



Supplier Code
of Conduct
Bonfiglioli Group



A message from our Chairwoman

We are pleased to introduce the Supplier Code of Conduct of the Bonfiglioli Group. The Bonfiglioli Group is a dynamic and vibrant entity that, through its 25 subsidiaries and its network of distributors, boasts a global presence in 82 countries and operates in a multicultural working environment, with a wide range of skills. The Group's industrial development has been shaped by a profound commitment to sustainability and social responsibility.

We have always been committed to upholding the values of innovation, excellence, and sustainability, passed down by our Founder, not only through a deep-rooted connection with local communities and Italian traditions, but also through our dedication to the well-being of the people and places in which we operate.

The foundation of our success lies the relationships we have built with our suppliers, which are based on transparency, mutual trust, and shared values.

We believe that the integrity of business practices, respect for human rights, and environmental stewardship are crucial in setting goals throughout the supply chain. Incorporating these principles into our business strategies not only enhances value but also strengthens the competitive advantage for all stakeholders.

We trust that this Code will serve as a guiding framework for establishing positive relationships and collaborative strategies with our suppliers, in the knowledge that responsible and sustainable business management is vital at every level of the supply chain.

Lucia P.





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1. Introduction

A leading player in several markets, the Bonfiglioli Group specializes in designing, manufacturing, and distributing a comprehensive range of gearmotors, electric motors, planetary gearboxes, and inverters, which cater to most complex needs of the industrial automation, mobile machinery, and renewable energy sectors. Our business units provide complete solutions that cater to a broader range of industries and applications than any other gearbox manufacturer.

Innovation, excellence and sustainability are the drivers in which the Bonfiglioli Group continues to invest in, both as a company and as a team. These drivers also represent a guarantee of the quality of the products and services offered to our customers.

Our primary objective is to develop a sustainable business, with a low environmental footprint and positive social impact. We consider social responsibility to be a fundamental duty, and, to this end, we have created a Corporate Social Responsibility committee that is required to produce an annual Sustainability Report. As a socially responsible enterprise, the Bonfiglioli Group's operations are consistently guided by Environmental, Social, and Governance (ESG) indices. These indices are increasingly being used by the finance sector, analysts, and rating agencies to evaluate and compare the performance of companies in the financial market. Our Group Companies recognize that the ESG rating is a key driver in the development and consolidation of sustainable business models. They are also dedicated to managing and reporting on all ESG aspects, recognizing this as a valuable opportunity to improve their sustainability performance, and define specific action plans.

The governance instruments that the Bonfiglioli Group has adopted to achieve high levels of quality include various certifications such as ISO 9001 - Quality Management System - and, for the main production plants, the certification of the safety (ISO 45001) and environmental (ISO 14001) management system. Some plants of the Group have also adopted the ISO 50001 - Energy Management System certification.

In accordance with the Group's Code of Ethics and our commitment to integrating social responsibility into our everyday activities, we recognize the importance of working closely with our supply chain. This collaboration is crucial for maintaining the highest ethical standards and fostering sustainable business growth.

To support this goal, the Group has chosen to implement a Supplier Code of Conduct (below "the Code"). This Code sets out ethical principles and rules of conduct that supplement the legal, regulatory, and procedural framework governing the business relationships between the Group and our partners.

2. Addressees and Scope of application

The Addressees of this Code are the Group's suppliers (below the "Addressees").

The Addressees are responsible for ensuring their own compliance with the Code, disseminating and requiring compliance with this Code by their employees, suppliers, external collaborators and other parties that are part of the supply chain for the Group.

To confirm their acceptance, the Addressees are required to sign the Acceptance Form contained in section eight (8) of this document or, alternatively, to sign a specific contractual clause.



3. Principles and Rules of Conduct

i. Business Ethics and Integrity

3.1 | INTEGRITY, TRANSPARENCY, AND LEGAL COMPLIANCE

The Group is committed to upholding and complying with the principles of legality, loyalty, and integrity.

The Addressees are required to adhere to these principles and to conduct their operations with the utmost transparency, in compliance with the laws and regulations that apply within their operating environment, as well as the commitments made with the Group.

If the provisions of the Code differ from those of other laws, applicable regulations, and commitments made with the Group, the Addressees are required to ensure compliance with the stricter standards in accordance with current legislation. They must also report these instances to the Group through the contacts provided in section seven (7) of this document.

The Group encourages the Addressees to adopt policies and implement procedures that ensure compliance with applicable laws and regulations in order to protect the integrity of the organization and its business operations.

