



# Responsible and Sustainable Procurement Policy

Version 2021.10

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## INTRODUCTION

Social Responsible and Sustainable practices forms a key element of our value as a business. The awareness that one's individual impact on people and planet makes a difference, PRODU©T is committed to achieve its sustainable goals to positively impact our supply chain both socially as well as environmentally.

Setting Objectives and action plans in support of this policy and pursuing continuous improvement of our practices by being committed to:

- Prioritize suppliers who have embedded sustainable and ethical practices within their organization and who drive such practices within their own supply chain
- Identify areas of higher risk and influence within our supply chain and engaging with suppliers in those areas
- Comply with the spirit and the letter of all applicable legislation

## RESPONSIBLE AND SUSTAINABLE PROCUREMENT

Within our sourcing and supply chain processes from selection, onboarding, and our integrated SRM rating process, we favour supply chain partners that actively support our values and goals:

- ✓ Conserve resources, including the use of energy, water and materials
- ✓ Minimize waste, both within their operations and through reduction of packaging
- ✓ Reduce the impact of deliveries and maximizing local sourcing
- ✓ Offer sustainable innovative solutions
- ✓ Lower their negative impact on biodiversity

and contribute actively - beyond the obligator acceptance of our Code of Conduct and Human Rights Policy principles- society and the people:

- ✓ Comply with international ILO standards
- ✓ Respect to human rights and conditions of employment
- ✓ Ensure Employee Health and Safety, and Favourable Working Conditions
- ✓ Ensure that Diversity is adapted in their work environment and free of Discrimination and Harassment
- ✓ Ensure that slavery and human trafficking is not taking place in any of their supply chains and in any part of their business
- ✓ Comply with international standard for personal data management with security and safety in place.
- ✓ Fight corruption and money laundering if found any within their operations

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This policy will be communicated throughout the company and our supply chain partners. It will be reviewed on a regular basis to evaluate continued relevance, monitor compliance and drive continual improvement.

## OUR COMMITMENT

To provide a range of tools that are environmental friendly and facilitate a sustainable procurement of indirect materials. We partner with our clients to offer them a global footprint and local services through sustainable partnership and affiliates. Our international presence and long term experience in challenging markets has made us reliable source for clients that are seeking a local compliant solution. We will procure all goods and services with high ethical standards and focused on social, economic, and environmental considerations by applying principles of sustainable procurement.

This includes but is not limited to:

- Develop, promote and implement appropriate procurement strategy and procedures.
- Offer local solutions out of fair trade and minimizing environmental impact which in turn will lower our footprint on the environment.
- Deliver maximum value for money (VFM) the optimum combination of whole life cost and quality to meet the client's requirement.
- Measure and monitor high risk Suppliers through a stringent Supplier Management Process as detailed in this policy.
- Measure and monitor our company and operations by an annual Ecovadis assessment
- Measure and actively monitor that modern slavery and human trafficking is not taking place in any parts of our operation and/or in the whole supply chain.
- Compliance to Sustainable procurement duty.
- Embed relevant and proportionate sustainability requirements in the development of frameworks and contracts.
- Promote and engage in the implementation of relevant technology solutions, including e-procurement, to minimize costs.
- Embed Contract & Supplier Relationship Management with key strategic suppliers and mitigate supplier risk to client
- Measure and report procurement performance, including Best Practice
- Compliance to General Data Protection Regulation (GDPR).
- Compliance to Anti Bribery Laws and Corruption in EU.
- Promoting compliance with the principles of the UN Global Compact and European Framework Directive (1989/391/EEC) and any principles issued under it.

We aspire to be together with our supply chain partners and clients in the upper quartile of high performance procurement teams in our industry.

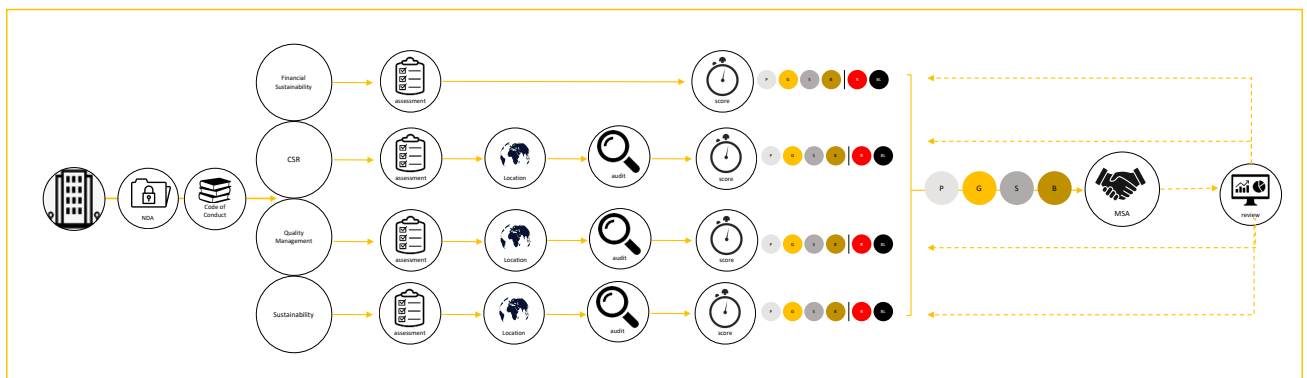
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## SUPPLIER MANAGEMENT PROCESS

All supply chain partners have acknowledged our Sustainable Procurement Policy and the the related Compliance assurance process which starts with a stringent and in-depth Supplier/Manufacturing partners onboarding process

The onboarding process can be summarized as follows and with the following 3 key steps:

