



# **Sustainable Procurement Policy**



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## INTRODUCTION

The Brembo Group, aware of its role as a market leader and global innovator, has chosen to commit to the 2030 Agenda and promote a **Sustainability culture**.

Brembo recognises the importance of ensuring **responsible and sustainable procurement** for the achievement of the objectives it has signed up to, this is why over the past few years, the Group has defined a structured process for managing its suppliers, requiring them to:

- comply with regulatory requirements, laws and standards and ensure respect for human rights;
- protect the health and safety of its employees and the community;
- adopt responsible environmental protection policies through the LifeCycle Assessment (LCA) principle;
- meet Quality requirements and respond to different needs in a timely and flexible way;
- promote innovation and the search for improved technical solutions;
- protect the security and integrity of the data and information exchanged that they use and store;
- ensure the Competitiveness required by our target market through a LifeCycle Cost (LCC) approach.

This Policy affirms the Brembo Group's commitment to the described objectives and will be regularly updated to ensure relevance, compliance and adherence to the initiative.



## POLICY OBJECTIVE

This Sustainable Procurement Policy (hereinafter also "Policy") aims to promote sustainable and responsible procurement practices throughout Brembo's supply chain.

In this sense, the **Brembo Group (hereinafter also "Brembo")**, which has always been committed to adopting the principles and standards detailed in this document, also requires its Suppliers to acknowledge and adopt the same and to ensure compliance with them throughout the entire supply chain (i.e. Sub-Suppliers).

**Compliance with and signing this Policy is a necessary condition for establishing and maintaining a business relationship with the Group. Any breach of this Policy shall entitle Brembo to terminate the business relationship.**



## FIELD OF APPLICATION

This Policy applies to all Brembo's Suppliers in all countries in which the Group operates.



## REFERENCE DOCUMENTS

This Policy should be read in conjunction with the following documents, which set out the principles and values by which the Group is guided:

- Code of Ethics;
- Organisation, Management and Control Model pursuant to Legislative Decree 231/2001;
- Code on basic working conditions;
- Group Policy on Occupational Health and Safety;
- Anti-Corruption Code of Conduct;
- Brembo's non-discrimination and diversity policy;
- Group Environment and Energy Policy;
- Annual statement under the Modern Slavery Act 2015.



## REGULATORY CONTEXT

This Policy is based on the values set out in Brembo's Codes of Conduct, which are inspired by the principles contained in the United Nations Universal Declaration of Human Rights (which Brembo supports in all its areas), the ILO Tripartite Declaration of Principles on Multinational Enterprises, the ILO Social Policy, the OECD Guidelines for Multinational Enterprises and refers to the internationally recognised principles of the ISO 20400 Standard.

**Suppliers are required to comply with the regulations and standards in force in the countries where they operate. Where local regulations are less stringent than the principles contained in this Policy, the Suppliers undertake to adopt, within a reasonable period of time, the necessary measures to comply with the principles and conduct defined in this Policy and detailed below.**



## LABOUR AND HUMAN RIGHTS

In line with international standards and with a view to social protection and sustainability, to prevent and/or avoid that its activities may cause or contribute to human rights violations, Brembo also requires its Suppliers:

- **not to use child labour**. They must not, under any circumstances, employ anyone under the age of 15, unless it is on a vocational traineeship, training or apprenticeship programme authorised by the government and of real benefit to the person participating;
- not to use **any form of forced labour**. They must not tolerate the use of any disciplinary practice involving the use of physical and psychological violence and must oppose any form of human trafficking and modern slavery;
- to recognise, respect and fully guarantee **the right to work and to free association** of their employees in all establishments and apply forms of collective bargaining where regulations and/or the social system provide for them.



