

Code of Conduct Sourcing & Supply Chain

Responsible Supply Chain Management

Applicable to Corporate COINDU Group	Emission Date: 28.05.2018	Revision: 04 on 10.12.2020	Produced: QEMS Corporate	Approved: Purchasing Corporate
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Change Control:

Version	Date	Change	Resp.
Rev. 0	28-05-2018	First Emission	QEMS
Rev. 1			QEMS
Rev. 2	30/04/2019	1. Working Conditions (new) 1.1 Human Rights (new) 1.2 Child Labour and Young Workers (point 2 on rev.1) 1.3 Fair Wages & Benefits (point 5 on rev.1) 1.4 Working Hours (point 4 on rev.1) 1.5 Forced or Compulsory Labour and Human Trafficking (Point 3 in rev.1) 1.6 Freedom of Association and Collective Bargaining (point 1 in rev.1) 1.7 Health and Safety (point 7 in rev.1) 1.8 Harassment (new) 1.9 Non-Discrimination and Equal Remuneration (point 6 in rev.1) 2 Business Ethics (new) 2.1 Integrity - No Corruption, Extortion, Bribery, Fraud and Embezzlement (Point 13 in rev.1) 2.2 Privacy (new) 2.3 Financial Responsibility (Accurate Records) (new) 2.4 Disclosure of Information and Protection of Confidential Information 2.5 Fair Competition and Anti-trust (1st sentence point 14 in rev.1) 2.6 Avoiding Conflicts of Interest (last paragraph point 14 rev.1) 2.7 Counterfeit Parts (new) 2.8 Intellectual Property (new) 2.9 Export Controls and Economic Sanctions (new) 2.10 Protection of Identity and Non-Retaliation (new) 2.11 Responsible Procurement of Raw Materials (new) 3.1 Environmental Policy (point 8 rev.1) 3.2 Innovation & product life cycle (point 9 rev.1) 3.3 Energy Consumption and Greenhouse Emissions (point 12 rev1) 3.4 Water Quality and Consumption (new) 3.5 Air Quality (new) 3.6 Natural Resources Management and Waste Reduction (point 10 rev1) 3.7 Responsible Chemical Management (point 11 rev.1)	QEMS
Rev.3	06/01/2020	Introduction: Integration of Responsible Supply chain Management (reference to MG-HR-001, Rev.03, 13/12/2019 on pag.3)	QEMS
Rev.4	10/12/2020	Change on document codification from MG-QEMS-002 to MG-PUR-001.	QEMS

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INTRODUCTION

Responsible Supply Chain Management

COINDU Group position: a strong sense of social responsibility and an active and permanent concern with the environment - Customers, Shareholders, Employees, Suppliers and Community - we are doing everything to honour the commitments and meet the expectations.

A key tool to achieve and to keep COINDU Group aligned with the positioning expressed, is the Code of Ethics & Social Responsibility (MG-HR-001) which contains the guiding principles of COINDU Group everyday professional action.

COINDU Group is committed to the responsible sourcing of all raw materials and purchased goods and continually review the approach to ethical and sustainable supply chain management. COINDU Group considers social principle as a key element in business award decision, for new and existing suppliers.

We are therefore responsible for ensuring that our products and services are produced within a supply chain that complies with international standards. Therefore we have summarized our expectations to our suppliers and service providers (COINDU Group Partners) with respect to working conditions, health and safety, environment and business ethics in the following "Code of Conduct Sourcing & Supply Chain".

COINDU Group Code of Conduct Sourcing & Supply Chain defines principles and expectations to COINDU Group Partners and their employees. By signing this document, COINDU Group Partners commit to acting responsibly and to abiding by the principles set out herein.

We expect our Partners to ensure that their own suppliers and service providers will also adhere to and abide by the principles of this code of conduct and the standards upon which it is based. In the event that other regulations or laws impose more extensive provisions, these have priority over this code of conduct.

COINDU Group will use this code of conduct as part of its supplier selection and evaluation procedures.

This Code of Conduct Sourcing & Supply Chain describes, in particular the Ethical, Social, and Environmental commitments expected by COINDU Group.

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1. WORKING CONDITIONS AND HUMAN RIGHTS

1.1 Human Rights

COINDU Group Partners commits to safeguard the human rights of its employees and to treat them with dignity and respect. This refers to all employees including part-time and migrant workers, student interns, temporary workers, full-time employees and any other form of manpower.

