




SUSTAINABLE PROCUREMENT POLICY

 inspiring ways of living	Sustainable Procurement Policy	
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		Signature
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TABLE OF CONTENTS

Introduction.....	4
1. SUSTAINABLE PROCUREMENT PRACTICES.....	4
1.1 Sustainable Procurement Requirements.....	4
1.2 Sustainable Procurement Themes.....	5
2. QUALITY COST DELIVERY (QCD) & INNOVATION.....	9
Related links9

Introduction

Sustainable Procurement means the activity of acquiring goods or services from suppliers and all along the supply chains that has the most positive environmental, social and economic impacts possible over the entire life cycle, meeting the needs of the present without compromising the ability of future generations to meet their own needs, which contributes to the achievement of organizational sustainability objectives integrating the goals of a high quality of life, health and prosperity with social justice and maintaining the earth's capacity to support life in all its diversity. (source: ISO 20400:2017)

To further enhance and accelerate its Sustainable Procurement efforts, Etex has developed this Sustainable Procurement Policy.

Etex expects its suppliers to recognize the importance of Sustainable Procurement and work collaboratively to implement sustainable procurement practices to the benefit of all stakeholders.

To monitor suppliers' efforts with this Sustainable Procurement Policy, Etex utilizes a third-party assessment (EcoVadis) and expects all suppliers to complete the EcoVadis assessment on Environmental, Labor, Ethical and Sustainable Procurement practices. Etex will use this assessment in its sourcing decision process.

All suppliers are expected to operate in a manner that meets or exceeds our minimum requirements as set out in **Etex' Suppliers Code of Conduct**. **Adhering to Etex' [Suppliers Code of Conduct](#) remains a condition for doing business with Etex.** This Sustainable Procurement Policy takes Etex' sustainable procurement journey to the next level. Etex counts on all its suppliers to work towards the goals and ambitions articulated below.

1. SUSTAINABLE PROCUREMENT PRACTICES

1.1 Sustainable Procurement Requirements

The main requirements for sustainable procurement are the following:

- **Accountability:** Etex expects suppliers to take responsibility for their impact on society, the economy, and the environment. This includes considering the entire life cycle of goods and services.
- **Transparency:** Etex requires from their suppliers to be transparent about their decisions and activities that affect the environment, society, and the economy. Transparency forms the foundation for stakeholder collaboration.
- **Traceability:** Suppliers must make diligent efforts to understand the origin of the products and services they provide. Implementing management systems to trace sources is essential. Additionally, timely responses to Etex' information requests regarding products origins are required.
- **Compliance with Ethics, Laws and Regulations:** Suppliers are expected to behave safely, ethically and in compliance with all applicable laws and regulations, and to promote ethical and compliant conduct throughout their supply chains. Etex strives to be aware of any violations in its supply chains and its Suppliers are expected to address non-compliance as needed.
- **Full and Fair Opportunity:** Etex encourages unbiased procurement decision-making. All suppliers, including local and small and medium-sized organizations (SMOs), should have equal opportunities to compete.
- **Respect for Stakeholder Interests:** Suppliers should consider and respond to the interests of stakeholders affected by their activities.

- **Respect for Human Rights:** Suppliers must uphold internationally recognized human rights.
- **Innovative Solutions:** Suppliers should seek innovative approaches to meet sustainability objectives and reduce carbon emissions throughout the supply chain.
- **Focus on Needs:** Suppliers should review demand, purchase only what is necessary, and explore sustainable alternatives.
- **Integration:** Etex requires from their suppliers to ensure that sustainability is integrated into all existing procurement practices to maximize sustainable outcomes.
- **Total Cost Analysis:** Suppliers should consider life cycle costs, value for money, and societal, environmental, and economic impacts resulting from procurement activities.
- **Continuous Improvement:** Suppliers are encouraged to continually enhance their sustainability practices and outcomes, inspiring similar efforts in their supply chains.

1.2 Sustainable Procurement Themes

Etex considers Sustainable Procurement to include environmentally responsible procurement, respect for human rights, health and safety, disaster prevention and resilience.

1.2.1 Health And Safety (H&S) And Disaster Prevention

Suppliers are required to comply with national, regional, and local laws and regulations related to health and safety and disaster prevention. Suppliers must prioritize health and safety management as critical for ensuring sustainable and stable benefits for all stakeholders. Suppliers should establish policies, procedures, and allocate resources to implement effective health and safety systems and plans. These guidelines emphasize the importance of safeguarding employees' well-being and maintaining a secure work environment.

