

SUPPLIER CODE OF CONDUCT

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INTRODUCTION

SASMAT RETAIL S.L. (hereinafter, SASMAT RETAIL), on representation of its firm PDPAOLA, is committed to trading responsibly and creating a positive impact on society and the environment. With this in mind, we have created this Code of Conduct for Suppliers (hereinafter, the Code).

The provisions of this Code act as a framework to define only the minimum standards and not the maximum standards that any supplier of goods or services to SASMAT RETAIL must comply with.

The Code and its provisions are inspired by the United Nations Universal Declaration of Human Rights, the Principles of the UN Global Compact and the ILO Fundamental Conventions.¹

SCOPE OF APPLICATION

The Code shall be applied to all suppliers who produce or supply goods and services for SASMAT RETAIL with the purpose of establishing a set of common rules, practices, and principles with respect to ethics, social responsibility, and protection of the environment.

1 HUMAN RIGHTS AND LABOUR PRACTICES

Suppliers shall respect the eight Fundamental Conventions of the International Labour Organization (ILO).

1.1 HUMAN RIGHTS

Suppliers shall respect the United Nations Universal Declaration of Human Rights.² Those suppliers operating in or sourcing from Conflict-Affected or High-Risk Areas shall act with due diligence to ensure that they respect human rights and do not contribute to conflicts.³

Those suppliers who operate in Conflict-Affected or High-Risk Areas, as well as those who source from such areas, shall immediately inform SASMAT RETAIL through the contact details provided in this Code.⁴

1.2 NO FORCED LABOUR

Suppliers shall suppress the use of forced or compulsory labour in all its forms including, but not limited to forced, bonded, involuntary prison labour or any other form of modern slavery or human trafficking.

Suppliers shall not require their employees to lodge financial deposits, charge recruitment fees or confiscate employee's identity documents. All workers are free to leave their employer after reasonable notice.⁵

1.3 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Suppliers shall ensure that their employees, without distinction whatsoever, have the right to establish and join organizations or trade unions of their own choosing and to bargain collectively without previous authorization.

¹ The ILO Governing Body has identified eight "fundamental" Conventions, covering subjects that are considered to be fundamental principles and rights at work: (1) Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), (2) Right to Organize and Collective Bargaining Convention, 1949 (No. 98), (3) Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol, (4) Abolition of Forced Labour Convention, 1957 (No. 105), (5) Minimum Age Convention, 1973 (No. 138), (6) Worst Forms of Child Labour Convention, 1999 (No. 182), (7) Equal Remuneration Convention, 1951 (No. 100) and (8) Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

² The Universal Declaration of Human Rights (<https://www.un.org/en/universal-declaration-human-rights/>)

³ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (<https://www.oecd.org/daf/inv/mne/mining.htm>)

⁴ This provision is consistent with Principle One and Two of the UN Global Compact.

⁵ This provision is consistent with ILO Conventions No. 29 and No. 105 and Principle Four of the UN Global Compact.

Suppliers shall recognize, respect, and adopt a collaborative attitude to these organizations or trade unions and their organizational activities.

Workers' representatives shall be protected against any kind of discrimination and shall be free to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining is restricted by law, the supplier shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.⁶

1.4 OCCUPATIONAL SAFETY AND HEALTH ACT

Suppliers shall provide a safe and hygienic working environment, considering the relevant health and safety standards applicable to the sector and its specific risks. Suppliers shall take appropriate measures to prevent accidents and damage to health that occur or are related to or occur in the course of work, minimizing, to the extent reasonably possible, the causes of hazards inherent in the working environment.

Suppliers shall provide employees with regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.

Suppliers shall provide appropriate access to clean toilet facilities and drinking water and, where appropriate, sanitary facilities for eating and storing food. If accommodation is provided, the supplier shall ensure that it is clean, safe and meets the basic needs of workers. Fire safety equipment and alarms shall be available, and emergency exits clearly marked, unlocked, unblocked and with proper emergency lighting.

Providers shall assign responsibility for health and safety to a senior management representative, who must have appropriate decision-making capacity.⁷

1.5 CHILD LABOR AND YOUNG WORKERS

Suppliers shall prohibit the admission to employment or work of any person under the age of 15 (or 14 years if required by local law under the ILO developing country exception), the age of completion of compulsory schooling, or the minimum age to work according to the national legislation, whichever is the most restrictive standard.

Suppliers shall not employ young persons (younger than 18 and older than 15) at night or in hazardous conditions.

Suppliers shall prohibit the worst forms of child labour in all its forms.⁸

1.6 WAGES

Suppliers shall provide workers with written and understandable information about their employment conditions in respect to wages upon their recruitment and about the particular of their wages for the pay period concerned each time that they are paid. Wages shall be paid in legal tender at regular intervals and that payments are made in the manner that best suits the workers.

