

***SAES Group
Supplier Code of Conduct***

Approved by the Board of Directors on 18 July 2019

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1. Introduction

The responsible management of procurement processes along the supply chain of the SAES Group (hereinafter also referred to as “SAES” or “Group”) requires that its suppliers promote and stimulate socially and environmentally responsible behaviour and practices, with a view to fostering sustainable business processes in the sectors they belong to.

Defining a Supplier Code of Conduct (hereinafter also referred to as “Code” or “Document”) means not only engaging in the management of sustainability issues that affect the supply chain, but also setting up a process for assessing and handling the risks that characterise it. This has become an increasingly critical aspect in the global environment in which the Group operates. In the global economy of the current international scenario, outsourcing does not lead to a reduction in risks and responsibilities, nor does it mean that responsibilities are confined to specific areas of operation with no consideration for what happens upstream and downstream the supply chain.

On the contrary, stakeholders’ expectations towards sustainable supply chain management are increasingly visible and tangible, and the company’s accountability in this area is becoming an essential variable that is decisive for affirming the brand and its products/services.

The definition of sustainability is complex and constantly evolving. For the purposes of this Document, reference has been made to the proposals of the United Nations Global Compact, which defines supply chain sustainability as the management of social, environmental and economic impacts, and the encouragement of good governance practices throughout the life cycle of products.

2. Purpose and scope of application

The aim of the SAES Group Supplier Code of Conduct is to set out the values inspiring the Group’s principles of conduct that should guide suppliers while conducting their business, especially with regard to the protection of human rights and respect for the environment.

This Code is intended for all of SAES Group’s direct suppliers (hereinafter “suppliers” or “Recipients”), who, in turn, are encouraged to share it and promote its application by their own suppliers, contributing to the overall sustainability of their supply chain. The objective, therefore, is to generate long-term economic, social and environmental value for all stakeholders involved.

3. Regulatory references

In conducting their business activities, SAES and the Recipients of this Document shall act in full compliance with the laws and regulations in force in the countries in which they operate, whether local, national or international.

Complying with this Code cannot have the effect of breaching the rules in force in the countries in which the Group operates. In the event of discrepancies between the contents of the Code and the provisions of local regulations, suppliers are invited to apply the stricter rule.

SAES encourages its suppliers to adhere, where possible, to certifiable standards and/or certifications in the environmental, occupational health and safety, social responsibility or other areas.

The contents of this Code also refer to the main international references in terms of sustainability and social and environmental responsibility.

External regulatory references

- Ethical Trading Initiative
- International Labour Organization (ILO) code regarding health and safety
- International Labour Organization (ILO) standards
- Universal Declaration of Human Rights
- United Nations Convention against Corruption

- OECD guidelines on due diligence for a responsible supply chain of minerals from conflict-affected and high-risk areas
- OECD Guidelines for Multinational Enterprises
- Additional protocol to the United Nations Convention against transnational organised crime to prevent, suppress and punish trafficking in persons, especially women and children

Internal regulatory references

- Group Code of Ethics
- SAES Group Code of Business Conduct
- SAES Anti-corruption code
- Group Conflict Minerals policy
- Organisation, Management and Control Model pursuant to Italian Leg. Decree 231/2001
- SAES Environmental Specification

4. Human rights

As part of internationally recognised human rights and of relevant national and international laws and regulations, suppliers are invited to¹:

- Avoid having any direct or indirect negative impact on the respect for human rights;
- Prevent or mitigate any negative impact on human rights directly related to their business activities.

All the people working within the SAES Group supply chain undertake to respect human rights, regardless of size, sector, operating environment or ownership structure of the company, wherever they operate.

Without prejudice to the minimum essential responsibility to not violate the rights of others, companies are called upon to promote and support the improvement of their workers' conditions. This commitment must be appropriate to the size, nature and context of business activities, as well as to the severity of the risk of negative impacts on human rights.

4.1 Respect for human rights

The Recipients of this Document are required to respect human rights, in respect of any person interacting with them, be they workers or other categories of stakeholders, such as members of the local communities in which they operate.

Cruel and inhuman practices such as sexual harassment and abuse, corporal punishment, physical or mental coercion, verbal aggression, simple threats of any such treatment and any other form of intimidation or abuse shall in no case be permitted.

