CMC) has among its primary values that of Business and Social Ethics and Sustainable Development (through instruments such as the Supplier Code of Conduct-Sustainable Procurement Policy, the Company Policy, the Code of Ethics and Conduct, the Anti-Bribery Code/Policy through its 231/01 model adopted), through which it conveys a message of loyalty, fairness and respect and which represents a point of reference in the social reality in which it operates (ref. Website <https://www.cmcindustries.com/>).

In this context, CMC considers of the utmost importance to establish transparent and lasting relations with the actors in its supply chain and to share the values and principles by which CMC is inspired in the performance of its activities. To this end, CMC decided to equip itself, in addition to Model 231/01, with a *Supplier Code of Conduct - Sustainable Procurement Policy*, which defines the principles and rules of conduct that it requires compliance with throughout its supply chain.

The provisions of this Supplier Code of Conduct-Sustainable Procurement Policy are inspired by the principles laid down in the fundamental conventions of the ILO (International Labour Organisation) and in the UN Universal Declaration of Human Rights (and the ten principles dictated by the UN Global Compact). General Management remains responsible for assessing the periodic updating of this Policy, after consultation with the Organisational Functions involved, on the basis of future events and developments that may occur within or outside the Company.

CMC's mission is therefore to operate within a framework of fair competition with honesty, integrity, fairness and good faith, respecting the legitimate interests of the employees, customers, suppliers, partners, local communities and various stakeholders with whom it deals. In particular, CMC actively promotes Corporate Social Responsibility and a sustainable supply chain, integrating a focus on social, environmental and governance issues within its strategic vision. CMC believes that close cooperation and careful monitoring with the supply chain is essential to achieve high quality levels in its own manufacturing, services and production activities.

Through the dissemination of this Supplier Code of Conduct-Sustainable Procurement Policy, the Company Policy, the Code of Ethics and Conduct and the Anti-Bribery Code/Policy, as well as through cooperation in different areas (technology, environment and society) CMC involves and interacts with its supplier portfolio and establishes new partnerships.

Suppliers/Subcontractors are important and strategic partners who support CMC in the realisation of the works covered by the orders acquired and are able to offer Customers/Principals the best in terms of quality, environment, sustainability, ethics, social responsibility, innovation and performance. In order to pursue the principles of Ethics and Sustainable Development, CMC imposes supply chain management methods (e.g. with contractual requirements) that ensure the integration of sustainability, ethical and social criteria in the selection and involvement of Suppliers/Subcontractors.

CMC therefore invites all its Suppliers/Subcontractors to share and implement the principles expressed in the Sustainable Procurement Policy, compliance with which will be an increasingly important factor in the evaluation and selection of Suppliers/Subcontractors. The Purchasing Manager, in conjunction with the Integrated Management System Manager and the CMC CFO, is responsible for the management of Suppliers/Subcontractors and for this purpose works together with the various corporate Units/Functions as mentioned above (Quality Mgr. and CFO) in order to integrate the main environmental, health and safety, energy use, ethical-social and governance (e.g. anti-bribery) aspects into the purchasing processes, thus laying the foundation for long-term and responsible success.

The selection of Suppliers/Subcontractors and the determination of purchasing conditions, carried out by CMC, are based on an objective assessment of quality, inventory, purchasing, price and the ability to provide and guarantee services of an adequate level and to propose innovative solutions. Ultimately, the Code of Supplier Code of Conduct-Sustainable Procurement Policy, in accordance with the Business Policy, Code of Ethics and Conduct and Anti-Bribery Code/Policy, has the primary objective of communicating CMC's commitment to strengthen the development of solid and lasting relationships with our partners, whom CMC asks to accept the principles and rules that inspire us to pursue together a common goal of Ethical and Sustainable Development.

1.2 Governance system adopted by the company

CMC, in order to ensure full compliance with current legislation and the provisions of this Supplier Code of Conduct-Sustainable Procurement Policy, the Business Policy, the Code of Ethics and Conduct, the Anti-Bribery Code/Policy, the Company Integrated Management System and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, as well as to pursue the continual improvement of the Governance System and to ensure compliance with national and international regulations and best practices, has built its operational and ethical models on the basis of the guidelines of conformity certifications, issued by accredited Certification Bodies, in accordance with the following international reference regulations/standards:

- UNI EN ISO 9001 'Quality Management System';
- UNI EN ISO 14001 'Environmental Management System';
- UNI ISO 45001 'Occupational Health and Safety Management System';
- UNI ISO 37001 'Anti-bribery management systems';
- UNI ISO 20400 'Sustainable Procurement - Guidance'.

in order to emphasise its commitment to the pursuit of customer satisfaction, the effectiveness of the work methods adopted and its ability to continuously improve its processes and performance, as well as its commitment to pursue Ethical, Social and Sustainable Development principles, to reduce environmental impacts, accidents at work, occupational illnesses, optimisation in the consumption of sustainable resources and to prevent the occurrence of the offences provided for by Legislative Decree 231/2001.