Suppliers must work constructively with their employees, or any organisation representing them, to promote their best interests. Suppliers must try to create opportunities to listen to their employees' issues;

- **not to tolerate any form of harassment and/or discrimination** based on gender, minority, political opinion and religious belief, age, ethnicity, marital status, family status, disability and any other personal condition, and must recognise and **promote the positive value of diversity**;
- to comply with the applicable rules on the regulation of **working hours**;
- to promote the material well-being of their employees as much as possible. **Pay** and **allowances** must be paid in accordance with the regulations in force;
- to commit themselves to consider local populations and communities as major stakeholders in any type of community project they plan to implement. Suppliers undertake to openly share their community projects with all those recognised as stakeholders.



Ethics

## ETHICS

- As stated in the **Anti-Corruption Code of Conduct**, Brembo does not condone any form of corruption and is committed to complying with the anti-corruption laws in force in all countries in which it operates. It therefore requires that Suppliers also act with transparency and integrity, complying with the anti-corruption regulations in force in all countries where they operate.
- **Any form of corruption, incitement to commit a crime, extortion** and embezzlement **is strictly prohibited**. Suppliers must not offer, promise, pay, request money directly or indirectly (by means of bribes and/or gifts and inducements in money or other benefits), in order to obtain an undue advantage, in cases where the undue advantage is offered either directly or through an intermediary.
- **Fair competition** is a fundamental prerequisite in creating business success, achieving positive financial performance and generating value for shareholders. Suppliers must act in accordance with the **competition, antitrust and trade regulations** applicable in each country in which they operate. All forms of



agreements in conflict with competition are strictly prohibited, as are business practices in breach of antitrust rules;

- Suppliers must **report any conflicts of interest** relevant, actual or potential, in the performance of their activities. A conflict of interest exists when a personal interest or activity interferes or could interfere with the business relationship with Brembo;
- Suppliers must **firmly oppose all forms of money laundering** and take measures to ensure that each economic and financial transaction is correctly traced and its transparency guaranteed. This is to enable the identification of the origin of the assets and/or money of each business transaction and thereby prevent their financial transactions from being used by third parties to launder money;
- Suppliers must **respect the intellectual property rights of third parties** and protect the information and personal data of their customers;
- The adoption of a **Code of Conduct** and a periodic audit of its application are strongly recommended.



## QUALITY

Brembo promotes the **continuous improvement of its Suppliers' performance** and their involvement in product innovation processes, with a view to strategic partnerships.

To guarantee the maximum safety and quality of its products, Brembo is committed to involving suppliers from the earliest stages of project development, adopting a preventive and proactive approach that allows it to foresee and resolve any critical issues identified.

In particular, to pursue its Quality Policy, Brembo requires Suppliers to have a certified **Quality Management System**. Brembo's objective is for all Suppliers of direct materials, services and/or product-related services to be at least ISO 9001 certified, with the ultimate goal of achieving IATF 16949 certification, obtained from accredited certification bodies. Brembo manages all direct material Suppliers in compliance with the requirements contained in these standards. In addition, for Suppliers of mechatronic components, the ISO 26262 and ASPICE standards are also a reference model for managing the product development and realisation phases.



## OCCUPATIONAL HEALTH AND SAFETY

As set out in the **Group's Occupational Health and Safety Policy**, Brembo considers the protection of occupational health and safety a key principle of its activities and way of doing business. It therefore requires Suppliers to define and maintain **Occupational Health and Safety Policies** to provide safe and healthy working conditions for their employees in compliance with applicable legal requirements. In particular:

- Suppliers are required to implement the principles of **Management Systems** which, inspired by ISO 45001 (or equivalent), promote continuous performance improvement;
- Suppliers undertake to disseminate and consolidate a **safety culture** that promotes responsible behaviour on the part of workers;
- if a production process has been outsourced to the Supplier, the latter undertakes to adopt the applicable legislation and to eliminate, where possible, hazards to the health and safety of workers, and to assess residual risks, implementing solutions to reduce them to a minimum level;
- in particular, those Suppliers who carry out their activities at Brembo sites are required to adopt **Brembo's Health and Safety Standards**.





