



**Gruppo Manifatture Italiane**

## **SUPPLIER CODE OF CONDUCT**

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## 1 Scope

This Code of Conduct for GMI Suppliers is intended for all suppliers of goods and services to the GMI group and group companies in any country. Suppliers are required to observe and adhere to the principles outlined in this Code of Conduct, which is also implemented by GMI Group companies. These rules complement the requirements of applicable laws and regulations.

## 2 Introduction

GMI's Supply Chain Sustainability Programme has the following objectives:

- The continuous improvement of the supply chain from an ethical, environmental, health, safety and work performance perspective, also referred to as social responsibility or sustainability;
- Achieving supply chain traceability;
- Assessing Suppliers' performance.

The GMI Supplier Code of Conduct aims to define sustainability criteria for the selection and rating of Suppliers.

This GMI Supplier Code of Conduct describes:

- GMI's values in terms of social responsibility;
- The Standard that GMI uses as a reference to select and evaluate the social responsibility performance of its Suppliers;
- The Organisation and Tools adopted to ensure the functioning of GMI's Supply Chain Sustainability Programme.

## 3 Our values

At GMI, we believe that managing our business activities according to the principles of social responsibility is an ethical duty that will contribute to our continued economic success and support the excellence of our products.

We are committed to ensuring safe and healthy working conditions, respect and dignity for all workers and environmentally sustainable activities at all levels, both internally and in the supply chain. All employees and Suppliers are obliged to behave ethically in accordance with the law.

Our Suppliers are important partners in achieving these goals and we aim to work together with them towards this goal.

We ask Suppliers to co-operate in this by providing free access to inspections and by making a concrete commitment to continuous improvement.

## 4 GMI Supplier Code of Conduct

The reference principles for GMI's activities are contained in the Code of Ethics, which can be downloaded from [www.gmitaliane.it](http://www.gmitaliane.it).

Suppliers are required to comply with the principles laid down in the Code of Ethics and to operate in accordance with the law and according to fair competition with honesty, integrity, propriety and good faith, as well as to take action against corruption and to prevent any other offences.

In order to translate these principles into practice, the present GMI Supplier Code of Conduct explicitly defines the corporate requirements for Suppliers in terms of social responsibility.

GMI's Supplier Code of Conduct is inspired by international standards and initiatives such as the SA 8000 certification, the provisions of the International Labour Organisation (ILO) and the UN Global Compact.

#### **4.1 Legal compliance**

As stated in the GMI Code of Ethics, the Supplier must operate in full compliance with all applicable laws, rules and regulations, including those relating to labour, health and safety of workers and the environment.

The GMI Supplier Code of Conduct should be taken as a benchmark in cases where it imposes stricter limits than local legislation (the stricter limit applies).

#### **4.2 Ethics and anti-corruption**

We believe that companies must take action against corruption in all its forms and we ask our suppliers to take a stronger stance in this area, as we do at GMI.

GMI will terminate any business relationship if a Supplier is found guilty of corruption.

#### **4.3 Child labor**

Suppliers must ensure that workers are not recruited before the age of 15 (ILO Convention No. 138 limit), nor before the minimum age limit for paid employment or the age at which compulsory schooling ends where these age limits are higher than 15 in the country (e.g. 16 in Italy).

Young workers, under the age of 18, must not exceed 8 hours of daily work, nor work overnight.

#### **4.4 Health and safety**

A safe and healthy working environment must be ensured and occupational health and safety practices promoted in order to prevent accidents and injuries. This includes protection against mechanical, chemical and fire hazards.

Accidents must be reported, recorded and monitored.

Lighting, heating and ventilation systems in workplaces must be adequate.

Workers must have access to adequate and clean sanitary facilities at all times.

Suppliers shall adopt health and safety procedures that are clearly communicated to workers and put into practice.

In the case of homeworking, the Supplier shall ensure that any homeworkers are properly trained and informed in terms of workplace safety legislation as required by national regulations in order to work under appropriate health and safety conditions.

#### **4.5 Working hours**

All hours worked by employees must be regulated by a valid employment contract. The normal working week must not exceed that stipulated by local regulations and the Italian National Collective Labour Agreement (CCNL). Overtime should be voluntary and managed in line with local regulations and the CCNL.

Workers must be allowed at least 1 day off within each seven-day period and must receive paid annual leave as provided for in local regulations and collective bargaining agreements.

If the limits described therein are likely to be exceeded, the company must put in place organisational measures to monitor overtime and redistribute working time.

The supplier also undertakes to comply with the regulations governing working on public holidays and at night.

#### **4.6 Remuneration**

Remuneration must be equal to or higher than the minimum wages laid down in the applicable National Collective Labour Agreement or local regulations and the contract must also be applied consistently with regard to leave and compensation for working hours in excess of normal hours.

Apprenticeship schemes and fixed-term contracts should be used in a manner consistent with local regulations.

#### **4.7 Freedom of association and collective bargaining**

Suppliers shall recognise and respect the rights of workers to join and organise trade unions of their own choosing and to bargain collectively with the company.

Suppliers must ensure effective communication with employees and their representatives, providing channels of communication to express concerns about work and workplace conditions. A system for resolving labour conflicts must be put in place.

#### **4.8 Free choice of employment**

Suppliers shall not use forced labour in the form of bonded, indentured or any other form of forced labour. The company may not require workers to pay deposits or withhold their identification documents or any other essential documents (e.g. work or residence permits, travel documents).

