

OFFICIAL GROUP GUIDELINE



Document Code

OGG_PR_002_Sustainable Procurement Policy

Document Name

Sustainable Procurement Policy

Release

V2_2024

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Sustainable Procurement Policy

Issued by: Procurement and Legal

Status: APPROVED

Approved by:

Guillerme Huguen (Chief Purchasing Officer)

Adrian Yeandle (Chief Legal & Compliance Officer)


| REVISIONS | | | |
|-----------|---------|--------------------------------|---------------------------------------|
| Version | Date | Name | Changes |
| V1 | 2023 | Patrick Sion | Initial version |
| V2 | 03.2024 | Marc Dieckmann Patrick Sion | Wording, references to other policies |

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1. Purpose of the Policy

The overall purpose of Armacell’s Sustainable Procurement Policy is to lay down guidelines for procurement activities leading to the highest quality of desired goods and services at the best price possible. This policy complements Armacell’s Procurement Policy (2024) and defines the standards of economic, social, ethical and environmental practices in top-quality procurement.

All staff members who are involved in procurement processes must follow these guidelines for all types of procurement.

2. Introduction

By identifying and reducing the risks associated with our procurement processes, communicating the policy to internal and external stakeholders and increasing supplier awareness, Armacell will maintain and further improve the sustainability of its operations while complying with the laws and regulations of the countries we conduct business in. We also support the highest standards in economic, social, ethical and environmental practices. Adopting this Sustainable Procurement Policy at a social, economic and environmental level will fulfil this goal, as well as other ones too. We demand the same high standards from our suppliers to uphold our commitment to the highest quality of service.

3. Principles of Sustainable Procurement


The following concepts form the basis for Armacell’s Sustainable Procurement Policy:

- Integrity and transparency
- Professionalism and excellence
- Partnership, mutuality and creation of shared value
- Nurturing long-term relationships with suppliers
- Prevention of corruption and bribery
- Fair employment – protection of workers’ rights and human rights
- Equal opportunities and prevention of discrimination and harassment
- Promotion of small businesses, social businesses and businesses located in peripheral regions
- Minimisation and prevention of environmental risks and promotion of positive environmental values, especially linked to greenhouse gas emissions (e.g. analysis of CO₂ emissions’ footprint) and circular economy programs (e.g. waste reduction and recycling)

4. General Principles

Armacell expects suppliers to meet the requirements described in this Policy, and if they fail to meet them, propose and implement mitigation plans to achieve them. Failure to comply with such a plan or come up with one may well lead Armacell to disengage from this supplier.

Suppliers are also strongly encouraged to collaborate at their own sector level and with Armacell to identify further opportunities along the supply chain to improve sustainable business practices in the areas of health and safety, human rights, ethics and environmental protection.

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5. Health & Safety

Armacell is committed to general wellbeing in the workplace and beyond. This is endorsed by the company’s Environmental Health and Safety (EHS) policies and procedures that promote safety as our prime obligation. Armacell requests that its suppliers work to minimise all work-related injuries in their workforce or community and meet similar standards as Armacell’s in health and safety matters. Specific policies and instructions apply to suppliers entering Armacell’s sites and must be strictly observed. Non-compliance with health and safety guidelines or poor performance in this field may well justify the suspension of an existing business relationship.

6. Labour & Human Rights

As detailed in the Supplier Code of Conduct, Armacell respects all human rights, particularly those of employees and local communities, and is committed to promoting these principles to its suppliers. Armacell requests that its suppliers develop and implement policies and procedures to ensure respect for all human rights in their businesses and those of their suppliers in line with Armacell’s standards, and to place a particular focus on child or forced labour, discrimination, freedom of association and decent conditions of employment. What this means in practice:


- Compliance with all applicable laws and the principles of the International Labour Organisation, the UN Global Compact and the UN Universal Declaration of Human Rights
- Prohibition of slavery and the use of forced, bonded or child labour throughout the supply chain
- Provision of safe and inclusive workplaces together with the prohibition of unlawful discrimination and harassment

7. Business Ethics

Armacell is committed to conducting business in a fair, ethical and transparent manner. Armacell does not buy materials and services that do not comply with national or international laws and conventions, including anti-corruption, money laundering and sanctions-based export controls. Armacell is committed to using raw materials and industrial products of legal and sustainable origin and will not source any minerals or materials from conflict regions. Armacell maintains due diligence processes to achieve compliance with this commitment and requests relevant suppliers to fully support the company in these efforts.

