

Sustainable Procurement Policy

I. PURPOSE

This S&T Mold (“S&T”) Sustainable Procurement Policy sets standards to improve the global and local sourcing procedures within the company. S&T general business standards are laid down in the “S&T Code of Conduct” (“S&T CoC”). Based on requirements therein, S&T also implemented a “S&T Supplier Code of Conduct” (“S&T Supplier CoC”), which addresses S&T’s expectations directly to its supply chain.

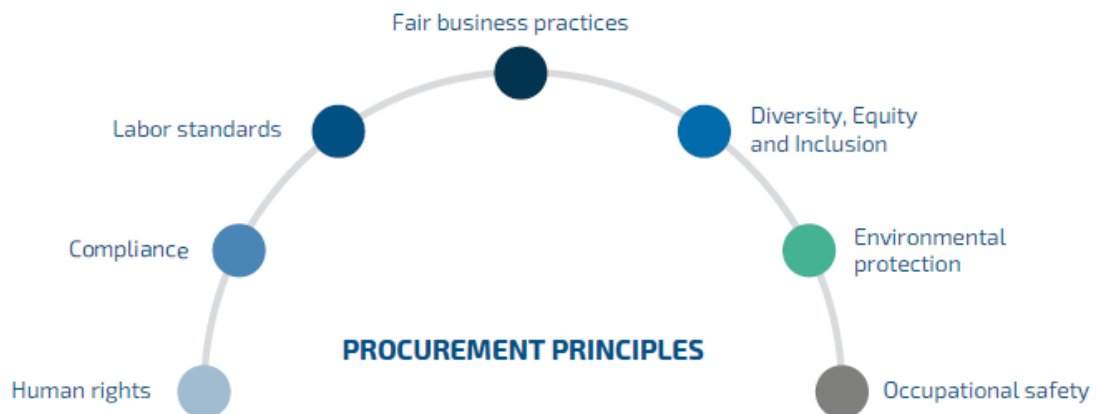
II. BEST PRACTICE IN PROCUREMENT PROCEDURE

S&T commits itself to high standards related to compliance and sustainability, including but not limited to, an implementation and guidance in regard of a best business practice for procurement management. Having a responsible sourcing process in place shall be a core element of all procurement management procedures of S&T. S&T wants to establish a standard across all operations within the company. S&T commits itself to a best practice in accordance with an appropriate supplier selection and monitoring process of its suppliers.

Suppliers of the S&T are expected to share the same principles, values and standards like S&T does. For more transparency towards S&T’s suppliers and those who want to become S&T suppliers, those principles are laid down in the “S&T Supplier CoC”. Supplier’s compliance with S&T Supplier CoC is essential. This applies regardless of:

- the specific supply item (hardware, software, services, licenses, ...)
- supplier’s location; or
- on a specific business volume.

General principles in the S&T Supplier CoC, including, but not limited to, are:



The principles shall apply to all sourcing activities of the S&T.

Please note, that it is not mandatory, that each supplier does accept in writing S&T Supplier CoC. However, it is highly recommended to ask for suppliers written acceptance.

There are different methods that help to show suppliers compliance with S&T standards, e.g.:

- proof by public-available information;
- supplier’s own Code of Conduct is equivalent or at least comparable to the requirements laid down in the S&T Supplier CoC;

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- additional information provided on Suppliers website or to S&T;
- certification of supplier by an independent third party in regard of comparable standards;
- answering of a comprehensive questionnaire / self-assessment made by suppliers;
- written declaration of acceptance by supplier in regard of compliance with S&T Supplier CoC;
- conducting site-visits and/or audits at suppliers locations by S&T Companies; and/or
- obviousness of compliance based by same applicable geographical, legal and specific business / operational aspects, which does obviously do not allow any major deviation from S&T's standards.

S&T's suppliers are recommended to promote the implementation of same requirements also in their own sourcing activities.

S&T should review its current and new suppliers in regard of compliance with the principles laid down in the S&T Supplier CoC. S&T shall place a high priority on working with suppliers that support and respect the internationally applicable stipulations on human rights and other international compliance standards.

III. SUPPLIER SELECTION PROCESS AND DOCUMENTATION

S&T shall pursue a strict process of selection (and monitoring) for their suppliers. S&T must evaluate their suppliers and should have a reasonable supplier approval and selection process in place (including, as the case might be, a supplier risk assessment and management system). The decision, which supplier becomes a business partner of the S&T, shall be taken after a reasonable assessment of the suppliers. Please see Annex 1 to this policy, which shows as examples several possible criteria for supplier selection processes. S&T shall take their decisions related to their suppliers always based on transparent substantive and objective criteria, which needs to be documented.

On request of a supplier, S&T might communicate clearly on S&T's selection criteria. S&T should be open to welcome new suppliers.