3.2 | ANTI-CORRUPTION

The Group is committed to combating active and passive corruption, in both the public and private spheres.

The Addressees are required to refrain from engaging in any direct or indirect act of offering or promising money, or other benefits, including gifts or perks that go beyond usual courtesy practices, and that could be interpreted as aimed at exerting undue influence or obtaining preferential treatment or inappropriate advantages.

The Group encourages the Addressees to implement not only initiatives aimed at regulating the exchange of gifts, presents, and entertainment, but also appropriate models and procedures to mitigate corruption risks within their organization.

3.3 | CONFLICTS OF INTERESTS

The Group is committed to preventing conflicts of interest by upholding principles of fairness and impartiality. The Addressees are required to avoid situations of actual or potential conflict of interests and to report any circumstances that create, or appear to create, unlawful preferential treatment, collusion, or choices resulting in unlawful advantages. This includes any interest in, or connection of any kind, of the Group employees, or their family members, with the activities or operations of the Addressees.

3.4 | INDUSTRIAL AND INTELLECTUAL PROPERTY, AND PROTECTION OF COMPETITION

The Group promotes the protection of industrial and intellectual property at all levels of the value chain.

The Addressees are required to act in full compliance with the industrial and intellectual property rights of the Group, and in accordance with the provisions contained in laws, regulations, and conventions protecting those rights.

The information, technical specifications, and drawings used in the manufacture of products constitute proprietary know-how and industrial secrets owned exclusively by the Group and, accordingly, the Addressees are required to:

- a) use them exclusively for the manufacture of the products;
- b) not disclose them to third parties not connected with the manufacture of the products;
- c) take all necessary measures to keep them secret and prevent their employees or collaborators from divulging them in any way, assuming all responsibility in that regard;
- d) immediately cease their use at the end of the engagement or at the time when it is terminated for any reason.

The Addressees are also required to refrain from engaging in unfair commercial practices in breach of the applicable laws on fair competition and antitrust.

3.5 | CONFIDENTIALITY OF INFORMATION

The Group is committed to maintaining the confidentiality of information in the management of its operations and business activities.

The Addressees are required to safeguard and use the information provided by the Group responsibly and to only use that information for the performance of the tasks assigned to them.

In particular, the Addressees must request authorization from the Group before sharing any of its confidential information with third parties.

The Group encourages the Addressees to seek clarification if there are doubts regarding the confidential nature of the information, in accordance with the procedure set out in section seven (7) of this document.

3.6 | ANTI-MONEY LAUNDERING

The Group takes all necessary measures to prevent money laundering, self-laundering, and financing of criminal activities. The Addressees must refrain from initiating or maintaining business or financial relations whenever there is a reasonable suspicion that the counterparties may engage in activities that constitute money laundering offenses.

The Group advises the Addressees to take measures to regulate the management of financial flows, prohibiting any anomalies that, according to normal professional diligence, give rise to suspicions about the origin of the money received.

3.7 | SUPPORT TO LOCAL AREAS

The Group is committed to fostering social responsibility, as well as economic and civic progress, in the regions where it is active, with a focus on addressing the needs of local communities.

The Group encourages the Addressees to maintain collaborative, fair, and transparent relationships with those communities, seeking to boost employment opportunities in the regions where they operate.

ii. Labor and Human Rights

3.8 | HUMAN RIGHTS

Respect for human rights is one of the Group's core principles, which the Addressees are required to respect.

Our Group's industrial history has built on the foundations of sustainability and social responsibility. We recognize the value of our human resources and are committed to providing them with opportunities for growth, training, integration, and innovation. At Bonfiglioli, we believe that gender equality is crucial for fostering the growth and well-being of our enterprise. No forms of discrimination are tolerated, and diversity represents one of the company's greatest strengths: a source of wealth, freedom and complementarity of knowledge and actions. Bonfiglioli is dedicated to incorporating worker rights into its activities and operations, adhering to the principles of freedom and equality in dignity and rights for all, as outlined in the International Bill of Human Rights and the core conventions of the International Labour Organization (ILO). The Group encourages the Addressees to adopt and promote internal mechanisms and instruments that ensure their employees have the opportunity to report actual or suspected human rights violations.

When implementing such instruments, they are advised to establish protection mechanisms for workers who report an alleged or verified breach in good faith.

3.9 | CHILD LABOR

The Group promotes respect for the rights of children and their proper and harmonious physical, mental, and emotional development.

The Addressees are required to condemn and refrain from any form of child labor, in line with the applicable laws, the related ILO Conventions, and the International Convention on the Rights of the Child.