4.1.1 Trafficking in human beings

The term "trafficking in human beings", means the *"recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion (...) shall include(...) the exploitation of prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs (...)*The consent of the victim of trafficking in human beings to the exploitation referred to [above] is irrelevant when any of the means referred to [above] have been used..²"

In any case, practices connected to trafficking in human beings are unacceptable, regardless of the sector and country of origin of the supplier. No SAES supplier may be involved in or benefit from human trafficking in any way.

¹ Source: OECD multinational enterprises

² Additional protocol to the United Nations Convention against transnational organised crime to prevent, suppress and punish trafficking in persons, especially women and children

In this respect, reference is also made to section 8.6 on responsible procurement.

4.2 Non-discrimination

The Recipients of this Document are required to make every effort to ensure that no cases of harassment or discrimination of any kind occur in the workplace.

During recruitment and when managing the work relationship, SAES suppliers are required to avoid any form of discrimination based on:

- Race, ethnicity, nationality at birth, caste, colour;
- Marital status, pregnancy;
- Age, gender, sexual orientation, gender identity and expression;
- Disability or health issues, protected genetic information;
- Religion, political affiliation, union membership, veteran status.

Furthermore:

- A credible and effective reporting system must be made available to workers.
- Suppliers are encouraged to implement safeguards for the protection and the compensation for damages resulting from violence or discrimination.

4.3 Freedom of speech

Freedom of speech is the *“right to freedom of opinion and expression; this right includes freedom to hold opinions without interference”*³.

SAES suppliers undertake to guarantee the right to freedom of speech and expression, without repressing workers in any way, or making them feel limited in expressing their opinion on working conditions, and without facing any kind of negative consequences because of this.

4.4 Right to privacy

With regard to privacy, SAES suppliers are required to comply with art. 12 of the Universal Declaration of Human Rights: *“no one [may] be subjected to arbitrary interference with his privacy, family, home or correspondence, or to attacks upon his honour or reputation”*.

In line with this principle, suppliers are required to ensure that personal information regarding their employees is not collected in an inappropriate or unlawful manner, and that such information is not used, transferred, lost or disseminated, or that any improper or unauthorised use is made thereof.

4.5 Protection of specific categories of stakeholders

In terms of general corporate social responsibility, when interacting during any of their commercial or business activities, the Recipients of this document undertake to respect and protect any categories of fragile persons, such as, only by way of example:

- Indigenous peoples;
- Women;
- Children;
- Elderly workers;
- Workers with disabilities;
- Migrant workers.

³ Article 19 of the Universal Declaration of Human Rights

5. Work conditions

Suppliers undertake to treat their workers with dignity and respect, according to standards accepted by the international community and laid down by the United Nations and the International Labour Organization.

The content of this document may be applied to all of SAES suppliers' staff, regardless of their contract conditions: permanent, temporary, seasonal and any other kind, with no exceptions.

5.1 Work is chosen freely

In line with the content of ILO Convention No. 29, which defines forced labour as all work or service which is exacted from any person under the menace of any penalty, and for which the said person has not offered himself voluntarily, SAES does not allow any kind of forced labour, with constraints or carried out on a non-voluntary basis by prisoners.

Furthermore:

- The recruitment process, for all Recipients of this document, must include an employment contract written in the workers' mother tongue, or in a language they understand, without prejudice to other validity requirements. The contract shall describe the terms and conditions of employment.
- Every worker, whatever his/her contractual condition, is free to leave his/her job if he/she so wishes, subject to appropriate prior notice.

That being said, the following is not permitted:

- That any work carried out is not paid, that there is an unjustified delay in paying workers' wages, that unjustified fines are applied to or amounts are withheld from workers' wages;
- That the employer's receivables due from employees, or advances on their salary, exceed the limit allowed by relevant regulations;
- That workers must pay, or deposit, a sum of money in order to be hired/start work;
- That discriminatory or penalising acts are practiced against workers who do not agree to work overtime: work must always be voluntary;
- That the employer or the employment agencies that may be involved keep or destroy workers' documents, or prevent workers from accessing them;
- That there are unreasonable restrictions on workers' freedom of movement within the facilities managed by the company or on entering or leaving those facilities, and that workers are not free to leave the facilities at the end of their work shift.

5.2 Child labour

Child labour is work that deprives children of their childhood, their potential and their dignity, and that harms their physical and mental development and interferes with their education⁴.