1.2 Child Labour and Young Workers

COINDU Group Partners are prohibited from employing children in violation of the stipulations of the International Labour Organisation's convention (ILO Convention n° 138, 182). The minimum age for employment shall be the country legal minimum age, or the age for completing compulsory education in that country, whichever is higher. In any case, suppliers will not employ children under the age of 16, and will comply with the provisions of the ILO regarding the health, safety and morality of young people aged between 15 and 18. As an example, but not limited to, suppliers should ensure workers younger than 18 do not exceed the prescribed working hours within the countries it operates.

1.3 Fair Wages & Benefits

COINDU Group Partners shall comply with all applicable laws and regulations, including those relating to minimum wages, overtime hours and legally mandated benefits. In places where no legal requirement exists for defining a minimum wage, ILO Convention n° 131 can serve as a basis for the definition. Workers must be paid in a fairly and timely manner, and the basis on which workers are being paid must be clearly conveyed.

1.4 Working Hours

Working hours (including overtime), as well as break times and periodic days off, shall be compliant with applicable laws & regulations, collective-bargaining agreements and international conventions. Overtime work should be voluntary and paid as such. Work or service outside normal daily working hours shall not be imposed by exploiting a worker's vulnerability

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under the menace of a penalty. For example, employers shall not set performance targets that result in an obligation to work beyond normal working hours because of the worker's need to be able to earn the minimum wage.

1.5 Forced or Compulsory Labour and Human Trafficking

COINDU Group Partners must not, under any circumstances, resort to forced or compulsory labour. Forced or compulsory labour is any work or service which is forced upon any person under the menace of a penalty and which the person has not entered of his or her own free will. Forced labour can include practices such as restricting people's movement; withholding wages or identity documents to force them to stay on the job; or entangling them in fraudulent debt or wage deductions from which they cannot escape; or developing their dependency of in-kind payments; or deprivation of food, shelter or other necessities; applying compulsory overtime; or loss of social status; etc. (see ILO Conventions n° 29, 105). Suppliers should ensure that workers understand their rights with regard to payment of wages, overtime, retention of identity documents, etc. Migrant workers, workers who are part of a group that has suffered from longstanding discrimination, young people and unskilled or illiterate workers, and women among these groups, constitute populations which may not be aware of their legal rights. Therefore suppliers will ensure that they are treated fairly and their rights are respected. In the case workers are recruited by third parties, suppliers will pay particular attention that these principles are properly applied.

1.6 Freedom of Association and Collective Bargaining

COINDU Group Partners must recognize and respect any rights of workers to exercise lawful rights of free association, including joining or not joining any association. Suppliers also must respect any legal right of workers to bargain collectively.

COINDU Group Partners shall ensure that representatives of such personnel are not the subject of discrimination and that such representatives have access to their members in the workplace as well as adequate working space in order to work effectively and without interference. Where the right to freedom of association and collective bargaining is restricted under law, suppliers should provide workers a parallel mechanism to make their views known to the management, and take those into consideration.

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1.7 Health and Safety

COINDU Group Partners shall ensure that the health and safety risks to their policyholders, employees, contractors and members of the public which arise from its operations are reduced as far as is reasonably practicable.

COINDU Group Partners must carry out their operations in a safe manner in line with relevant regulation, approved codes of practice and industry best practice and in a way that does not expose any person to the risk of injury or ill health. Accordingly, its chosen contractors or suppliers are expected to demonstrate a clear commitment to Health and Safety Management and that they maintain effective policies and procedures.

The social impact of accidents can be incalculable and may indicate a weakness in health and safety controls and training. Therefore it is considered the incidence of accidents together with reactive monitoring very seriously and required full disclosure of statistics. Suppliers shall then provide their health and safety indicators, risk assessment and associated health and safety improvement plan, if requested.

COINDU Group Partners shall adopt a continuous improvement approach, based on the collection and analysis of occupational incident and accident data and feedback. Suppliers shall also respect worker rights of participating in such activities and health and safety decisions.

COINDU Group believes that employee involvement is critical to the success of an organization and this principle applies as strongly to Health and Safety Management. It is expected that suppliers will have provided training to its employees and anyone else impacted by their activities, where the details may include training in use of work equipment; manual handling; risk assessments; fire safety, emergency response and preparedness; first aid; personal protective equipment and training relevant to the particular health and safety risks relevant to or created by that organization's operations.