In particular, no minors under the age of 16 who have not completed the period of compulsory education should be allowed to work for and/or on behalf of the Addressees, subject to the relevant exceptions established under the applicable laws and regulations.

Minors under the age of 18 must not be allowed to work during the night and must not be exposed to dangerous activities. Respect for their physical, mental, and emotional development must also be ensured.

3.10 | FORCED AND COMPULSORY LABOR

The Group upholds the principle that work should be freely chosen.

The Addressees are required to condemn and refrain from any form of forced and compulsory labor or exploitation, in line with the applicable laws and the related ILO Conventions.

Specifically, the Addressees are required to refrain from any form of modern slavery such as, but not limited to, the use of forced labor; retaining original copies of workers' documents; requiring payment of a deposit as a condition of employment; and imposing restrictions on employees' freedom of movement.

Note:

(1) Minimum Age Convention (C138); Worst Forms of Child Labour Convention (C182); and Minimum Age Recommendation (R146).

(2) Forced and Compulsory Labour Convention (C029); Abolition of Forced Labour Convention (C105).

3.11 | NON-DISCRIMINATION

The Bonfiglioli Group has built its success in the countries where it operates by providing its Collaborators opportunities for growth, innovation and industrial and cultural development, founded on the principles of integrity and transparency. This is closely tied to our core philosophy, which sees "diversity" as a strength, as it represents the integration and the synergy between knowledge and practice.

In line with this philosophy, the Group upholds the principles of dignity and equality and condemns any form of discrimination based on age, racial and ethnic origin, nationality, political and trade union opinions, religious beliefs, sexual orientation, gender identity, physical and mental disabilities, and any other personal attribute not pertaining to the occupational realm.

The Addressees are required to refrain from any form of discrimination towards their employees and collaborators, in accordance with the principles of dignity and equality and the provisions of the related ILO Conventions (3).

The Group encourages the Addressees to implement actions that ensure non-discrimination in the workplace, particularly in relation to the management and training of human resources.

3.12 | FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The Group promotes freedom of association and collective bargaining (4), a fundamental right for the participation of workers and the protection of their rights.

The Addressees are required to ensure the rights of workers to join unions and to negotiate collectively, without distinction or discrimination and without fear of repercussions, in accordance with the applicable laws and regulations.

3.13 | WORKER HEALTH AND SAFETY

The Group's core values include the principles of safeguarding health and safety at work, in accordance with the ISO 45001 Certifications it possesses.

The Addressees are required to comply with current health and safety legislation, ensuring a safe, hygienic, and healthy work environment for their employees and collaborators, based on their industry of operations and the risks associated with the activities and operations carried out.

3.14 | WORKING HOURS

The Addressees are required to ensure full compliance with regulations and collective labor agreements regarding working hours and overtime, including breaks, rest days, holidays, and various types of leave.

Specifically, the Addressees are required to ensure that their employees have maximum working and overtime hours in line with the limits set by the related ILO Conventions.

3.15 | REMUNERATION

The Addressees are required to remunerate their employees and collaborators in accordance with the applicable legal provisions and regulations, as well as the collective bargaining agreements adopted.

The wages provided to employees must be sufficient to ensure the satisfaction of basic needs and a standard of living that respects the dignity of the individual.

Note:

(3) Discrimination (Employment and Occupation) Convention (C111).

(4) Right to Organise and Collective Bargaining Convention (C098) of the ILO; Collective Bargaining Convention (C154) of the ILO.

(5) Hours of Work (Industry) Conventions (C001); Hours of Work (Commerce and Offices) Convention (C030); Forty-Hour Week Convention (C047); Reduction of Hours of Work Recommendation (R116).

3.16 | DISCIPLINARY PRACTICES AND HARASSING AND PERSECUTORY ACTS

At our Group, we consider the integrity of our human resources to be a core value. Under no circumstances will any form of explicit or implicit harassment/behavior which may even slightly harm the personal sensitivity, and/or undermine the dignity, respect and physical or psychological integrity of our human resources be permitted or tolerated.

The Addressees are required to treat all employees with fairness, respect, and dignity. They must not subject them to physical abuse or threats of physical abuse, any form of physical or disciplinary action, sexual or other harassment, verbal abuse, or any other type of intimidation, in accordance with the applicable regulations.

In compliance with applicable laws and regulations, the improper use of financial penalties as an alternative to disciplinary measures is also strictly prohibited.

3.17 | REGULAR WORKING CONDITIONS

The Addressees are required to provide their employees and collaborators with a written employment contract that is clear, understandable, and legally binding.