## ENVIRONMENTAL PROTECTION

As set out in the **Group's Environment and Energy Policy**, Brembo fully adheres to the principles of sustainable development by committing to minimising the consumption of non-renewable resources and keeping the consumption of renewable resources within the limits of their replenishment. The contribution of the entire supply chain is a fundamental and indispensable factor in pursuit of this goal.

One of Brembo's priorities is **the reduction of CO2 emissions during the entire product life cycle**. To reduce the impact of the Supply Chain on the carbon footprint of its products, Brembo requires willingness and transparency from Suppliers in terms of disclosure of emissions resulting from business processes and upstream activities and a commitment to implement effective measures to reduce direct and indirect CO<sub>2</sub> emissions. In addition, to minimise **the environmental impact of their production activities**, Suppliers must:

- develop and maintain an **Management System** ISO 14001-compliant environment, preferably by obtaining third-party certification;
- commit to **optimising the use of natural resources to reduce harmful emissions to the environment**, which are responsible for the "greenhouse effect";
- design products and processes that minimise impacts on the environment during their life cycle, with particular regard to **water resources** - for which consumption must be progressively reduced and any form of contamination avoided - and **the use of energy** the generation of which is responsible for climate-altering emissions;
- progressively reduce the use of energy from fossil sources by favouring on-site self-generation projects and the supply of energy from renewable sources;
- suggest to Brembo **the adoption of alternative products and processes** that improve the environmental impact during their life cycle, such as, for example, materials of secondary origin with a view to the circular economy;
- manage in an appropriate way, in accordance with current regulations, the **treatment and disposal of waste** reducing as much as possible the production of waste for disposal in landfills in favour of recoverable waste;
- **avoid the use of hazardous substances** (e.g. CMR-Carcinogenic Mutagenic and Reproductive Toxic substances) wherever technically possible and, when their substitution is not feasible, manage them in accordance with applicable regulations,



not only with regard to the place of production, but also to the destination place of the products (e.g: Regulation (EC) No. 1907/2006 - REACH and subsequent updates);

- adopt **optimised logistics procedures** and encourage the use of transport means that minimise impacts on the environment;
- **encourage their supply chain** to minimise environmental impacts in line with the commitment that Brembo has made for itself and that it demands of its Suppliers.



## **USE OF MATERIALS CRITICAL FOR ENVIRONMENTAL AND SOCIAL IMPACT**

Brembo is committed to purchasing raw materials and components from Suppliers and business partners able to demonstrate respect for human rights in the conduct of activities along its supply chain.

Therefore, for supplies to the Group, it requires its Suppliers to declare the presence and origin of materials such as:

- **Conflict Minerals**: 3TG, i.e. Gold, Tantalum, Tin and Tungsten and their derivatives such as coltan, cassiterite, wolframite.
- Cobalt and Mica.

To this end, Suppliers must conduct a thorough investigation of their Supply Chain in accordance with the provisions of the **OECD Guidelines** ([www.oecd.org](http://www.oecd.org)), which specifies the requirements in terms of due diligence on the matter and in line with the relevant regulations.

The Group may require its Suppliers to remove from their supply chain smelters/refiners considered non-compliant under the Responsible Minerals Assurance Process (RMAP) Protocol.



Brembo also reserves the right to request from Suppliers the presence and origin of other materials that are critical in terms of environmental and social impact, in accordance with relevant regulatory developments and in fulfilment of customer requests.



## INFORMATION SECURITY

Brembo considers information security an indispensable factor for the protection of its own assets and those of its stakeholders, as well as a factor of strategic value that can be translated into competitive advantage.

For this reason, Brembo operates in compliance with industry security standards (e.g. ISO 27001, Tisax) and is constantly striving to increase its level of maturity through the implementation of measures, both technical and organisational, necessary to best guarantee the integrity, confidentiality and availability of its own information assets and those of its Customers, Partners, Suppliers and Employees.

