



#guandongitalia

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Mr MAGNUS
A Guandong Italia division

CODE OF CONDUCT

FOR BUSINESS PARTNERS



Guandong Italia Srl

Code of Conduct for Business Partners

Guandong Italia's sustainability requirements
in business partner relationships

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1. Introduction

The following requirements define the expectations of Guandong Italia Srl ("Guandong" or "Company") regarding the attitude and conduct of business partners in their business activities, with particular reference to suppliers and sales partners. These requirements are considered the basis for successful business relations between Guandong and its partners. Guandong not only produces and markets high quality products; it does so in a way that reflects Guandong and its companies' commitment to conducting their business in full compliance with applicable laws and is guided by integrity and honesty, in compliance with the expectations of the entire Elvi Holding Group, which Guandong is a part of. In general, Guandong supports and encourages sustainable business practices, as specified in the following paragraphs. Sustainability significantly contributes to the success of any company and to safeguarding its future development, and it is an integral part of Guandong's supply strategy and supplier development. Guandong expects similar behaviour from all third parties with whom it interacts as a business partner, in particular Guandong suppliers, and especially with regard to human rights, health and safety in the workplace, environmental protection and the fight against corruption. These sustainability requirements for business partners are based on national and international provisions and conventions, such as the principles of the UN Global Compact, the UN Guiding Principles on Human Rights and Business and the relevant conventions of the International Labour Organisation (ILO). The Guandong Code of Ethics and the Organisation and Management Model adopted by Guandong pursuant to Legislative Decree 231/2001 (to which the Code of Ethics is attached), already set out Guandong's guidelines and principles. This Guandong Partner Code of Conduct ("the Code") specifies and encourages the continuous implementation of the Guandong Code of Ethics, establishing several minimum standards that Guandong requires its suppliers – including their employees, agents and subcontractors who are responsible for educating suppliers – to respect and adhere to when conducting their business. Please note that if a Guandong business partner is a party to a contractual agreement in the role of a contractor, Guandong also requires said contractor to fulfil all obligations for contractors and subcontractors provided for under applicable law.

2. Objective and motivation

Our goal is to maintain a competitive advantage through the quality and lasting value of our products and services, as well as through our successful sustainable business activities. Our company's long-term success also depends on how quickly we identify risks and opportunities, as well as on the fact that we consistently respect laws, regulations, ethical principles and our voluntary commitments. Not only do we set high standards within Guandong, but we also work to ensure compliance with these standards throughout the value chain. This approach is based on the recognition of the simple fact that responsible conduct and commercial success are not mutually exclusive, but mutually beneficial. We not only expect this understanding and approach from all our employees, but also from all our business partners. Our business partners convey these principles and the obligations they entail to all their employees and business partners. They can also establish additional rules.

3. Cooperation

Our business partners are an integral part of the Guandong brand's commercial success and therefore that of the ELVI Holding Group to which it belongs. Partnerships create long-lasting and mutually beneficial business relationships. The Group therefore focuses on working closely with its business partners. By establishing sustainability requirements, we are aware of our responsibility for the economic, ecological and social impact of our actions. We also expect this of our business partners, particularly with regard to human rights, health and safety in the workplace, environmental protection and the fight against corruption.

4. Scope of application

The following sustainability requirements apply to all business relationships between Guandong and its business partners, and consequently to their respective business activities. This Code therefore applies to all Guandong suppliers, with the aim of strengthening a mutual understanding of how sustainability should be practiced in daily activities. Guandong expects its suppliers to continuously strive to improve the efficiency and sustainability of their activities. Furthermore, business partners must take appropriate measures to ensure that these requirements are also met by their own business partners and throughout the supply chain.

