

Sustainable Procurement Policy



Our *shared
commitment to
create value
and to act with
integrity,
respecting
people and
environment*

**ENVIRONMENTAL
SUSTAINABILITY**

**SOCIAL
STANDARDS**

**COMPLIANCE,
COOPERATION &
TRANSPARENCY**



CONTENTS

1.	INTRODUCTION & KEY PRINCIPLES.....	4
1.1	Introduction.....	4
1.2	Key principles.....	4
2.	PURPOSE & SCOPE OF APPLICATION.....	5
3.	COMMITMENT & OBJECTIVES.....	5
3.1.	Targets.....	6
4.	RESPONSIBILITY & GOVERNANCE.....	7
5.	REFERENCES.....	8
6.	REPORTS & CONTACTS.....	8

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1. INTRODUCTION & KEY PRINCIPLES

1.1. Introduction

At FEPA, promoting sustainability and prioritizing ESG objectives are fundamental aspects of our corporate strategy. We are guided by the Ten Principles of the United Nations Global Compact concerning human rights, labor, the environment, and anti-corruption, as well as by industry standards (including SA8000 and the international instruments it references) and the principles of the ETI Base Code.

Sustainability criteria are integrated into all our business and decision-making processes, starting with our procurement practices, as a confirmation of our commitment to responsible business conduct. With the goal of extending this approach throughout our supply chain, we review the standards and minimum requirements for suppliers on an annual basis and work closely with them to ensure compliance, encouraging the adoption of similar — or even more ambitious — principles, in a spirit of continuous and mutual improvement.

At FEPA, we believe that sustainability can no longer be addressed as an isolated initiative; it should instead be embraced as a shared journey involving the entire value chain. In this context, we are fully committed to doing our part, actively collaborating with partners who share our values and objectives.

1.2. Key Principles

Environmental Responsibility

- We prioritize products and services that minimize environmental impact. In particular, paper suppliers will only be considered if they are committed to ensuring a deforestation-free supply chain;
- Priority is given to factors such as energy efficiency, waste reduction, recyclability, the responsible and sustainable use of water resources, and carbon footprint;

Social Responsibility

- We support fair labor practices, human rights, and diversity;
- Suppliers are expected to uphold ethical standards and treat their employees fairly;

Economic Responsibility

- We aim to support local economies by sourcing the largest possible share of products and services locally;
- Cost-effectiveness remains a priority, but not at the expense of sustainability;

Innovation and Cooperation

- We promote innovation in sustainable products and services through mutual collaboration and transparency with suppliers, industry partners, and other stakeholders who share our principles and objectives. FEPA will support suppliers who undertake sustainable development projects, seeking solutions that contribute positively to sustainability by using resources efficiently, reducing material and production waste, promoting increased recycling, and optimizing transportation;

We adopt a risk-based approach that allows us to identify priorities and the most effective and impactful areas of action within our supply chain.

To this end, we have developed our **Code of Conduct for Suppliers**, which is publicly accessible through our channels. It defines the minimum standards we expect from our business partners, as well as the guiding principles and improvement actions in the field of sustainability.

2. PURPOSE & SCOPE OF APPLICATION

This policy applies to all employees, collaborators, subcontractors, and Tier-1 suppliers involved in procurement activities on behalf of our organization.

To enable the operational implementation of this policy, FEPA will adopt the following measures:

- Annual ESG (Environmental, Social, and Governance) risk assessments for strategic suppliers (raw materials, transport, maintenance services) and those assessed as high risk;
- Ongoing monitoring, including:
 - Distribution of questionnaires on an annual basis (or semi-annually in case of specific needs and/or identified risks);
 - Sample-based document checks;
 - Periodic on-site audits, where feasible and deemed necessary.

The scope includes all activities over which FEPA exercises operational control.

From an environmental standpoint, strategic suppliers include: paper suppliers, transportation providers, and other raw material suppliers (limited to those exceeding an annual spending threshold of €500,000 for the latter two categories).

3. COMMITMENT & OBJECTIVES

FEPA will conduct an initial risk assessment (peer scoring) for all its suppliers.

Suppliers, sectors, or product categories identified as potentially high risk will be subject to continuous monitoring.

Based on the risk cluster and the level of risk identified for each supplier, the Purchasing and Sustainability functions will jointly determine whether and which type of actions are required, as well as which improvement initiatives and targets should be implemented.

In the event that high-risk alerts are identified during ongoing monitoring, it will again be the responsibility of the Purchasing and Sustainability functions, in collaboration with and with the approval of the Management Committee where necessary, to decide on the actions to be taken.

Furthermore, all suppliers are required, through their own company Code of Conduct, to commit to the Ten Principles of the UN Global Compact in the areas of human rights, labor, and the environment. They must operate in accordance with practices aligned with FEPA's standards, relevant industry standards such as SA8000 (and the international instruments it references), and the principles of the ETI Base Code.