CMC ensures the continual improvement and effectiveness of its Integrated Management System, not only through the definition of business policies and goals, but also through the



monitoring of applicable normative references, the results of internal audits, data analysis and consequent corrective actions, management reviews, self-assessment and direct involvement of its personnel. The combined action of these Systems in an Integrated Management System ensures excellence in business management as it guarantees risk management through compliance with the requirements defined by globally recognised standards.

1.3 Partnership

CMC believes that the selection of innovative and reliable Supplier/Subcontractor partners who are willing to build a common success together with us on the basis of a high degree of value creation, commitment and flexibility is the basic requirement for a lasting relationship.

The aim is to establish a long-term cooperative relationship characterised by transparency and collaboration. Development, growth, and efficiency begin at the stage of selecting the supplier with whom to start the collaboration, which takes place according to a documented procedure that guarantees impartiality and equal opportunities for all involved.

In addition, a system of continuous performance evaluation - Vendor Rating (in which all relevant company functions participate) was implemented in order to guarantee the required standards over time. Through the use of specific purchasing methodologies calibrated to the different product categories, CMC strives to obtain the best conditions in terms of performance, price, quality, ethical suitability and sustainability throughout the entire product life cycle. Suppliers/Subcontractors are encouraged to implement the necessary mechanisms to identify, determine and manage Risks in all areas covered by this document and to comply with all applicable legislative requirements, and to continuously improve the suitability, adequacy and effectiveness of their Sustainability Policies through appropriate measures.

They are also called upon to maintain appropriate documented information demonstrating the sharing and implementation of the values expressed in this document. By agreement with the supplier, CMC reserves the right to carry out audits related to the implementation of the principles set out in this Supplier Code of Conduct - Sustainable Procurement Policy, the Business Policy, the Code of Ethics and Conduct, and the Anti-Bribery Code/Policy.

In addition, the Supplier/Subcontractor, as a specialist in activities/services, is increasingly involved in the initial phase of Contract Management, in order to share technical and economic commitments with the Company.

1.4 Economic customer-supplier relationship

CMC strives to avoid situations of mutual dependence; therefore, on the one hand, it takes care not to build monopolistic supply conditions within the same product/service segment, on the other hand, it tries to limit the degree of dependence of Suppliers/Subcontractors on the purchase orders that reach them from CMC as much as possible.

1.5 The rules of the relationship

CMC has implemented general terms of reference differentiated according to the different types of supply (i) General Terms and Conditions of Purchase, (ii) Contract Agreement, (iii) Subcontract Agreement, which, together with the contractual models stemming from them, form the basis for supply relationships with CMC.

In addition, Suppliers/Subcontractors entering our customer sites or proprietary production plants are asked to provide documentation on Contributory, Regulatory, Environmental, Occupational Health and Safety, Social Responsibility, Energy Management, Sustainable Development and Anti-Bribery aspects.

1.6 The cornerstones of the relationship

The guiding principle is to acquire the necessary goods/services with the best quality/price ratio to meet the objective of containing costs, ensuring quality and service levels adequate to the end customer's satisfaction, taking due account of operational risks and complying with general guidelines on Quality, Environmental, Occupational Health and Safety, Social Responsibility, Energy Saving, Anti-Bribery and overall Sustainability of the choices made, in terms of Social Impact.

CMC expects its Suppliers/Subcontractors to assume their responsibility along the entire end-to-end supply chain, from the manufacturer to the supplier to the end-user, to comply with regulations on Quality, Health and Safety, Environment, Ethics, Energy Efficiency, Sustainable Development and thus to behave in a way that respects the values that guide the company; for this reason, CMC makes sure that it actively involves its various partners and suppliers in its processes.

1.7 Innovation

Innovation lies at the heart of CMC's business vision; permanent development is an integral part of CMC's culture. Continuous adaptation to new conditions and the constant search for better solutions for our customers are the values that guide us in our daily work and which we also ask our suppliers to follow.

1.8 Quality

Suppliers/Subcontractors are selected on the basis of a strict qualification process aimed at guaranteeing product/service Quality, Health and Safety, compliance with ethical and social aspects, environmental protection, energy use and anti-bribery principles, sustainable development, compliance with schedules, achievement of economic objectives, customer satisfaction, and last but not least, the Company's image. The evaluation parameters concern technical-productive and service capabilities, financial soundness, ethical behaviour, sustainable development, Quality, Environment, Social Responsibility, Energy use, Health and Safety management and Anti-Bribery Corporate Systems.