Child labour is never allowed at any stage of production. The term "child" refers to any person under the age for completing compulsory education, or under the minimum age for employment in the specific country, whichever is greatest.

In the absence of local laws on the matter, the minimum wage for working students must correspond to the minimum wage of other entry-level workers who perform the same or similar tasks.

The Recipients of this Code are encouraged to develop, adopt and contribute to policies and programmes which provide for the transition of any children found to be performing child labour, to enable them to attend school and to maintain an adequate level of education until no longer children.

Furthermore, the following is not permitted:

- Making it impossible to identify the identity/age of workers;

⁴ ILO Conventions 138 and 182

- Employing young workers for night shifts;
- Employing young workers for hazardous jobs, or jobs that expose them to the risk of occupational diseases.

5.3 Working hours

With regard to working hours, the Recipients of this document are required to comply with the following rules:

- Working hours must comply with the provisions of national legislation, collective agreements or subsequent clauses.
- Workers must be allowed to take the days off provided for by national legislation.
- All overtime must be voluntary. Overtime must be used responsibly, taking into account the extent, frequency and hours worked by individual workers and the workforce as a whole.

5.4 Wages and salaries

The Recipients of this document are required to pay workers a wage that ensures they have a dignified life.

Suppliers are required to comply with the following rules when managing wages and salaries:

- Wages and any additional incentives paid for each work period (daily, weekly, monthly) shall correspond, as a minimum, to national legal standards, or to the reference standards of the business sector, whichever is greatest.
- In accordance with local law, overtime must be paid at a rate higher than the normal hourly rate.
- For each pay period, workers shall receive timely pay slips that are easy to understand.

Furthermore, in no case shall the following be permitted:

- Unpaid workers;
- Wages under the national statutory minimum wage applicable;
- Wages and hours worked that cannot be checked/traced;
- Unpaid or incorrectly paid holidays, unpaid illnesses;
- Lack of contracts, blank resignation letters;
- Contractual terms and conditions not shared with workers;
- Trial period longer than the legal duration;
- Salary deductions as a disciplinary measure without the concerned worker's express consent.

5.5 Freedom of association and collective bargaining

In accordance with local laws, recipients are required to allow workers, without distinction, to join a trade union of their choice, to be represented in collective bargaining and take part in peaceful demonstrations and assemblies, or to refrain from such forms of association and participation.

Workers and/or their trade union representatives shall be able to communicate openly and express their views and concerns to management with regard to working conditions and management practices without fear of retaliation, intimidation or harassment.

Where freedom of association and the right to collective bargaining are restricted by law, the Recipients of this document are encouraged not to hinder the development of similar forms of association.

Furthermore:

- The Recipients of this document may not hinder association activities
- The Recipients of this document are required to comply with the trade union agreements entered into;
- Workers' representatives must be appointed democratically, without any interference from the employer.

5.6 Regular employment

Insofar as possible, work shall always be performed on the basis of recognised employment relationships established by national law and customs.

The Recipients of this document are therefore required to not to circumvent the correct application of labour or social assistance laws, as well as the rules ascribable to regular employment, by means of employment contracts, subcontracts, or work-from-home agreements, or through apprenticeship schemes without any real intention to provide any training, or to provide regular employment. Similarly, such obligations should not be avoided by an excessive use of fixed-term employment contracts.

6. Health and safety

SAES considers its ongoing commitment to improve health and safety performance as a key goal. It is aware however that the potential risk inherent in certain materials, production or processing processes cannot be eliminated. This means that a global approach to occupational health and safety needs to be developed and guaranteed, including hygiene, safety of structures and risk of accidents.

6.1 Safety and integrity of facilities

Undamaged and safe structures are the basis for a healthy environment, as well as being a key element for effectively managing occupational safety risks.

SAES suppliers are required to adopt the best technical standards for the safety of their plants and production systems and to ensure a healthy working environment.

6.2 Occupational health and safety

The Recipients of this Code are required to provide a safe working environment, taking into account the specific risks of the activity they carry out.