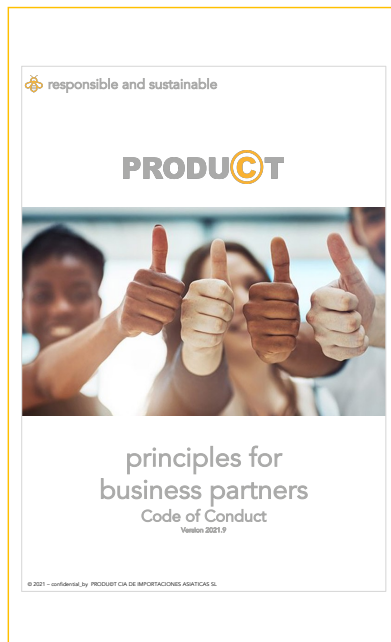
- Accept and endorse PRODUCT 's Code of Conduct including our Human Rights Policy.
- SSA Score Card on both CSR and Sustainability assurance
- Backed by available certifications and valid accredited 3<sup>rd</sup> party (Intertek, SGS, BV, UL,...) CSR audit results for LCC suppliers.



**PRODUCT** CSR Questionnaire

Indicate your answers with the following codes: 1 = Yes, 2 = No, 3 = Not Applicable, 4 = Not Answered, 5 = Not Applicable/Not Answered

Q	Answer	Score
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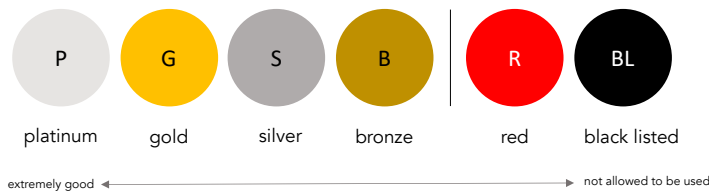




The supplier classification and score card is:

- based on a weighted score card every supplier obtains a rating between blacklisted (can not be used / to be off boarded) up to platinum.
- based on production origin legal assurance framework, available valid certifications, audit results (CSR and QMS), and operational score cards (out put quality, reliability, OTIF, responsiveness, service levels)
- also generating a minimum supplier rating required for any project/order depending on the risk assessment outcome of the QAP (Quality Assurance Protocol)

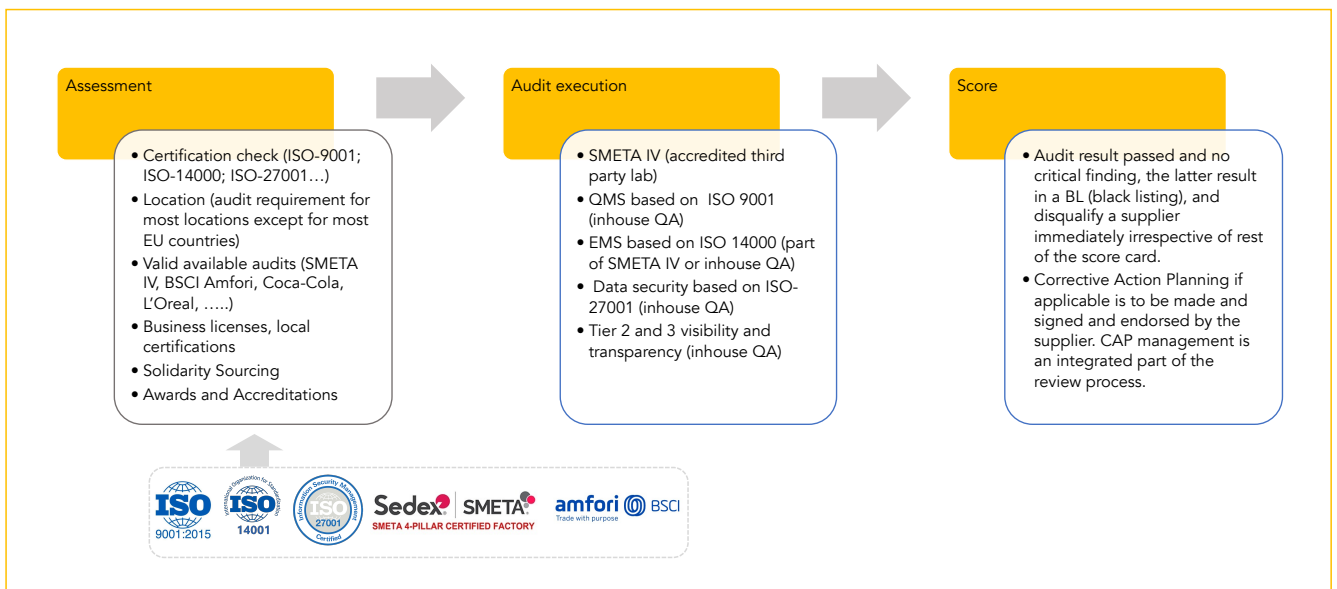
#### Supplier Rating Methodology



Non-compliance with the below firm requirements results automatically in a BL (blacklisted) score :

- Non-compliance/acceptance with our Code of Conduct and Human Rights Policy
- Not available or failed SMETA IV / AMFORI auditing for LCC suppliers.

CSR and sustainability assessment and audits are executed based on multiple accredited standards and focus points as summarized below:



After on-boarding, Supplier Management and Performance monitoring is an ongoing 3 step process containing of the following key steps:

- daily and live monitoring of supplier performance on actual projects by capturing data on service, quality, and compliance levels
- monthly CSR and Sustainability self assessment updates to measure progress and drive improvement incentives
- annual re-audits and or reviews