COINDU Group Partners should ensure the provision and maintenance of protection equipment, at no cost to the workers. Under the hierarchy of control measure personal protection equipment is deemed the last line of defense and as such must offer the necessary protection against foreseeable hazards.

Potential emergency situations and events shall be identified and evaluated. Their impact shall be minimized by implementing emergency plans and reporting procedures.

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1.8 Harassment

Employees shall not be subjected to disproportionate stringency or treated in an inhumane manner. This includes sexual harassment, sexual abuse, physical reprimand and physical and mental abuse. It also applies to the threat of such treatment.

1.9 Non-Discrimination and Equal Remuneration

COINDU Group Partners must not discriminate against any worker based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, social origin, or marital status in hiring and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, termination and retirement.

2 BUSINESS ETHICS


COINDU Group Partners agrees to comply with all applicable national laws and other regulations in the context of its business operations at any time.

2.1 Integrity - No Corruption, Extortion, Bribery, Fraud and Embezzlement

COINDU Group Partners shall prevent and fight all forms of corruption, extortion, bribery, fraud, embezzlement and improper advantage, and comply with all applicable laws pertaining to these issues.

COINDU Group Partners should not, directly or indirectly, offer, promise, give, demand or accept any bribe or other undue advantage, to COINDU Group employees, public officials or other private or public actors, with the intention to obtain or retain business or any other improper advantage. Suppliers should develop and adopt adequate internal controls, ethics and compliance programs or measures for preventing and detecting bribery. These may include promoting employee awareness of the company policies against bribery and a system of financial and accounting procedures, reasonably designed to ensure the maintenance of fair, transparent and accurate books, records, and accounts.

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Procedures shall be put in place to monitor and implement these requirements in order to ensure adequate compliance with anti-corruption laws.

2.2 Privacy

COINDU Group Partners are expected to put in place appropriate measures to respect privacy, to protect personal data against loss and unauthorized access or use, and to comply with relevant privacy and information security laws and regulations.

2.3 Financial Responsibility (Accurate Records)

The financial reports and financial information provided by COINDU Group Partners to COINDU Group, regulators and other stake holders must be accurate and complete.

The records must provide valuable information for the business and evidence of actions, decisions and obligations.

Procedures and processes must be in place to ensure that underlying transactions are properly authorized and accurately recorded.

Any failure to record transactions accurately, or falsifying or creating misleading information or influencing others to do so, could constitute fraud and result in fines or penalties.

2.4 Disclosure of Information and Protection of Confidential Information

Information on the company's business activities, structure, financial situation and performance shall be disclosed in accordance with the applicable provisions and usual business practices in the sector. The falsification of records and misrepresentation of conditions and practices in the supply chain are not acceptable.

Business secrets and personal information shall only be used to the extent to which they are necessary and permitted and they shall be protected appropriately.

2.5 Fair Competition and Anti-trust

COINDU Group Partners shall strive for fair business practices, and in any case suppliers must comply with all applicable laws and regulations related to fair competition.

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2.6 Avoiding Conflicts of Interest

Decisions shall only be taken on the basis of objective, business-related considerations and not influenced by personal interests.

A conflict of interest exists when an employee or a close relative liable to benefit personally from a transaction involving a company in the COINDU Group. Conflicts of interest shall be addressed by avoiding, identifying and revealing situations where there is an actual risk of conflict of interest in association with COINDU Group employees or their relatives.

2.7 Counterfeit Parts

COINDU Group Partners are expected to 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.

COINDU Group Partners are also expected to establish effective processes to detect counterfeit parts and materials and, if detected, quarantine the materials and notify the Original Equipment Manufacturer (OEM) customer and/or law enforcement as appropriate.

COINDU Group Partners are expected to confirm that any sales to non-OEM customers are compliant with local laws and those products sold will be used in a lawful manner.

2.8 Intellectual Property

Intellectual property rights shall be respected; transfer of technology and knowhow must be done in a manner that protects intellectual property rights.

2.9 Export Controls and Economic Sanctions

Applicable legislation and regulations relating to export and import control as well as customs shall be adhered to.