5. Requirements

5.1 Environmental protection

Guandong produces and markets high quality products and is responsible for continuously improving the environmental compatibility of its products and services, as well as for reducing the demand for natural resources throughout their life cycle, at the same time taking economic factors into account. Business partners must comply with all the applicable environmental laws and regulations in all the countries they operate in. The following procedures and standards are binding for suppliers:

- The Guandong Environmental Policy;
- The R&D department's environmental objectives;
- The specifications in the instructions for all standard components

Furthermore, the ELVI Holding Group, which Guandong is part of, expects all of its business partners to observe and comply with the following:

The creation and application of environmental management systems:

Environmentally oriented management is one of the main objectives of company policy. Therefore, Guandong requires all business partners with relative risk profiles to have an appropriate environmental management system. Guandong expects business partners operating production sites with more than 100 employees to have environmental certification according to international standards. The ELVI Group and Guandong recommend that business partners adopt an active approach to environmental challenges and avoid damage to the environment and health. Business partners must address ecological challenges with due care and foresight. The development and dissemination of environmentally friendly technologies is encouraged. Suppliers are expected to improve the environmental performance of their products and services by setting targets and monitoring key environmental performance indicators. Impacts on environmental and occupational health must be avoided or minimised in all activities throughout the life cycle of products and services. In particular, business partners should undertake to minimise air pollution emissions that pose a risk to the environment and health, including greenhouse gas emissions. In order to improve the key environmental performance indicators for products and services, suppliers should provide for the proactive management of the most important environmental indicators, including the reduction of greenhouse gas emissions throughout the entire supply chain. Resource-efficient products and processes: The efficient use of energy, water and raw materials, the use of renewable resources and the minimisation of damage to the environment and health, must be taken into account in the following stages: development; raw material extraction; production; the useful life of the product; recycling; and in other activities. The registration, evaluation and restricted substances and materials: Business partners should avoid the use of substances and materials that have a negative impact on the environment or health. To this end, business partners must find alternative environmentally friendly solutions that are effective in the long term. Business partners are required to register, declare and, where appropriate, obtain approval for substances according to the legal requirements in their respective markets.

Waste and recycling:

Waste prevention, the reuse of resources, recycling and the safe and environmentally friendly disposal of waste, chemicals and waste water, must be taken into account in the following stages: development; production; product life cycle and subsequent recycling at the end of life; and in other activities.

Quality and safety:

At the time of delivery, all products and services must meet the contractually agreed quality and safety criteria, and must be safe for their intended use.

5.2 Employees' human and labour rights

Guandong considers respect for internationally recognized human rights to be the basis of all business relationships. Our business partners must undertake to respect the rights of employees and other shareholders, and to treat them according to the rules of the international community.

No slavery or human trafficking:

Business partners do not tolerate any intentional use forced or compulsory labour, as well as all forms of modern slavery and human trafficking. There is no forced labour or involuntary prison labour. Employment relationships are entered into on a voluntary basis and may be terminated at the employee's discretion within a reasonable notice period.

No child labour and the protection of young employees:

Child labour is prohibited. The minimum age for employment established by state regulations must be respected. The International Labour Organization (ILO) Convention C138 applies in the absence of such state standards. Under this Convention, no child under the age of 15 may be employed to work directly or indirectly, except in the cases provided for in Articles 6 and 7 of the Convention. Business partners must ensure that young employees under the age of 18 do not work overtime or night shifts, and that they are protected from working conditions that may harm their health, safety, morality or development. No discrimination or harassment: Business partners refuse to accept all forms of discrimination and harassment. Business partners should not discriminate against employees, for example on the basis of ethnic origin, skin colour, sex, religion, nationality, sexual orientation, social background, age, physical or mental limitations, marital status, pregnancy, trade union membership or political affiliation, in so far as this is based on democratic principles and tolerance of those who have a different opinion. In general, employees are selected, hired and supported based on their qualifications and skills. Business partners are committed to ensuring a harassment-free working environment. They promote a social environment that is conducive to respect for the individual. Business partners undertake to ensure that employees are not subjected to inhumane physical or psychologically treatment, physical punishment, or threats.

Remuneration and benefits:

The remuneration and benefits paid or received for a normal workweek will correspond to at least the minimum guaranteed and legally valid. In the absence of statutory provisions or collective bargaining agreements, they must be based on local industry-specific and customary remunerations and benefits, which ensure an adequate standard of living for employees and their families.

