SUSTAINABLE PROCUREMENT POLICY

FARMOL

Date	Rev.	Update
2026.10	02	Inclusion of Quantitative targets on sustainable procurement, Introduction of provisions on the management of supplier non-compliance
2025.06	01	First emission

Definition

"Farmol" means Farmol S.p.A. (VAT 00226350163), with registered office in Comun Nuovo (BG), Via Verdella n. 3, or any of its Affiliates.

Introduction

At Farmol, sustainability is a carefully considered strategic approach that supports and strengthens the company's business model. We are actively committed to having a positive impact on the environment, social change, and the health of local communities. Our belief is that a sustainable strategy is at the basis of our business, guiding our actions and decisions across all operations.

This policy outlines the principles and expectations guiding sourcing decisions that contribute to product quality, regulatory compliance, environmental protection, respect of human rights, and information security and privacy. It serves as a cornerstone in our efforts to integrate sustainability into every facet of our procurement practices.

Specific Scope

These are the specific scopes Farmol sets through this policy, to promote sustainability in supplier selection and management:
- Integrate environmental, social, governance, and ethical criteria into supplier selection and management processes.
- Collaborate with partners who share our values of sustainability and responsible innovation.
- Promote a proactive approach to regulatory compliance and raw material traceability.
- Encourage and monitor supplier environmental practices.
- Encourage and monitor supplier social practices.

Supplier Assessment

Farmol evaluates and monitors its suppliers based on the following qualitative objectives or targets related to:
- Quality: compliance with quality standards applicable to the Personal Care, Home Care, and Pharma sectors.
- Regulatory compliance: adherence to local and international regulations on safety, environment, and human rights.
- Supplier environmental practices: commitment to reducing environmental impact through circular economy principles, energy consumption, biodiversity, water and waste management.
- Supplier social practices: respect for workers' rights, equal treatment, workplace safety, prohibition of child or forced labor, and local communities engagement.
- Information security and privacy: suppliers must ensure appropriate protection of systems and data through robust cybersecurity, data governance, and privacy measures.

Promoting Sustainability in the Supply Chain

Farmol actively encourages its suppliers to adopt sustainable practices, including:
- Use of recycled or recyclable materials, where technically feasible.
- Reduction of packaging weight and volume.
- Eco-design: preference for easy-to-dispose solutions that facilitate recycling of finished products.
- Selection of raw materials compliant with environmental standards, preferably sourced locally and traceably.
- For sensitive ingredients such as palm oil, Farmol promotes traceable sourcing from sustainable, deforestation-free sources that comply with international standards.
- Use and responsible management of plastic materials from sustainable sources.
- Actions to advance diversity, equity, and inclusion in the workforce of suppliers.

Farmol's Commitment to Energy Sustainability

Farmol places particular focus on sustainability in the field of energy, through initiatives such as:
- Evaluation of energy performance in the procurement of machinery and equipment, with energy efficiency data included in supplier offers.
- Procurement of electricity certified from renewable sources.
- In real estate leasing, assessment of energy performance and implementation of systems for energy efficiency improvements.

The achievement of ISO 50001:2018 certification at the Comun Nuovo and Nyirbator plants reflects Farmol's commitment to continuously improving energy efficiency. We are dedicated to reducing emissions and minimizing our environmental impact, in full alignment with the Farmol Group's sustainability vision.

Information Security and Data Protection in Supplier Operations

Farmol considers the security of digital systems and data as a critical element of responsible procurement. To this end, suppliers delivering IT services, digital platforms, or managing confidential information are expected to:
- Ensure that servers and systems are physically and digitally secured against unauthorized access, with updated security patches and strong user account management.
- Follow general security best practices in application development and system configuration, including defense-in-depth, access controls, error handling, and secure logging.
- Guarantee network protection through secure remote access protocols, controlled client access to sensitive data, and appropriate anti-malware measures.
- Maintain properly configured firewalls, disable unused ports and protocols, and enable monitoring of security logs.
- Apply strict data security and privacy controls, including encryption, secure storage, and secure disposal of confidential data.
- Manage extranet connections through secure protocols and prohibit unauthorized subcontracting or external transfer of sensitive information.

These requirements contribute to the overall resilience, privacy, and integrity of Farmol's operations and are an integral part of our sustainability and compliance objectives.

Supplier Code of Conduct

All Farmol suppliers are expected to comply with the principles set out in the Supplier Code of Conduct, which is available on Farmol's official website.

Quantitative targets on sustainable procurement

Farmol has established the following targets on sustainable procurement:

1) Supplier commitment to Farmol SCC & SPP principles: By 2030, 100% of raw and packaging materials suppliers will have formally committed to adhering to Farmol's SCC & SPP principles by accepting the relevant Farmo's Purchase Order.
2) CSR assessment coverage of suppliers: By 2030, at least 70% of raw and packaging material purchases will be sourced from suppliers covered by a Corporate Social Responsibility (CSR) assessment.

Governance and Allocation of Responsibilities

By accepting Farmol's General Terms and Conditions of Purchase, the supplier formally commit to adhering to the principles outlined in this policy. Farmol reserves the right to verify compliance through self-assessment questionnaires, audits, or other monitoring methods, and encourages continuous improvement through dialogue and support.

The Procurement and ESG functions are responsible for actively communicating this policy to relevant suppliers, ensuring that suppliers are aware of its contents and requirements, and verifying supplier compliance to the principles stated in this policy, also by applying the monitoring methods described in the previous paragraph.

In the event of non-compliance with this policy, Farmol reserves the right to request appropriate corrective actions within a reasonable timeframe and to monitor their implementation. Depending on the nature and severity of the non-compliance, Farmol reserves the right to take further measures, including the suspension or termination of the business relationship, in accordance with applicable contractual terms and laws.

Review Mechanism

On a semi-annual basis, Farmol's Procurement and ESG functions jointly assess the effectiveness and relevance of this policy and may propose updates when needed. Any revisions are formally approved by the CEO, ensuring continued alignment with Farmol's strategic and sustainability objectives.

Conclusion

With this policy, Farmol aims to strengthen its role as a responsible industrial partner, committed to combining manufacturing quality with sustainable development.

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