The Addressees have a duty to record and protect information related to contracts entered into with their employees, including the type of contract, hours of work, and remuneration, and to ensure that employees have access to the information recorded about them.

The Addressees are also required to comply with the hiring practices as regulated by the applicable laws, refraining from any irregular practices, such as employing workers who do not have a valid residency permit. They must also ensure that their employees and collaborators receive social security, welfare, and insurance benefits in accordance with the applicable legal provisions and regulations, as well as the collective bargaining agreements adopted.

iii. Stewardship of Ecosystems

3.18 | ENVIRONMENTAL PROTECTION

With a view to ensuring sustainable development, the Group is committed to protecting the environment, which it views as a collective resource that must be preserved for the community and future generations, supported by our ISO 14001 and ISO 50001 Certifications.

The Addressees are required to comply with the existing legislation on environmental protection and the prevention of environmental offenses. They are expected to adopt the precautionary principle in managing their activities and operations, and to collaborate with the Bonfiglioli Group in improvement projects across the supply chain.

The Addressees also have a duty to actively engage in mitigating the adverse impacts on the environment and ecosystems associated with their activities and operations.

The Group encourages the Addressees to adopt an environmental management system and to implement specific actions to promote environmental responsibility within their organizations.

3.19 | MANAGEMENT OF ENERGY CONSUMPTION AND EMISSIONS

The Addressees are required to measure and record their use of energy resources, distinguishing between renewable and non-renewable sources whenever feasible.

The Addressees must also actively engage in efforts to reduce energy consumption and improve the efficiency of their operations, in order to decrease their greenhouse gas emissions and contribute to the achievement of national and international emission reduction targets.

3.20 | WASTE MANAGEMENT

The Addressees must comply with the applicable laws and regulations regarding the management of hazardous and non-hazardous waste, ensuring its proper treatment, storage, transportation and disposal. Specifically, the Addressees must obtain and keep information regarding the treatment, transportation, and destination of the waste generated during every stage of the production process. The Group encourages the Addressees to take measures that promote the sorting, recycling, and reuse of materials, with the aim of fostering an increasingly circular economy.

3.21 | WATER WITHDRAWALS AND DISCHARGES

The Addressees are required to comply with legal regulations regarding water withdrawals and discharges.

They must also use water resources responsibly and actively engage in implementing measures that reduce water withdrawals. They are also expected to promote the reuse of water and improve the management of discharges.

iv. Product Liability

3.22 | SUSTAINABLE PRODUCT DEVELOPMENT

The Group is committed to the responsible development of its products, with a keen focus on ensuring the safety and traceability of materials, components, and products across the entire value chain.

The Addressees are required to comply with the regulations on the sourcing of raw materials, as well as the production, processing, marketing, and distribution processes, also taking into account their environmental and social impacts.

In line with the highest quality standards, the Group encourages the Addressees to use recyclable, renewable, reusable materials, and those sourced from local suppliers, in pursuit of a sustainable and circular economy.

3.23 | SUSTAINABLE PRODUCT DEVELOPMENT

The Bonfiglioli Group Companies do not import conflict minerals, in compliance with the Conflict Minerals Regulation currently in force, and are committed to implementing and monitoring responsible sourcing practices. Furthermore, the Bonfiglioli Group is also aware that conflict minerals may be present in the supply chain. To prevent the use of such minerals, it requires the Addressees to certify whether their products contain them or not and to declare compliance with the Conflict Minerals regulations.

3.24 | CHEMICAL SAFETY OF PRODUCTS

The Addressees are required to comply with international, EU, national and local regulations regarding the use of hazardous substances or restricted substances.

Specifically, the Addressees have a duty to prohibit the use of substances banned under the applicable regulations, to make the required communications and perform the record-keeping in accordance with those regulations, and to respond to any requests for information on the subject from the Group, providing supporting documentation and any relevant certifications obtained.

The Addressees are required to refrain from engaging in the sale of materials and products that may harm the health and safety of consumers and those who may come into contact with such products across the production chain.

The Group reserves the right to conduct chemical tests and analyses on materials, products in the processing stage, and finished products.

The Group encourages the Addressees to provide appropriate training on this subject for its employees, especially those who handle these substances.

3.25 | TRACEABILITY OF MATERIALS AND PRODUCTS

The Addressees have a duty to ensure product traceability and, upon request, to provide information about the production and processing locations of the materials, components, and products used, in order to assist the Group in assessing potential environmental and social risks involved.