Suppliers/Subcontractors are required to actively address all issues related to production/process safety and product-related issues and their potential environmental impact during all stages of the production/processing process. The Supplier/Subcontractor must ensure that the entire value creation chain is subject to an appropriate Manager (e.g. Quality Management System - QMS). This also entails the obligation to ensure the identification of the



products/services provided. This makes it possible to identify the products, deliveries or production periods concerned in the event of any quality defects.

1.9 Occupational Health & Safety

Occupational Health and Safety are inalienable values for CMC and constitute a priority in the choices made by the company. Ensuring a safe working environment, respecting health and safety, is a necessary condition for the present and for building the future, and is as much a driver of growth as efficiency and quality. CMC emphasises its commitment to Occupational Health and Safety in order to maintain and develop its performance by setting specific and targeted improvement goals. Suppliers/Subcontractors are required to strive to create a working environment that is attentive to Health and Safety issues, also supported by the adoption of Management Systems certified according to recognised standards, aimed at minimising risks and removing the causes that may jeopardise the Safety and Health of their own personnel and third parties.

CMC is committed to playing an active role in terms of both occupational health and safety and social responsibility, and is fully committed with all its management and Human Resources to spreading a culture of Health and Safety in the workplace at all levels and in all areas of the company, and to managing the activities and tasks relating to its own employees and the employees of its suppliers/contractors in a safe manner.

It is the Company's desire to keep its Business Policies active and operational, with the commitment to disseminate them to employees and the entire supplier base, verifying that the regulations are complied with within the Production Sites/Plants managed or owned by CMC.

1.10 Environment and Sustainable Development

CMC feels it is its mission to be a model of excellence also for the protection of the Environment that it realises in the performance of its activities, and therefore makes the following principles of Environmental Sustainability in the short, medium and long term its own, in its strategic choices and business processes at different levels:

- preventive approach;
- reduction of environmental impacts;
- continual improvement;
- maintaining regulatory compliance;
- responsible management of the production chain;
- sensitization and awareness of human resources;
- communication.

Suppliers/Subcontractors are required to include sustainability criteria as part of the procurement process, and in general to:

- give preference to RoHS-compliant material purchases so as to limit the presence of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers in end products;
- demand compliance with the REACH regulation for chemicals purchased, resulting in a reduction in the use of environmentally harmful substances;
- prefer recyclable packaging;



- favour the purchase of steel materials from suppliers that produce by implementing measures for the health and safety of workers, energy efficiency and the reduction of environmental pollution;
- provide for compliance with legislative requirements in terms of ethics, integrity and anti-bribery in Supply/Contracts;
- reduce the impact of distribution by favouring the procurement of materials, products and services from local companies (where possible);
- promote the reuse and recycling of materials and products at the end of their life cycle and, where this is not possible, ensure disposal in the most proper way;
- prefer, where possible, suppliers that implement sustainable development practices, requiring, as part of the selection process, actions aimed at a social commitment also through voluntary certifications (e.g. SA8000, ISO 14001, EMAS, ISO 45001, etc.) and participation in sustainable development programmes (e.g.: Ecovadis, UN Global Compact etc.).

In particular, within the framework of what is defined in this document, in the Business Policy and in the CMC Code of Ethics and Conduct, Suppliers/Subcontractors are required to commit to prioritise the use of renewable sources, minimise the environmental impact of their activities, protect local ecosystems and biodiversity, promote the conscious and responsible use of all available natural resources, adopt systems to ensure that the handling, movement, storage, recycling, reuse or management of waste and the management of emissions into the atmosphere and wastewater take place in a safe manner and in compliance with current legislation, also supported by the adoption of Certified Management Systems according to recognised standards.

Suppliers/Subcontractors are also required to address any environmental emergencies in the course of their activities using management and intervention procedures based on careful risk analysis and assessment. This Supplier Code of Conduct - Sustainable Procurement Policy, the Business Policy, the Sustainable Procurement Policy and the Code of Ethics and Conduct of CMC represent the expression of General Management's will towards the Environment and Sustainable Development and are binding for all employees and Suppliers/Subcontractors of the Company and for all external companies operating within the sites managed by the Company.

1.11 Social Responsibility

Social Responsibility is an inalienable value for CMC and is a priority in the choices introduced by the company, in order to ensure:

- their workers the protection of their rights and respect for their human dignity and freedoms;
- the Company to comply with all national laws and international regulations on: labour law, human rights, protection against the exploitation of minors, safety and health in the workplace;
- commitment to the dissemination of these rights throughout the supply chain of suppliers and subcontractors, extending these principles towards a broadening of the culture of Social Responsibility.

Suppliers/Subcontractors are encouraged to continuously improve the suitability, adequacy and effectiveness of their Social Responsibility Policies through appropriate measures. Finally, the System, effectively implemented, ensures regulatory compliance in certain relevant matters (labour law, human rights, offences against the individual, etc.) for the purposes of Legislative Decree no. 231/2001.