Suppliers shall ensure that workers are paid according to industry standards, compliance with applicable minimum wage laws and/or collective bargaining agreements, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

Suppliers shall not make deductions from wages except under conditions and to the extent prescribed by national laws or regulations or fixed by collective agreements or arbitration award.

Workers shall be informed of the conditions and measures in which such deductions may be made, likewise all disciplinary measures must be recorded.⁹

⁶ This provision is consistent with ILO Conventions No. 87, No. 98 and No. 135 and Principle Three of the UN Global Compact.

⁷ This provision is consistent with ILO Convention No.155.

⁸ This provision is consistent with ILO Conventions No. 138 and No. 182 and Principle Five of the UN Global Compact

⁹ This provision is consistent with ILO Conventions No. 95 and No. 131.

1.7 WORKING HOURS

Suppliers shall ensure that normal working hours are aligned with ILO conventions¹⁰, the applicable law or the collective bargain agreements, if the latter affords greater protection for the workers.

Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.

All overtime shall be voluntary, it shall not be used to replace regular employment and it shall not exceed 12 hours per week. Suppliers should compensate the overtime with a premium rate.

Suppliers shall provide at least one day off for every 7-calendar day period on average.

Suppliers shall keep accurate and transparent records of working hours at all times.

Supplier shall pay annual leave in accordance, at a minimum, with national legislation and industry standards.

1.8 NO DISCRIMINATION

Suppliers shall ensure there is no discrimination in hiring, compensation, remuneration¹¹, access to training, promotion, working hours, holidays, security, working conditions, termination or retirement based on race, caste, national origin, religion, creed, age, gender, marital status, sexual orientation, physical or mental disability, union membership or political affiliation.¹²

1.9 REGULAR EMPLOYMENT

Suppliers shall, to the extent possible, ensure the protection of regular employment. The employment relationship between the employee and the employer should be conducted in accordance with national law and national practice.

Suppliers should avoid, to the extent possible, the use of employment formulas that are not intended to promote regular employment, including, but not limited to, the accumulation of temporary work contracts, subcontracting, or internship and apprenticeship programs that are not intended to truly train and educate.

1.10 NO HARSH OR INHUMANE TREATMENT

Suppliers shall ensure that all employees are treated with respect and dignity and shall ensure a workplace free from violence and harassment.

No physical or disciplinary abuse, threat of physical, sexual, or other harassment, or any other form of intimidation or coercion will be undertaken or tolerated.

¹⁰ Working time is regulated by the ILO Conventions No. 1 – Hours of Work (Industry) Convention, 1919 – and No. 14 – Weekly Rest (Industry) Convention, 1921 –

¹¹ Equal remuneration is regulated by the ILO Convention No.100 – Equal Remuneration Convention, 1951 –

¹² This provision is consistent with ILO Conventions No. 111 and Principle Six of the UN Global Compact.

2 ENVIRONMENT

2.1 ENVIRONMENTAL MANAGEMENT

Suppliers shall operate and act in an environmentally friendly manner in accordance with the laws of the country where they are located.

On this basis, suppliers shall:

- Properly keep all permits, authorizations, licenses, registrations, certificates, or other compliance documentation in force.
- Identify environmental risks and impacts, as well as opportunities to improve environmental performance.
- Establish a monitoring and control system for environmental risks.
- Apply appropriate measures and actions to mitigate identified environmental risks.

Suppliers are encouraged to support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.¹³

2.2 HAZARDOUS SUBSTANCES

Suppliers shall not manufacture, trade, or use chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, irreversible ecological impacts, or depletion of the ozone layer. Any hazardous substances subject to international phase-outs shall not be manufactured or traded and their use shall be phased out in accordance with the regulation.

Suppliers shall keep an inventory of hazardous substances at facilities with updated Material Safety Data Sheets (MSDS).

2.3 BIODIVERSITY

Suppliers shall protect biodiversity and ensure the conformity of their operations with relevant national and international laws.

On this basis, suppliers shall:

- Identify World Heritage sites¹⁴ and not explore or mine them it, as well as ensure that their operations do not have a direct or adjacent impact on World Heritage sites.
- Identify Key Protected Areas (KBAs)¹⁵ and implement the mitigation hierarchy (avoid, minimize, restore, offset) to reduce the associated impacts.
- Identify threatened species, as listed by the IUCN¹⁶, and critical habitats to ensure their operations not cause adverse impacts on their survival.

¹³ This provision is consistent with Principles Seven, Eight and Nine of the UN Global Compact.