4. Implementation modalities

The Addressees are responsible for ensuring their compliance with the principles and rules of conduct set out this Code. They are also required to complete and sign the Acceptance Form contained in section eight (8) of this document and send it to the Group or, alternatively, to sign a specific contractual clause.

The Addressees must also disseminate and require compliance with this Code by their employees, suppliers, external collaborators and other parties that are part of the supply chain for the Group, and verify their compliance.

The Group recognizes that achieving full compliance with the provisions of this Code may require a process of gradual improvement, and efforts of varying scale based on the specific activities and operations of the Addressees. The Addressees are therefore encouraged to implement the incentives outlined in this Code, along with any additional actions considered necessary, to help in progressively aligning their activities and operations with the principles and rules of conduct set out in this Code.

The Group also encourages the adoption of mechanisms designed to ensure the proper receipt of reports concerning potential non-compliances. The Addressees that identify areas of non-compliance with the Code have a duty to report this to the Group and, where considered necessary, seek assistance in order to align their activities and operations in accordance with the agreed methods and timeframes.

Additionally, the Group may be consulted to clarify any uncertainties regarding the provisions of the Code by through the contacts provided in section seven (7) of this document.

5. Monitoring

To ensure compliance with the provisions of the Code, the Group reserves the right to conduct the following monitoring in respect of the Addressees, either directly or through third parties:

- requesting any documentation considered necessary;
- conducting audits at production sites and offices.

In addition, to ensure full implementation of the Code, monitoring may be required for all suppliers, external collaborators, and other parties participating in the Group's supply chain, which may be carried out either directly or through third-parties.

The Group is committed to maintaining the strictest confidentiality of any information that may come to its knowledge, in full compliance with the intellectual property and commercial rights of the Addressees.

Instances of refusal or lack of cooperation in the execution of monitoring activities, such as the return of completed questionnaires, may be assessed by the Group and treated as non-compliances, in accordance with the procedures set out in section six (6) of this document.

6. Management of non-compliances

In the event of non-compliance with the provisions of the Code, the Addressees must take the necessary actions to align their activities and operations accordingly.

The Group reserves the right to suspend and/or terminate the business relationship with any non-compliant Addressee at any time, as well as to seek damages where there are grounds for such, in the event of:

- serious or repeated breach of the Code;
- failure to implement an improvement plan and/or failure to adhere to any agreed procedures and timelines; eventualmente concordate;
- refusal or lack of cooperation in the monitoring activities, as set out in section five (5) of this document.

7. Reporting of Breaches and Contacts

The Group encourages the conscientious use of open communication channels for receiving any requests for information and sending reports made in good faith concerning alleged or confirmed breaches of the provisions of the Code.

For any requests for information in relation to the Code, including its interpretation and application, the Addressees can contact the Group's staff directly involved in the management of the existing business relationship.

A digital platform, available at <https://bonfiglioli.integrityline.com>, has been established at Group level to facilitate the reporting of potential breaches of the Code by anyone who becomes aware of them, as outlined in more detail in the Whistleblowing Policy, which can be found at the link <https://bonfiglioli.integrityline.com>. We advise all Addressees to review this policy for comprehensive details on how reports are handled and the safeguards in place for the whistleblowers.

The Group is committed to treating every report received with confidentiality, discretion, and without any form of retaliation.

This general principle does not exclude or limit any reporting obligations that may arise as a result of the reports, either to legal authorities or other competent authorities.

8. Acceptance Form

By signing this form, the Addressee confirms that they:

- have received, analyzed, and understood the provisions of the Code;
- commit to adhering to the Code and to the local, regional, and national laws and regulations relevant to the location of their operations;
- will inform their employees, suppliers, external collaborators, and other subjects involved in the supply chain for the Group about the contents of this Code through all necessary means, and ensure their compliance with its provisions;
- commit to progressively embracing and implementing the recommendations presented in the Code, with a view to continuous improvement and sustainable development of the business activities.
- accept the monitoring methods indicated in section five (5) of this document;
- commit to implementing the necessary actions to align their activities and operations with the standards, set out in section six (6) of this document;
- agree to report any suspected or confirmed breaches of this Code to the Group using the contact details provided in section seven (7) of this document.

Date (day/month/year): __/__/____

Place: _____

Name or company name (in capital letters): _____

Name and position of the legal representative (in capital letters): _____

Signature of the legal representative: _____



We have a relentless commitment to excellence, innovation and sustainability. Our Team creates, distributes and services world-class power transmission and drive solutions to keep the world in motion.

HEADQUARTERS

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