1.12 Business ethics and integrity

CMC promotes a system of Corporate Governance that integrates and promotes a Culture of Sustainability internally, disseminates respect for the law and Prevention of Bribery, and is inspired by the highest standards of integrity, honesty and fairness as also required by its 231/01 model adopted.

Compliance with the laws, regulations and procedures in force in the areas in which you operate is a prerequisite for doing business with our company. CMC expects its Suppliers/Subcontractors in their conduct of business not to tolerate any kind of bribery, misconduct, extortion or embezzlement, and in general to adopt all appropriate means to prevent the commission of offences.

The offer or promise of direct or indirect payment in monetary or any other form in an attempt to obtain or retain work or for any other benefit, thereby obtaining an improper advantage over other potential Suppliers will not be tolerated. Ultimately, CMC strongly believes that long-term partnership relations must be based on mutual fairness and transparency, in a context of full respect for the rules of business and the ethical and reputational aspects of related activities.

2. PRINCIPLES AND RULES OF CONDUCT

Loyalty, Ethics, Respect, Merit, Excellence and Innovation, as well as Safety and Health Protection of Workers, Environment, Quality and Performance, Sustainable Growth and Rights and Customer Orientation are the core values underpinning CMC's *modus operandi*, values on which the Company bases and promotes its relationship of trust with all its stakeholders, such as shareholders, employees, suppliers, customers.

These principles must be respected, without distinction or exception, by all those who work for or on behalf of CMC, or who have business relationships with it; these principles also apply to procurement operations, thus establishing a good relationship with suppliers, made up of concreteness, complete integrity and common sense.

2.1 Policies and codes of conduct

Ref. MOGC - Legislative Decree 231/01 adopted.

2.2 Fighting bribery and anti-money laundering

Ref. MOGC - Legislative Decree 231/01 adopted.

2.3 Commitments and conflicts of interest

Ref. MOGC - Legislative Decree 231/01 adopted.

2.4 Respect for competition

Ref. MOGC - Legislative Decree 231/01 adopted.

2.5 Intellectual property protection and reservation in the conduct of business

Ref. MOGC - Legislative Decree 231/01 adopted.

2.6 Non-discrimination, fair working conditions and equal opportunities

Ref. MOGC - Legislative Decree 231/01 adopted.

2.7 Child labour and forced labour

Ref. MOGC - Legislative Decree 231/01 adopted.

2.8 Freedom of workers' association

Ref. MOGC - Legislative Decree 231/01 adopted.

2.9 Compliance with contractual conditions and employee privacy

Ref. MOGC - Legislative Decree 231/01 adopted.

2.10 Community involvement

Ref. MOGC - Legislative Decree 231/01 adopted.

3. MONITORING AND COMPLIANCE**3.1 Performing Audits and Control Activities**

Suppliers/Subcontractors, upon request, are required to provide CMC with all information necessary for a correct and complete initial assessment. If the Supplier/Subcontractor is unable to comply with aspects of this Supplier Code of Conduct - Sustainable Procurement Policy, in part or in whole, it must promptly notify CMC.

Subject to prior agreement with the supplier, CMC reserves the right to carry out, directly or through formally appointed third parties, audits, visits and inspections, in order to verify compliance with the principles set out in this Supplier Code of Conduct - Sustainable Procurement Policy.

3.2 Whistleblowing

In the event that Suppliers/Subcontractors become aware of any violation of this Supplier Code of Conduct - Sustainable Procurement Policy, they are encouraged by CMC to make a report via the CMC Industries web portal.

Any form of retaliation, discrimination or penalisation, whether direct or indirect, for reasons directly or indirectly linked to the report, against those who have made a report, is prohibited. Any breach of the aforementioned prohibition is subject to sanctions. At the same time, CMC ensures that the confidentiality of the identity of the whistle-blower and the reported person is protected, without prejudice to legal obligations and the protection of the rights of CMC or of persons wrongly accused and/or in bad faith. Any malicious or grossly negligent whistleblowing that turns out to be unfounded is subject to sanctions, where possible.

3.3 Nonconformity Management and Assessment

In the event of non-compliance with the provisions of this Supplier Code of Conduct - Sustainable Procurement Policy, CMC reserves the right to require Suppliers/Subcontractors to implement corrective measures. In particular, CMC makes itself available to engage with



Suppliers/Subcontractors in their own process of identifying and adopting improvement actions with the aim of rectifying any non-conformities found.

In the event of failure to implement corrective measures, as well as serious or systematic non-compliance with this Supplier Code of Conduct - Sustainable Procurement Policy, CMC reserves the right to terminate the Contract ahead of time and exclude the Supplier/Subcontractor from the Company's Supplier Register.

Chief Executive Officer
E. Calabria