2.10 Protection of Identity and Non-Retaliation

COINDU Group Partners shall adopt Programs that ensure the confidentiality, anonymity and protection of supplier, employee and denunciators are to be maintained, unless prohibited by law. Participants should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

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2.11 Responsible Procurement of Raw Materials

The COINDU Group Partners shall adopt appropriate measures which ensure to the best of its knowledge and belief that raw materials used in the manufacture of its products (tantalum, tin, tungsten, gold, etc.) do not directly or indirectly serve as means to finance or support armed groups that commit serious human rights violations.

The COINDU GROUP Partners shall exercise due diligence with respect to the origin and chain of custody of such minerals and shall disclose these precautionary measures to COINDU GROUP upon request.

3. ENVIRONMENT

3.1 Environmental Policy

COINDU Group Partners shall not only comply with all environmental laws and regulations, but also implement measures contributing to the protection of the environment. Therefore, they should strive to minimize the adverse environmental impact of their products and services during the whole product life cycle: conception, development, production, transport, use and disposal or recycling. To this end, we encourage the suppliers to be ISO 14001 certified or equivalent.

3.2 Innovation & product life cycle

COINDU Group is attentive to bringing to market, in all countries, automotive components with better standards of environmental performance and endeavors to research and promote innovative technical solutions contributing toward this. Consequently and if applicable, Suppliers commit to adopt a voluntary policy in the field of research in order to develop its products to achieve an ever-higher standard in terms of respect for the environment.

Suppliers are expected, not only to consider the environmental impacts of their products during their design phase, but also in their production & procurement processes as well.

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3.3 Energy Consumption and Greenhouse Emissions

COINDU Group Partners shall promote the development of technologies limiting CO2 emissions as well as energy saving and recycling solutions, and implement logistic strategies that minimize environmental impact.

3.4 Water Quality and Consumption

COINDU Group Partners should define goals and targets to reduce water consumption, based on management policy commitments; Suppliers should promote the monitoring of consumption, in the various activities developed by Production - Service Centers. Training, information and awareness about water consumption to workers, must be provided. A constant search for new methodologies and/or equipment that, in terms of services provided and production support activities, allow for lower water consumption and, consequently, less wastewater production should be promoted.

3.5 Air Quality

COINDU Group Partners should commit with all the air quality laws that govern the emission of air pollutants into the atmosphere. A specialized subset of air quality laws regulate the quality of air inside buildings. Air quality laws are often designed specifically to protect human health by limiting or eliminating airborne pollutant concentrations.

COINDU Group Partners should participate in initiatives designed to address broader ecological problems, such as limitations on chemicals that affect the ozone layer, and emissions trading programs to address acid rain or climate change.

3.6 Natural Resources Management and Waste Reduction

COINDU Group Partners should be focus on reducing the use of raw materials and resources like energy and water as well as to eliminate the waste produced by all its activities. This goal will be achieved through the improvement of production, maintenance and cleaning processes, modes of conservation and transportation, as well as the substitution, re-use and recycling of materials, design, process changes, innovations, etc.

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3.7 Responsible Chemical Management

COINDU Group Partners shall respect all applicable national laws and regulations and customer specifications regarding the prohibition or restriction of specific substances. This includes mandatory labeling for recycling and disposal.

Chemicals and other materials, that pose a hazard to the environment if released, shall be identified and managed in such a way that ensures their safe handling, transport, storage, use and recycling or disposal.

Products or parts bought by COINDU Group to suppliers, whether they are standard or specifically developed by the suppliers for COINDU Group, must not contain any product, material or substance prohibited by the legislation or regulations applicable in the Suppliers' countries, the European Union and, more generally, in all of the countries in which these supplies, products or parts are used and should be validated beforehand by COINDU Group. Therefore suppliers must address the European REACH procedures or its national/international equivalent. COINDU Group may also, in some cases, ask its suppliers to provide disclosure on the use and provenance of certain substances and materials for legislation and regulations compliance purpose. As an example, to be compliant with US Conflict minerals legislation, suppliers could have to disclose whether the products they manufacture or contract to manufacture contain "conflict minerals", which means minerals that directly or indirectly finance or benefit armed groups in specific countries.

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By signing this document the COINDU Group Partners agrees to act responsibly and to adhere to the stated principles.

We also confirm to ensure the adherence to these principles by our suppliers and service providers.

COINDU Group Partner:

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Company stamp	Place Date
.....
(1st signature)	(2nd signature - optional)
.....
(Name in block letters)	(Name in block letters)
.....
(Department / Function)	(Department / Function)