For example,

- Hazard recognition programs should be part of suppliers' health and safety policies and procedures. Risk assessment programs must be implemented, and measures should be taken to mitigate identified risks.
- Regular safety inspections and maintenance of workplaces and machinery are mandatory. Suppliers should monitor dangerous areas. Safety rules specific to each workplace should be established and communicated to all employees (e.g., energy isolation standards, machine guarding, hazardous chemical labeling, etc.)
- Suppliers are encouraged to certify their operations to meet internationally recognized standards such as ISO 45001 for good health and safety management practices.
- Suppliers must provide necessary Personal Protective Equipment (PPE) to their employees and subcontractors also when entering Etex' sites.
- Suppliers must install fire alarm systems and other necessary detection equipment.
- Suppliers' employees should be trained on necessary measures to minimize damage during emergencies, including evacuation routes and first aid procedures.

1.2.2 Environment

Suppliers are required to comply with all applicable environmental laws and regulations in their country and/or region of operation and work toward complying with international standards and best practices. Suppliers are required to have an Environmental Management System (EMS) in place with the intention to minimize negative environmental impact and encouraged to have their operations certified with EMS such as ISO14001.

Suppliers ensure their own upstream supply chains operate in compliance with international standards and best practices relative to environmental practices.

Etex expects its suppliers to focus on the following material topics:

- a) Reducing energy usage and greenhouse gas (GHG) emissions
- b) No deforestation
- c) Water Management
- d) Biodiversity consideration
- e) Improving circularity
- f) Management of chemical substances: Microplastics, PFAS (per-polyfluoroalkyl substances) and any release of harmful or hazardous chemical substances in the environment
- g) Prevention of accidental release and environmental pollution

- a) Reducing energy usage and GHG emissions

Suppliers comply with all applicable environmental laws and regulations in their country and/or region where they operate and work toward complying with international standards and best practices. However, the Construction industry is required to reduce greenhouse gas (GHG) emissions in alignment with the Paris Agreement and Etex has committed to reduce its emissions according to Science-Based Targets (SBT) with a target of -25% on emissions of purchased goods and services and transport.

To achieve these goals, Etex actively seeks opportunities to:

- Maximize energy efficiency.
- Reduce energy usage.
- Increase renewable energy options.
- Limit GHG emissions throughout the life cycles of its products and services.

Suppliers should contribute to this effort:

- Striving to understand the origin of the products and services they supply, identifying ways to reduce energy usage and mitigate emissions.
- Developing energy management and reduction plans, sharing them with Etex.
- Increasing the use of renewable energy in their operations is encouraged.
- Suppliers are also urged to set Science-Based Targets and create emissions reduction plans toward carbon neutrality. They should share annual progress reports, including their CO₂ and GHG emissions data, Environmental Product Declaration (EPD) or Product Carbon Footprint (PCF) with Etex, directly or via Etex third party platform.
- Additionally, suppliers are encouraged to develop and provide low-carbon products and services for Etex.

b) No deforestation

Suppliers should actively contribute to the protection and restoration of forests and other ecosystems. Deforestation is strictly prohibited. Suppliers should ensure that their products and raw materials from wood sources are certified by the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification (PEFC). Additionally, Suppliers should comply with the European Union Deforestation Regulation (EUDR) and source Responsible Sourced Palm Oil (RSPO- Roundtable on Sustainable Palm Oil) raw materials.

c) Water management

Suppliers should manage their water usage and prevent non-compliant effluent discharge or any kind of water pollution and identify associated potential water risks or opportunities. Suppliers should find ways to reuse and recycle wastewater, and to explore water saving technologies with the overall objective to reduce their global water intake. Additionally, they should explore alternative water sources, such as enhancing rainwater collection and usage, as well as utilizing treated wastewater from local wastewater treatment plants or nearby industries. Suppliers should identify all water-related risks to help prioritize their efforts. Water stress areas can be identified with the help of online tools such as the Aqueduct water risk atlas from the [World Resources Institute](#).

d) Biodiversity considerations

Suppliers should make their best efforts to have full knowledge of the point of origin of the products and services they supply to identify potential biodiversity risks or opportunities. Suppliers should protect wildlife, including rare, threatened, endangered, and critically endangered species from poaching, over-hunting, and habitat loss in areas under company management, while supporting wildlife protection activities in areas of influence. Suppliers should develop remediation and restoration plans for damaged or disturbed areas.