Armacell requests that its suppliers maintain and enforce a company policy that requires adherence to ethical business practices, while adopting the same principles as Armacell’s Supplier Code of Conduct and related compliance policies. What this means in practice:

- Compliance with all applicable international and domestic regulations governing ethical business activities
- Demonstrating the existence of procedures to prevent:
 - Money laundering
 - Fraud, bribery, corruption
 - Conflicts of interest
 - Data security issues

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8. Environmental Protection

Armacell has set up ambitious environmental objectives to minimise its impact on the environment and contribute to the transition to a more sustainable economy. We seek to work with suppliers who are committed to the same approach and follow best practices in environmental management, including energy and resource efficiency, protecting biodiversity, waste reduction, reducing CO₂ emissions and waste reduction programs. Armacell requests that its suppliers maintain effective policies, processes and procedures to manage their environmental impact and operate their business in a manner that satisfies high standards in managing environmental impacts. What this means in practice:

- Compliance with and adherence to all applicable environmental laws in the respective countries or jurisdictions
- Implementing activities that encourage greater environmental responsibility, such as:
 - Responsibility for waste management and disposal
 - Reduction of greenhouse gases and other environmentally hazardous emissions
 - Conservation of non-renewable natural resources
 - Protection of biodiversity

9. Communicating in Significant Cases

In the event of any significant cases of violation of human rights or ethics and/or environmental hazards (including pollution, floods, etc.), we expect our suppliers to notify us promptly, work with local communities to minimise the impacts and provide us with reassurance regarding the possible impact on Armacell's ability to comply with its own commitments.

10. Documentation

On request, we require our suppliers to:


- Provide Armacell with copies of the signed Supplier Code of Conduct and all relevant information.
- Complete a self-assessment questionnaire.
- Demonstrate what efforts they are making to meet the requirements of this Policy and provide their own commitments towards responsible purchasing and related procedures.
- Co-operate and use reasonable endeavours to ensure that their subcontractors do the same.

11. Monitoring and Review

Monitoring

This Policy forms an integral part of Armacell's supplier relationship management and evaluation procedure, which includes following up on performance indicators and ESG targets. Armacell will take a risk-based approach in assessing suppliers' compliance with the requirements of this Policy. Supplier self-assessment, supplier evaluation and on-site supplier audits are examples of such proactive monitoring. Further details can be found in the Supplier Management Policy.

Armacell will work with its suppliers in addressing any identified gaps. Armacell reserves the right to disengage from suppliers who do not meet the requirements of this Policy or who cannot provide or commit to an improvement plan.

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**What we
commit to:**

- We expect all our employees and those doing business on Armacell’s behalf (including our agents, distributors, joint venture partners, consultants and other third-party intermediaries) to adhere to the principles of our compliance policies.
- We always choose and treat our suppliers in a fair and objective manner.
- We pay suppliers in line with the agreed conditions and handle exceptions promptly.
- We ensure an ethical basis for business practice.
- We seek to ensure that our suppliers’ sustainability credentials are considered in our supplier appraisal process and that, where appropriate, sustainability criteria are used in awarding contracts.
- We seek to ensure that suppliers comply with our ethical and sustainable procurement policy.

What we expect of suppliers:

- Conduct business without payment or receipt of inducements, unlawful incentives or other benefits that might be considered an attempt to influence decision-makers.
- Uphold core human rights, including worker representation.
- Treat employees fairly, never abuse or threaten them, and never use forced, bonded or child labour.
- Maintain a safe working environment and provide access to protective equipment and safety training for all employees.
- Maintain effective policies, processes and procedures to manage their environmental impact and operate their business in a sustainable way.
- Always follow all relevant local, national, regional and international laws, rules and directives.
- Respect the intellectual property rights of others.

12. Policy Review

The OGG should be reviewed and/or updated every three years but each time under the following circumstances:

- Changes in the legislative regulation requiring an update of the policy
- Changes in the organizational structure affecting scope and implementation of the policy
- Any other circumstances requiring a review or update of the policy

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13. Further Guidance

- The Armacell Sustainability Governance section of the corporate website: <https://www.armacell.com/sustainability>
- The Armacell Environment, Health & Safety Policy: <https://armacell.sharepoint.com/SitePages/Armacell-EHS-Group-Policy.aspx>
- The Armacell Supplier Code of Conduct: <https://armacell.sharepoint.com/sites/AC-Corporate-Procurement.aspx>
- The Armacell Procurement Policy: <https://armacell.sharepoint.com/sites/AC-Corporate-Procurement.aspx>
- The Armacell Supplier Management Policy: <https://armacell.sharepoint.com/sites/AC-Corporate-Procurement.aspx>
- The Armacell Anti-Corruption Policy: [Legal - Anti-Corruption Policy - All Documents \(sharepoint.com\)](https://armacell.sharepoint.com/sites/AC-Corporate-Procurement.aspx)
- The Armacell Anti-Money Laundering Policy: [Legal - Anti-Money-Laundering - All Documents \(sharepoint.com\)](https://armacell.sharepoint.com/sites/AC-Corporate-Procurement.aspx)
- Sanctions: [Legal - Sanctions - All Documents \(sharepoint.com\)](https://armacell.sharepoint.com/sites/AC-Corporate-Procurement.aspx)



Guillaume Huguen
Chief Procurement Officer



Patrick Sion
Director Global Procurement