Staff must have the right to leave the workplace at the end of the working day and, in addition, to terminate their employment, provided they give their employer advance notice (the number of days' notice varies according to national legislation).

## **4.9 Discrimination**

Suppliers shall not discriminate with respect to hiring, remuneration, training, promotion, bonuses or termination of employment on the basis of race, national origin, gender, religion, age, disability, marital or parental status, association membership, sexual orientation, family responsibilities, union membership or political opinion. No threatening, abusive, exploitative or sexually coercive behaviour shall be tolerated.

## **4.10 Disciplinary procedures**

All staff must be treated with dignity and respect. The use of mental or physical coercion, verbal abuse, fines or sanctions as disciplinary measures is not tolerated.

Only disciplinary procedures implemented in strict accordance with the terms of the applicable regulations (e.g. CCNL) are admissible.

## **4.11 Environmental requirements**

Suppliers must comply with legislation and progressively improve the environmental performance of their operations.

## **4.12 Confidentiality**

"Confidential Information" defines any information provided to the Supplier by GMI which has not yet been disclosed to the public and concerns by way of example: models, drawings, sketches and studies relating to marketed products and/or brands.

The Supplier undertakes:

- not to disclose confidential information to third parties;
- to limit, as far as possible, the distribution of confidential information within the organisation;
- to convey the duty of confidentiality to employees in written contractual clauses;
- to guarantee the inaccessibility and security of confidential information;
- to respect intellectual property rights, not to use confidential information for purposes other than those defined in the contract and to return information at GMI's request.

## **4.13 Traceability**

Suppliers must encourage and make effective the traceability of materials, both in their own operations and with their authorised subcontractors.

The minimum traceability requirements for GMI are:

1. for each order from a GMI group company (also referred to as a "launch"), the supplier shall record the list of consignments to subcontractors or homeworkers complete with date of dispatch and quantity of pairs sent;
2. every consignment of goods (including homeworkers) shall be accompanied by a transport document indicating the GMI group company's order number.

It is considered optimal (Best Practice) to include the specific reference to the GMI bubble numbers in the list mentioned in point 1.

## 5 Organisation and tools

### 5.1 Selection and monitoring system

The GMI group has an internal procedure to define the process of selecting, monitoring and evaluating suppliers, which identifies the offices involved, responsibilities and operating methods. Specifically, differentiated implementation methods are identified in relation to the type of supplier and its impact and relevance in the supply chain.

The most important suppliers are the suppliers of (non-minor) production as qualified in procedure P010.

For selection purposes, Production Suppliers (non-minor) are required to complete the **Information Questionnaire** at the same time as signing this Code of Conduct. The form also contains information on: the list of subcontractors chosen to deliver GMI orders, total turnover and the amount invoiced by each subcontractor each year. The supplier will then sign a contract, indicating any authorised subcontractors. The Supplier may not modify the list of subcontractors it wishes to use without prior consent from the GMI group.

The supplier is responsible for ensuring that its subcontractors accept GMI's Code of Business Ethics (or its own Code of Ethics if it is aligned with GMI's) and for monitoring that the subcontractors comply with the provisions of the code of ethics and this Code of Conduct. The supplier will be responsible for the actions or omissions of its subcontractors.

The selection process of new (non-minor) Production Suppliers may also include an audit by labour, health, safety and environmental experts. Both new and established Suppliers are regularly audited to confirm compliance with the GMI Supplier Code of Conduct and to verify improvement plans.

### 5.2 Evaluation process

This process, too, has implementation methods identified in an internal procedure differentiated according to the type of supplier and its impact and relevance in the supply chain.

The Production Supplier (non-minor) annually updates the **Information Questionnaire** (with particular reference to data on subcontracting and production and economic performance) and sends any updates to the attached documentation if it has changed significantly. The list of Subcontractors shall also be updated as an appendix to the contract at each revision thereof.

In the case of Production Suppliers (non-minor) for which the results of the periodic assessment and any control audit are satisfactory (in the case of findings associated with a **low risk level**), orders to the Supplier may proceed without further action.

If the audit reveals the need for improvement measures (in the case of findings associated with a **medium risk level**), an action plan with fixed deadlines (usually 12 months) shall be agreed with the Supplier. Orders can continue and the Supplier shall send evidence of having completed the improvement measures within the agreed timeframe.

If the audit reveals the need for urgent improvement (in the case of findings associated with a **high risk level**, e.g. non-compliance with applicable legislation on labour contracts, inadequate working conditions), the Supplier shall provide documented evidence of the resolution of the non-compliance within a time period of generally 6 months. GMI is entitled to

visit the Supplier for confirmation of these actions. If this condition is not met, the business relationship with the Supplier shall be terminated.

### 5.3 Checks and audits

The (non-minor) Production Supplier who may be audited due to the procedure implemented by the company shall keep adequate records to prove compliance with this Code of Conduct. Our Suppliers must ensure that complete, original and accurate documents are made available to GMI Group representatives and during audits. Audits shall be permitted and facilitated by the Supplier, including at the premises of its subcontractors.

### 5.4 Commitment and support to Suppliers for improvement

As part of the GMI Production Supply Chain Sustainability Programme, GMI is committed to supporting Production Suppliers in their improvement process by sharing audit results and providing training and awareness programmes where this is considered useful for improvement, particularly in the field of Behaviour-Based Safety and environmental performance.

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