e) Improving circularity

Suppliers comply with all applicable environmental laws and regulations in their country and/or region where they operate and work toward complying with international standards and best practices regarding waste and recycling. Suppliers should actively contribute to help reducing Etex waste and increasing circular input to reduce virgin raw materials consumption. Suppliers should support Etex to accelerate innovation, targeting to improve usage ratios of materials from recycled and renewable material beyond 20% by 2030. Suppliers play a crucial role in supporting Etex' waste management practices and achieving zero waste to landfill. Etex works on reducing the amount of packaging and seeks for innovation while meeting Etex product specifications and quality standards.

f) Management of chemical substances

Etex requires that suppliers commit to complying with all national, regional and regulations including REACH related to the control of chemical substances and to provide products and services free from chemical substances prohibited by national, regional, and local laws and regulations.

Suppliers are required to inform Etex about the synthetic polymer microparticles (microplastics) that could be contained in the products or services provided to Etex according to restrictions to synthetic polymer microparticles under European Commission Regulation 2023/2055 REACH.

Suppliers are required to inform Etex about the potential source of [Per and polyfluoroalkyl substance](#) (PFAS) in the products supplied to Etex.

g) Prevention of accidental release and environmental pollution

Suppliers must comply with all relevant environmental protection regulations and with the local environmental permits of their operational sites. They should ensure their activities do not cause pollution or impact neighboring areas. Potential accidental releases or emissions can include air pollution (e.g. SO_x, NO_x, refrigerants, etc.), non-compliant wastewater discharges, chemical spills into surface or underground water, ground pollution, dust clouds, noise, and odors. Suppliers should be able to demonstrate robust environmental management practices, including hazard identification, risk assessment, mitigation measures, and emergency response plans. Adherence to ISO standards, such as ISO 14001 for environmental management systems, is highly encouraged.

1.2.3 Respect of Human Rights

Suppliers are required to comply with all laws and regulations regarding human rights in their countries or regions of operation and make best efforts to have full knowledge of the sources of products and services they supply to enhance products and service traceability and identify potential human rights impacts.

Suppliers must assess risks of conflict minerals and high risk areas and to follow the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#).

If the provider of minerals from which it sources are suspected or confirmed to not comply with the relevant Responsible Minerals assurance process, suppliers should make their best efforts to identify and deploy actions for alternative sourcing or mineral substitution and inform Etex.

Etex expects suppliers to encourage and support their upstream supply chains to learn about and comply with international standards and best practices regarding human rights, working conditions or other related issues.

Etex expects its suppliers to focus on the following material topics:

- a) Child labor
- b) Forced labor
- c) Labor and working conditions

a) Child labor

In accordance with Etex Code of Conduct and United Global Compact, child labor is strictly prohibited.

Besides, Etex values suppliers who support the education of children and young workers. This can include providing reasonable opportunities and access to education.

b) Forced labor

In accordance with Etex Code of Conduct and United Global Compact, forced labor is strictly prohibited.

c) Labor and working conditions

Suppliers must operate within distinct labor laws and regulations, covering aspects like minimum and living wages, collective bargaining, freedom of association, and working conditions. Etex takes these variations into account and seeks to understand the specificity of each area. If the requirements outlined in this policy are not met, Etex addresses each situation appropriately.

Suppliers should implement working conditions that align with international standards. These standards are based on guidelines from the International Labor Organization (ILO), United Nations principles, and other relevant practices.

Specific requirements for suppliers include:

- Paying at least the national, regional, or local minimum wage to employees, without discrimination based on factors like nationality, religion, gender, or culture.
- Ensuring access to potable water, sanitation, rest areas, emergency exits, and emergency aids for all employees.
- Providing safe working conditions.
- Treat their employees with respect, avoiding abuse, harassment, and privacy breaches. They should maintain non-discriminatory, fair, equal, and respectful relationships with all employees, including contract, temporary, and migrant workers.

Etex values suppliers who support decent living conditions in local communities, including access to water, food, sanitation, and electricity.

2. QCD (QUALITY COST DELIVERY) & INNOVATION

Etex will continue to work collaboratively with suppliers to identify ways to ensure high quality materials and services are delivered on time at a reasonable cost. Etex continually works on improving its products, such as reducing mass, increasing their durability, recyclability, reusability and repairability.

Etex will continue to advance and explore innovative technologies to find ways to implement advanced technologies into its operations and manufacturing processes, including sustainable and renewable raw materials, and improving efficiencies and yields, with a strong commitment to supporting global communities.

Related links

[OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)

[Supplier Code of Conduct](#)

[Environmental policy](#)

[Water policy](#)

[Biodiversity policy](#)