Working hours:

The business partner shall ensure that the working hours correspond to at least the respective national legal requirements, or minimum standards of the respective national economic sectors. In the absence of legal requirements or minimum standards, the ILO international standard is a maximum of 48 hours of work per week with a rest period of at least 24 consecutive hours every seven days. According to the ILO, a maximum of 12 hours of overtime can be done every week, temporarily and in the event of an emergency, such as urgent repair work.

Occupational health, safety and fire safety:

Guandong's business partners must comply with national legislation on health and safety in the workplace and fire safety. Occupational health and safety measures shall not involve any expenditure for employees (ILO Convention 155). Furthermore, a process must be established to enable the continued reduction of occupational health risks and the improvement of health, safety and security in the workplace.

To this end, business partners must in particular:

- Inform employees of identified hazards and the relative preventive and corrective measures put in place to minimise them. Information must be available in the languages of all employees.
- Provide employees with sufficient training on the prevention of work-related health issues, the prevention of accidents in the workplace, first aid and fire safety.
- Provide appropriate protective equipment and clothing free of charge.
- Install appropriate fire protection devices, such as fire detectors and fire extinguishers.
- Monitor and control work-related health hazards and associated protective measures.
- Provide appropriate emergency plans, firefighting equipment and first aid supplies for first aid in the event of an accident, and arrange appropriate transport for further treatment of the injured person.
- Ensure an adequate number of emergency exits, escape routes and emergency assembly points, identified with sufficient signs. In the event of an accident in the workplace, despite all the efforts of the business partner, first aid must be provided in accordance with the country's specific provisions.

Working and living conditions:

Business partners provide employees with bathrooms and drinking water in accordance with national laws, regulations and standards. All facilities for the consumption, preparation and preservation of food must be hygienically safe.

5.3 Business transparency

Guandong and its business partners are responsible for their actions and their choice of business partners. Guandong therefore conducts risk-based integrity due diligence on its business partners. Guandong's business partners act with integrity and protect the Company's reputation. They, in turn, shall endeavour to ensure that they only maintain business relationships with properly monitored business partners that act in compliance with rules and regulations. They take appropriate action to resolve any identified breaches and prevent them from happening in the future.

Avoid conflicts of interest:

Guandong's business partners make decisions based solely on objective criteria and are not influenced by financial or personal interests or relationships.

Corruption is prohibited:

Guandong and its business partners do not tolerate corruption and will take action against it. Guandong therefore supports national and international efforts to not to influence or distort competition through corruption. Guandong requires its business partners to refuse and prevent all forms of corruption, including so-called facilitation payments (payments for officials to accelerate the performance of routine activities). Business partners must ensure that their employees, subcontractors and agents do not grant, offer or accept bribes, kickbacks, facilitation payments, improper donations, or other improper payments or benefits to or from customers, officials or other third parties.

5.4 Good business conduct

Fair competition:

Business partners respect fair and free competition. This is why Guandong requires its business partners to comply with current competition and antitrust laws. In particular, they must not enter into anti-competitive agreements or arrangements with competitors, suppliers, customers or other third parties, and they must not abuse any dominant position on the market. Business partners must ensure that there is no exchange of competitively sensitive information, or any other inappropriate behaviour that limits or may potentially limit competition.

Import and export controls:

Business partners strictly comply with all applicable laws for the import and export of goods, services and information. Furthermore, in particular they will comply with the so-called Sanction Lists, which contain, for example, a list of countries subject to embargoes or natural persons subject to restrictions in international transactions.

Money laundering:

Business partners guarantee compliance with the legal provisions in force against money laundering.

Protection of confidential information:

Business partners must use and protect all information appropriately. Furthermore, data must be managed in accordance with their classification. Business partners must ensure that sensitive data is properly collected, processed, stored and deleted. The business partners' employees are under a duty to keep company secrets confidential. Confidential content may not be published, transmitted to third parties, or made available in any other form without the necessary permission. The processing of all personal data relating to employees, customers and business partners (e.g., acquisition, storage, collection, use, making available) must take place in accordance with current data protection laws.