Therefore, to ensure that Information is protected throughout the Supply Chain, Brembo asks its Suppliers to:

- process the information provided by Brembo in an appropriate way and implement administrative, physical and technical controls that are no less stringent than Industry standards, in particular ISO/IEC 27001:2013 and other applicable information security standards;
- at the very least, include the following in the above-mentioned checks:
  - the securing of company facilities, paper archives and computer equipment;
  - the protection of the transmission, storage and disposal of information;
  - the implementation of access and authentication controls;
  - the segregation of Brembo's confidential information from that of other customers and suppliers;
  - the provision of appropriate Information Security training to their employees;
  - the control of the copying and printing of Brembo's information.



- the implementation and maintenance of additional security controls as agreed between Brembo and the Supplier;
- the notification to Brembo, as soon as possible, of breaches of Information Security and the making of every effort to resolve such breaches immediately and prevent future security breaches.



## TRAINING

Brembo undertakes to adequately train its employees on the principles referred to in this document and encourages all Suppliers to disseminate these principles through appropriate training of their employees and their own Suppliers.



## REPORTING VIOLATIONS

Suppliers are obliged to **promptly report** to Brembo any **violations** of the principles listed in this Policy by their employees:

- Brembo employees are also required to report any conduct contrary to the aforementioned principles in the context of the supply relationship. These reports should be made to the following email address: [Organismo Vigilanza@brembo.it](mailto:Organismo_Vigilanza@brembo.it). Brembo guarantees the confidentiality of the identity of anyone who makes a report in good faith and of anyone who takes action in violation of this Policy;
- Suppliers also undertake to maintain the documentation and/or information necessary to substantiate the above reports. Brembo also reserves the right to verify such documentation should it deem it necessary.



## MONITORING AND CORRECTIVE ACTIONS

Brembo shall request information from its Suppliers on the aforementioned matters by means of specific questionnaires/surveys and reserves the right to carry out checks by means of audits conducted by Brembo personnel and/or third parties, subject to appropriate notification, on the matters covered by this Policy.

In case of non-compliance, Brembo:

- will require Suppliers to prepare and subsequently implement a **Non-Compliance Recovery Plan**;
- will carry out documentary checks and/or additional **Audits** to ascertain the effective implementation of the above recovery plans, subject to prior notification.

In the event that the Supplier **violates the principles** of this Policy, **does not contribute actively** to provide the requested information, or, should they be found **not to be in compliance** and not to have implemented appropriate **improvement plans**, Brembo reserves the right to precautionary suspension and/or early termination with immediate effect of any business relationship, as well as the right to take action for compensation for any loss, damage, expense or other costs incurred as a result of any breach and/or conduct on the part of the Supplier.

The Brembo Codes of Conduct and Corporate Social Responsibility Policies mentioned in this document can be found at the following links:

- <http://www.brembo.com/it/company/corporate-governance/codici-di-condotta-e-policies>
- <http://www.brembo.com/it/sostenibilita/corporate-social-responsibility>
- [https://www.brembo.com/en/Varie/tabelle%20CSR/Group%20Environment%20%20Energy%20Policy\\_ENG.pdf](https://www.brembo.com/en/Varie/tabelle%20CSR/Group%20Environment%20%20Energy%20Policy_ENG.pdf)



## SUPPLIER'S COMMITMENT

By signing the "Commitment Form" set out below, the Supplier acknowledges having read and accepted all the principles, terms and conditions contained in this Policy for the supply of goods and performance of services for Brembo Group Companies.

The "Commitment Form" must be signed by a Legal Representative of the Company.

## COMMITMENT FORM

Legal company name:.....

TAX ID:.....

Address:.....

Name and surname of the

signatory:.....

Role of the signatory:.....

Date:.....

Signature:.....