SAES suppliers are required to:

- Strictly comply with applicable occupational health and safety regulations;
- Identify, assess and control the potential exposure of workers to safety hazards by adopting appropriate measures, preventive maintenance, safety procedures, collective protective equipment and signs;
- Provide workers with appropriate personal protective equipment in good condition and with information about the risks associated with their duties;
- Take reasonable measures to remove or reduce any occupational health and safety risks for pregnant women and nursing mothers;
- Provide workers with the periodic training they need, in a language they understand and with methods and contents suitable for each function; training will be repeated when new workers are hired and when workers change department;
- Formally assign responsibility for occupational health and safety to a representative of management;
- Adopt systems and procedures to prevent, manage, monitor and report occupational accidents and illnesses, including measures to:
 - Encourage reporting by workers;
 - Classify, record and monitor cases of illness and injury;
 - Provide necessary first-aid medical care;
 - Investigate specific cases and take corrective action to eliminate the causes;
 - Help return to work.

- Identify and assess potential emergency situations and events such as fires, floods and earthquakes; reduce their impact by adopting appropriate management plans and procedures, in line with best practices and international standards and in compliance with local regulations;
- Assess the following potential risk factors (including but not limited to):
 - Mechanical (equipment, systems) and electrical;
 - Physical agents (e.g. noise, electromagnetic fields, vibrations, radiation);
 - Chemical agents, specifically carcinogens and substances that have an impact on production capacity, and biological agents that are harmful to humans;
 - Quality of air (microclimate) within the working environment;
 - Ergonomics.

7. Environment

Environmental impact management has an inevitable impact on workers, local communities, natural resources and the local area in which the company carries out its activities. Based on this view, identifying and monitoring the environmental impact inherent in every production activity is crucial for the sustainability of any company.

For each of the environmental issues listed below, the Recipients of this document are encouraged to:

- Identify and monitor risks;
- Monitor the impacts connected to the company's business activities;
- Define improvement goals;
- Document the methods of intervention and associated results.

Furthermore, if requested by SAES, the supplier must accept the SAES environmental specification.

7.1 Reuse, recycle, reduce

The approach to environmental impact must be based on the efficient use of natural resources, on the search for process and product solutions that allow, on the one hand, to improve environmental performance throughout the production process, and on the other hand to offer the market goods and services with less environmental impact. This also means investing in the product's entire life cycle.

This approach may be applied to all the main sources of impact that SAES suppliers are encouraged to consider, more specifically:

- The consumption of resources that must be based on principles of responsibility and sustainability, so as not to compromise business continuity and the preservation of natural heritage;
- Chemicals and other materials that pose a risk to humans or the environment, which must be identified, labelled and managed safely and in accordance with applicable laws;
- The adoption by SAES suppliers of a clear and systematic approach for identifying, managing, reducing, disposing of or recycling waste responsibly;
- Atmospheric emissions that must be characterised and regularly monitored, controlled and treated;
- Energy consumption that must be recorded and documented, in every local operating unit and/or centrally throughout the company. Recipients should seek cost-effective ways to improve energy efficiency and minimise their energy consumption;
- The consumption of water resources that must be monitored and the prevention of pollution from production processes.

7.2 Biodiversity

Biodiversity has been defined as *“any type of variability among living organisms, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems”*⁵.

Respect for biodiversity is the basis for effectively managing environmental impact. The Recipients of this document are encouraged to assess and monitor the effects of their activities on the biodiversity of the environment where they are located. To achieve this, they shall take into account the nature of their products and production processes and the characteristics/unique features of the natural environment where they are located, in order to remove/limit any negative external impact of their processes and/or products.

7.3 Deforestation

Deforestation entails the long-term reduction of the earth’s forest area. This change may be the result of human action and economic activities (agriculture, livestock, mineral extraction, etc.) or may be caused by climate change. Business activities may therefore have a direct or indirect impact on the deforestation of a certain territory, whatever the business sector.

In line with the principles recognised by SAES in terms of environmental impact, the Recipients of this document are encouraged to assess and monitor the impact of their activities on deforestation, in order to conduct a comprehensive environmental analysis and to remove/limit any negative external impact of their processes and/or products.

8. Fair business

The Group is firmly convinced that fair conduct of business allows it to stand out from competitors, to reduce fraud and related costs, to improve product quality and, in the medium to long term, to increase the company’s reputation and build a profitable and solid business environment.

The Recipients of this document are required to adopt and apply the strictest standards of ethical conduct in their business activities. In all business interactions, they shall act in compliance with the highest standards of integrity.