¹⁴ World Heritage sites (<https://whc.unesco.org/en/list/>)

¹⁵ Key Protected Areas (<http://www.keybiodiversityareas.org/kba-data>)

¹⁶ IUCN Red List (<https://www.iucnredlist.org/>)

3 TRANSPARENCY AND ETHICAL BUSINESS PRACTICES

3.1 LEGAL COMPLIANCE

Suppliers shall comply with the applicable laws and regulations relating to their activities and the countries in which they operate and trade. Where national laws, other applicable regulations or any other commitments undertaken or applicable, including collective agreements, apply to the same provision, the highest standard shall prevail.

Suppliers shall have a documented system to identify, monitor and periodically verify all laws, regulations, standards, codes, and other legislative and regulatory requirements, as well as a program or system in place to review and monitor permit status and renewal and ensure compliance.

3.2 ANTI-CORRUPTION

Suppliers shall conduct their business in an honest and transparent manner and shall not engage in any form of corruption, including but not limited to bribery, facilitation payments, fraud, money laundering or the financing of terrorism.¹⁷

3.3 TRACEABILITY AND RAW MATERIALS ORIGIN

Suppliers may be required to provide information on the country of origin and sources of raw materials and components included in the products being delivered to SASMAT RETAIL.

Suppliers shall keep reliable and easily traceable information regarding the origin and composition of the products to be supplied.

Suppliers are encouraged to comply with the OECD Due Diligence Guidance standards and to ensure full traceability across their supply chains, where applicable.¹⁸

3.4 PRODUCT DISCLOSURE

Suppliers shall properly disclose the nature and quality of materials being delivered to SASMAT RETAIL according to industry guidelines and national or international laws including, but not limited to, aspects related to the nature, such as characteristics, treatments, and enhancements, related to the quality, such as materials assays, quality marks or hallmarks to indicate fineness, or related to the use of a recognized terminology and classification for communicating product attributes.

3.5 SUBCONTRACTING

Suppliers shall not transfer to third parties all or part of the work or services assigned without the prior written authorization of SASMAT RETAIL. Those suppliers that subcontract all or part of any work or services will be responsible for the application and compliance with the Code by these third parties and their employees.

3.6 CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY RIGHTS

Suppliers shall treat all data, information and documents provided by SASMAT RETAIL as strictly confidential.

The duty of confidentiality shall apply for an indefinite period even in the event of the termination of the business relationship with SASMAT RETAIL.

¹⁷ This provision is consistent with the Principle Ten of the UN Global Compact.

¹⁸ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (<https://www.oecd.org/daf/inv/mne/mining.htm>)

Suppliers shall only use SASMAT RETAIL's trademarks, logos, designs, drawings, trade names and other distinctive signs of SASMAT RETAIL in manufacturing the products for SASMAT RETAIL once a purchase order has been duly approved by SASMAT RETAIL in writing.

3.7 SECURITY

Suppliers shall guarantee the safety and security in their day-to-day work to protect the employees, properties, products, operations, transportation, and reputation from security threats, including but not limited to, theft, fraud, violent disturbances, sabotage, kidnapping, intimidation, or any other physical damage to employees.

Suppliers are encouraged to assess security risks and implement the necessary actions to mitigate the risk.

Where applicable, suppliers are encouraged to implement The Voluntary Principles on Security and Human Rights.¹⁹

3.8 GRIEVANCE MECHANISM AND WHISTLEBLOWING CHANNEL

Suppliers shall implement and maintain a mechanism for early-warning risk awareness, claims and complaints that allows any employee to express concerns about actual or potential misconduct without fear of retaliation.

APPLICATION AND COMPLIANCE OF THE CODE

Suppliers are responsible for the effective application and maintenance of programs to implement this Code in all their operations. Suppliers are also responsible for ensuring compliance with the Code among subcontractors previously approved by SASMAT RETAIL and involved in the supply chain.

Suppliers must share this Code with all workers. The Code must be translated into the local language, and always available and accessible to all workers. Suppliers shall designate a member of senior management who will be responsible for the application and enforcement of this Code.

Suppliers shall authorize SASMAT RETAIL and/or any third party designated by them to verify adequate compliance with the Code. To this end, they shall provide the necessary means and adequate access to the facilities and documentation required to ensure this verification. During such verifications, which may be scheduled or unscheduled, on-site or off-site, all workers must be free to communicate outside the presence of management and without the threat of retaliation.

In the event of a non-compliance with the Code of Conduct, we reserve the right to cancel outstanding purchase contracts, suspend future purchase contracts or terminate our relationship with a Supplier when circumstances require.

In order to comply with the Code, SASMAT RETAIL provides its suppliers, third parties and its employees with the following means to carry out communications under this Code, either containing non-compliance allegations or consultations related to its interpretation or application.

e-mail: Ethics@pdpaola.com

Address: Plaza Emili Mira 4, 08022, Barcelona (SPAIN), for the attention of the Ethics Committee.

¹⁹ The Voluntary Principles on Security and Human Rights (<https://www.voluntaryprinciples.org/>)