5.5 Duty of care to promote responsible raw material supply chains

Our suppliers are required to comply with their due diligence obligations regarding relevant raw materials. This includes the implementation of measures to identify risks – in relation to, among other things, the direct or indirect financing of armed conflicts and serious human rights violations, including child labour, forced labour and slavery – and to take appropriate measures to minimise said risks. This also includes suppliers' continued commitment to improve transparency throughout the upstream supply chain. These due diligence requirements are an extension of the aforementioned sustainability requirements relating to environmental protection, employees' human rights and labour rights, the transparency of business relationships and fair market behaviour, which are an integral part of the due diligence process.

5.6 Integration of sustainability requirements into organisation and processes

Guandong expects business partners to integrate the values that are anchored to these sustainability needs into their daily business, through structured and competent management. Management must identify and evaluate legal and other requirements and train employees to ensure compliance with those requirements.

Declaration of principles:

Guandong recommends that business partners create a corporate declaration of principle (such as a code of conduct) that defines their commitment to social, ethical and ecological standards. This declaration must be drawn up in all the languages necessary for all of the business partner's employees to understand its contents.

Documentation:

In accordance with that required by law, business partners must keep relevant documents and notes to ensure compliance with regulations. This includes registering necessary permits and licenses. Training: Business partners must develop training programmes to improve the establishment of guidelines, the implementation of processes and the communication of the expectations they have of their employees. Business partners must train their employees continuously and encourage them to act according to rules and regulations.

Responsibilities:

Guandong recommends that business partners appoint a sustainability officer or someone similar to report to the management of the respective business partner. This person must develop and implement sustainability objectives and measures within the company and ensure compliance with the code of conduct.

Handling Misconduct:

Guandong expects that the business partner's employees will be able to raise issues of non-compliance with the requirements set out herein.

6. The Guandong Italia verification of compliance with the requirements

Guandong reserves the right to use appropriate means to verify compliance with these requirements. Said verification may take the form of questionnaires or involve sending experts onsite. An onsite verification is only carried out after notification of non-compliance and in the presence of the business partner's representatives, during normal business hours and in compliance with applicable laws, in particular with regard to the protection of personal data. The onsite verifications/audits described above may also take place prior to entering into a partnership with a business partner, and are therefore mandatory for the contract. Any non-conformity to sustainability requirements in a supplier's supply chain, will be assessed by the supplier within a reasonable period of time; the supplier is responsible for resolving said non-conformity at no additional cost to Guandong.

7. Reporting methods and points of contact for reporting misconduct

Misconduct must be identified, documented and corrected immediately to protect the Guandong brand, its employees and its business partners. This requires vigilance on everyone's part and the willingness to draw attention to any serious regulatory violations on the basis of concrete evidence. We also appreciate such information from business partners, customers and other third parties. Guandong's regulatory violation reporting system is responsible for reporting serious regulatory violations and violations of the law committed by the Group's employees. In particular, types of violations that significantly damage the reputation or financial interests of the ELVI Group or one of its companies. The reporting system is a fair and transparent procedure that protects the company, the people involved and the whistleblowers. The system is based on rapid standardised processes and the confidential and professional reporting of internal experts.

- If there is concrete evidence of potential misconduct by the Group's employees or business partners when collaborating with the Group or any of its companies, please report it to Guandong's regulatory violation reporting system. If there is concrete evidence of potential misconduct by a supplier's employees, please report it via email

8. Legal consequences of violations of the listed requirements

Guandong believes that compliance with the requirements set out herein is essential for its business relationships. In the event that one of Guandong's business partners fails to comply with these requirements, the Company reserves the right to take appropriate legal action. Guandong may decide it is willing to forgo said consequences and take alternative action, if the business partner is able to credibly assure and demonstrate to Guandong that it has implemented immediate countermeasures to prevent similar violations in the future.

9. Contractual obligations

In cases where obligations have been agreed with the business partner under individual contracts that deviate from the principles of this document, these divergent obligations shall prevail.

Milan, 5 April 2022

Board of Directors – Guandong Italia Srl



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Quality
Excellence
Future Vision




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