S&T is recommended to have a reasonable procurement process risk evaluation and management system implemented. A supplier risk evaluation must take into consideration the risks related to the country of procurement as well as the category of the supplier (e.g. service provider, hardware supplier, original manufacturer, broker, software licensor, single source, ...). Critical suppliers can be identified in various ways. Examples for specific risk categories are suppliers:

- based in higher risk countries with forced compulsory labor risks/ risk for child labor/ with health and safety risks;
- that are single-source for the supply (and therefore, S&T has a high dependency);
- with high purchasing volume;
- that sell refurbished materials/ "used" software licenses;
- provide services/supplies in a highly regulated environment;
- that act as brokers/distributors and do not directly purchase from the original manufacturers.
- providing products or services with a high carbon footprint
- providing products relevant concerning responsible mineral sourcing

If a supplier is rated as critical supplier and S&T wishes to work with this supplier, the S&T must secure with higher efforts (e.g. by requesting additional commitments and a written acceptance of our S&T supplier CoC, by conduction on-site-visits and audits), that this critical supplier does comply with S&T principles. If a supplier passes the risk evaluation with high satisfying results, these should lead to a ranking as preferred and/or key supplier. The better such a result is, the better shall be the chance to become a major supplier of S&T and to intense the business relationship.

IV. REGULAR MONITORING OF EXTERNAL SUPPLIERS

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Suppliers should be regularly monitored if they still comply with S&T standards. This means, including but not limited to, e.g. to:

- request a self-assessment from the suppliers;
- conduct a reasonable number of supplier audits in regards of compliance, quality and sustainability;
- make (use of) assessments/audits by external auditors;
- request a substance commitment/declaration of the supplier;
- request audit-reports/certificates or conduct direct audits within the supply-chain of the supplier;
- perform on a regular basis dialogues and meetings with major suppliers and mutually agree on measures for performance improvement of the supplier.

S&T should monitor the compliance of their supplier on a regular and reasonable (might event-driven) basis, if the standards as laid down in the S&T CoC are still met. S&T might decide - based on resources they have – which suppliers are more in the focus for measures in regard on the regular monitoring. E.g. it is more important to secure the compliance of a major single-source supplier compared to a one-time supplier with a small business volume.

V. CONSEQUENCES OF POOR RESULTS AND NON-COMPLIANCE OF SUPPLIERS

If an assessment, review and/or audit of a supplier shows minor deviations compared to S&T's expectations laid down in the S&T Suppliers CoC, S&T should agree with the supplier on an action plan to improve supplier's performance within reasonable time. If evidence and transparency on several criteria are open to be proven by supplier (and a violation of S&T standards is not obviously evident), then suppliers shall be required to commit itself to undertake measures of improvement to show compliance as soon as possible. If non-conformance with S&T Supplier CoC is identified, S&T will work together with the supplier to mutually agree on corrective actions which have to be implemented within reasonable timeframe. If all efforts do not lead to better results, whether due to lack of willingness of the supplier and/or inability of the supplier to comply with S&T standards, S&T might phase-out this supplier. Continuously and/or repeatedly bad-performing suppliers shall be excluded from S&T network of suppliers. If a supplier committed a major breach of S&T Supplier CoC (e.g. by supporting child labor), S&T shall immediately cease to work with this supplier.

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Annex 1 – EXAMPLES FOR SUPPLIER SELECTION CRITERIA

The following might be considered as potential supplier selection criteria (not all might be applicable, e.g. based on the type of business) and these criteria might be amended:

a. Legal Compliance

- i. Laws and Regulations
- ii. Fair Competition and Respect of Anti-Trust Laws

b. Commonly adapted Ethical Standards, Conventions and Recommendations of International Organizations

- i. Human Rights
- ii. Labor Conditions and Practices

c. IT-Security Principles

- i. General Awareness of IT-Security and Respect of Privacy
- ii. Data-Security in Products (HW/SW) and Services provided

d. Best Operating Practice

- i. Government Commissions and Combating Corruption
- ii. Adherence to IPR
- iii. Best-practice of Business Conduct towards Third Parties
- iv. Combating Money Laundering
- v. Adherence to Export, Import and Trade Controls
- vi. Awareness of Conflicts of Interest

e. Costs and Value of the Supply

- i. Existing Product Portfolio
- ii. Service and/or Product Roadmap
- iii. Capacity / Warranty offered / Payment Terms
- iv. Financial Stability

f. Service and Product Quality & Safety

g. Environmental Responsibility

h. Reliability

- i. Product / Service Reliability
- ii. Long Term Availability of Services/ Products
- iii. After Sale Services, including Availability of Parts/Supplies/Services
- iv. Delivery Performance
- v. Shared Values (Trust, Respect, Transparency, Communication)
- vi. Supply Chain Transparency/Compliance of the Supplier (Flow-Down of CoC requirements).