FEPA will not engage with suppliers who fail to comply with local and international laws and regulations, or who do not share FEPA's values in the areas of environmental, social (with particular attention to labor and fundamental human rights—such as the effective abolition of child labor as per ILO Conventions 138 and 182, prohibition of forced labor, and the right to freedom of association and collective bargaining as per ILO Conventions 87 and 98), and governance responsibility. FEPA will require suppliers to disclose the relevant data either directly or through a qualified third party.

FEPA is committed to defining and communicating clear sustainability goals for its supply chain, which will serve as the basis for performance evaluation. Suppliers will be encouraged to disclose their ESG data in accordance with ESRS or GRI standards.

These targets, along with the contents of this policy, will be reviewed and updated annually in line with business developments and the evolving local and global ESG landscape. Additionally, FEPA will provide training to all employees who have direct or indirect relationships with suppliers, equipping them with the tools necessary to implement and uphold this policy.

3.1. Targets

Scope	Perimeter	Target	Target year
E, S, G	Strategic suppliers ¹	80% of <i>strategic suppliers</i> ¹ to undergo an ESG assessment (or be evaluated from an ESG standpoint, if newly onboarded)	2028
E, S, G	Strategic suppliers ¹	90% of <i>strategic suppliers</i> ¹ to adhere to FEPA's <i>Code of Conduct for Suppliers</i>	2027
E	Paper suppliers	Allocate at least 60% of spending to suppliers who have publicly set carbon emissions reduction targets aligned with the SBTi methodology to limit global warming to 1.5°C or less above pre-industrial levels	2028
E, S	Paper suppliers	Maintain a share of purchased paper certified or controlled according to FSC standards above 95% (100% FSC-certified if sourced from high-risk areas)	Recurring
E, S	Paper suppliers	Ensure 100% compliance with Regulation (EU) 2023/1115 on the placing on the Union market and export of commodities and products associated with deforestation and forest degradation	Recurring
E, S, G	FEPA	Provide an average of 4 training hours per year on ESG topics to 100% of Procurement personnel	2026
E, S, G	All suppliers	Organize 5 annual training events or initiatives on ESG topics, involving or collaborating with suppliers	2030
S, G	Critical suppliers ³	100% of monthly sample checks on tax/social security compliance and respect for labor rights are successfully passed and/or appropriate corrective actions are implemented	Recurring

1. *Strategic suppliers* from an environmental perspective include: paper suppliers, transportation providers, and other raw material suppliers (the latter two categories only when annual spending exceeds €500,000)
2. The adoption by the supplier of its own Code of Ethics, Code of Conduct, and/or other policies will be considered a valid alternative to formal subscription only after FEPA has verified a sufficient level of alignment between their content and the principles set forth by FEPA
3. High-risk categories include: suppliers with higher risk of tax non-compliance and/or violation of labor rights; suppliers located in high- or critical-risk countries for social responsibility, as defined by the [Full Country List for SA8000 Risk Assessment](#); Suppliers located in high-risk countries according to the [Country Classification List EUDR](#)

4. RESPONSIBILITY & GOVERNANCE

The Management Committee is responsible for the implementation of this policy. Oversight is ensured at the Board of Directors level.

The individuals responsible for implementing processes and procedures are members of the Procurement Department, in collaboration with the Sustainability Department.

KPI ownership lies with the Head of Procurement, members of the Procurement Department, and the Head of Sustainability, who report to the Management Committee.

The management of activities falling within the scope of this policy is entrusted to FEPA's Procurement Department and focuses on the following:

- Classification by supply category, spend level, geographical area, and risk level (identifying [high/critical-risk countries for social responsibility](#) according to the SA8000 standard, and high-risk countries as [classified by the EUDR](#));
- Communication of FEPA's minimum requirements (see *Code of Conduct for Suppliers*) to suppliers;
- Supplier assessment through internal and/or third-party tools;
- Collaboration with suppliers to improve social and environmental performance..

All employees are required to strictly comply with this policy.

All the above activities are supported by the Sustainability Department, which provides expertise and insights, specialized support for projects, as well as data collection and reporting services.

5. REFERENCES

-	Code of Conduct for Suppliers
-	Modello Organizzativo 231
PQ 08	Procedura Acquisti
IQ 08-01 to IQ 08-18	Istruzioni Acquisti
MPQ 08-01 to MPQ 08-05	Moduli procedura Acquisti
PQAFSa 08	Procedura Sistema di Gestione per Qualità, Ambiente, FSC, Sicurezza Alimentare - Gestione degli Acquisti
IQ 11-01	Comunicazione etica e responsabilità sociale
IQ 11-08	Linee guida Policy HR

6. REPORTS & CONTACTS

Suppliers and any parties involved in FEPA's supply chain may report any instances of non-compliance with this document and/or FEPA's Supplier Code of Conduct and/or Code of Ethics directly through the dedicated whistleblowing platform, which is managed independently.

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