8.1 Conflict of interest

As laid down in the Group’s Anti-Corruption Code, the Recipients of this document are required to act without any conflicts of interest, so as to make decisions impartially and objectively, in compliance with local regulations.

A conflict of interest occurs when the impartiality required from persons who, in exercising their decision-making power, may place their own interests (financial, economic or other personal interests) or those of their family members in conflict with the company’s interests, is compromised, even potentially.

In this respect, the Recipients of this Code (where possible) shall avoid any situation of conflict of interest, or shall declare their status and refrain from any activity that may interfere and hinder the ability to impartially and objectively take decisions in the company’s interest and/or may even simply damage its image.

⁵ UN conference of Rio de Janeiro in 1992, art. 2 of the Convention on biological diversity

8.2 Corruption

SAES accepts no form of corruption, extortion or embezzlement, whether direct or indirect, involving Public Officials or business counterparties, for the purpose of influencing them in the performance of their duties or of obtaining undue or illegitimate advantages.

In accordance with the provisions of the Group's Anti-Corruption Code, the Recipients of this document are prohibited from engaging in any form of active corruption (offering, promising, giving, paying or authorising anyone to give or pay, directly or indirectly, material benefits, economic advantages or other benefits) or passive corruption (accepting or authorising anyone to accept, directly or indirectly, economic advantages or other benefits, or requests or soliciting for economic advantages or other benefits) to persons belonging to the Public Administration and to private persons.

8.2.1 Gifts and entertainment

In line with SAES' Code of Ethics and the Group's Anti-Corruption Code, the Recipients of this document are prohibited from directly or indirectly offering gifts or benefits of any kind to Public Officials, executive managers, officers or employees of SAES or other business counterparties. These benefits include:

- Gifts;
- Third-party entertainment expenses, meals and travel, hospitality in general;
- Contributions in kind, such as sponsorships and donations.

In compliance with these principles, acts of business courtesy are permitted as long as they are of modest value and/or can be considered acts of normal and correct courtesy. In any case they shall not compromise the integrity or reputation of any of the parties or be interpreted by an impartial observer as aimed at acquiring undue and/or improper advantages.

8.3 Protection of information

As part of their activities, SAES suppliers are required to ensure the confidentiality of any personal data and confidential information they receive, whether concerning SAES or other parties, and whatever their area of interest. This information is processed in compliance with applicable legislation and current use within the relevant sector, and any improper use is not allowed.

Furthermore, with regard to the protection of information, SAES suppliers are required to ensure the confidentiality, anonymity and protection of workers or external parties acting as informers or whistle-blowers when reporting an offence or violation.

8.4 Intellectual property

SAES suppliers are required to respect the intellectual property of third parties, including SAES, and not use it unless duly authorised to do so. They must protect the patents, trademarks, know-how, copyrights, designs and trade/industrial secrets owned by the Group. Any transfer of technology and know-how must be performed so as to protect such property rights and the information held by customers and suppliers.

These duties remain in force even after the business relationship with the Group has ended.

8.5 Fair competition

Fair competition is a key requirement for generating success through good performance and for creating value.

SAES suppliers are required to behave according to principles of fair competition and to reject any kind of anti-competitive practice and any collusive behaviour that may constitute an abuse of a dominant position. Furthermore, the Recipients of this document undertake to compete in a fair and ethically correct manner,

within the framework of anti-trust regulations and in compliance with the national and international competition rules with respect to which they operate.

8.6 Responsible procurement

The Recipients of this document are encouraged to ensure that the raw materials in the products they manufacture do not finance or promote, whether directly or indirectly, serious violations of human rights or lead to severe and evident, negative social and/or environmental impact.

Suppliers are required to verify the origin of such raw materials and inform SAES about the due diligence measures they have taken, if required.

In addition, suppliers are required to pay special attention if the raw materials contain tantalum, tin, tungsten and gold. These minerals are internationally known as Conflict Minerals. They often directly or indirectly benefit armed groups responsible for serious human rights violations in the Democratic Republic of Congo or neighbouring countries.

In line with its Conflict Minerals Policy, although SAES is not subject to any legislative obligations, it undertakes to provide the market with products free of minerals from conflict zones, in order to ensure greater transparency for the sector throughout the supply chain. Suppliers are required to verify the origin and chain of custody of these minerals and to comply with the Policy adopted by the Group.