CTDI Europe's Sustainable Procurement Policy

Policy on supplier management, covering social issues in addition to environmental issues in the supply chain. It also includes commitments and operational objectives designed to improve performance or mitigate risk of purchasing activities.

Why Should I Follow this Policy?

Sustainability is an integral part of CTDI Europe's values and behavior. The sustainable creation of value is based on the unity of economic, environmental and social responsibility – both with regard to products and their production, as well as the associated processes, services and supply chain. CTDI Europe expects our suppliers to comply with all applicable local/regional and international human rights, health and safety and environmental legislation as a basis for all products, processes and services.

Scope

This policy applies to CTDI Europe and all of its legal entities, both domestic and foreign. It covers all employees, managers, contractors and business partners.

Objectives

According to OECD Guidelines, we contribute to economic, environmental and social progress with a view to achieving sustainable development. We recognize that some of United Nations sustainable goals (SDGs) are interconnected with our procurement activity. With this policy we want address specific challenges and define clear commitments and targets for our value chain.

Those SDGs were identified in our double materiality assessment:

- Goal 1: NO POVERTY
- Goal 2: GOOD HEALTH AND WELL-BEING
- Goal 8: DECENT WORK AND ECONOMIC GROWTH
- Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION
- Goal 13: CLIMATE ACTION

Sustainable procurement and environmental compliance ensure responsible supply chain management and protection of the environment, proper management of risks & opportunities in the supply chain, related to sustainability performance, that could impact company reputation, supply continuity and people.

It is important that procurement embraces the principles, enforces them towards suppliers and, in the case of critical responses, encourages suppliers to improve.

With the policy for sustainable procurement, CTDI Europe provide binding guidelines for taking sustainability aspects into account when purchasing goods and services.

We are committed to only purchasing material goods from suppliers who can prove that they

are compliant with environmental and social best practices. We strongly incentivize suppliers to maintain ISO 14001 & ISO 45001 certificate, through our supplier evaluation model. We are committed to improve all sustainability matters in our supply chain by setting a range of relevant and impactful targets.

Roles and Responsibilities

Corporate Procurement provides guidance to the purchasers in the supplier onboarding and performance evaluation process.

Divisional Procurement manages the relationship between CTDI and suppliers and leads the supplier onboarding process.

Divisional Procurement is responsible for supervising and reporting supplier performance.

It is prohibited to purchase from disqualified suppliers or suppliers who have not been approved through the onboarding process.

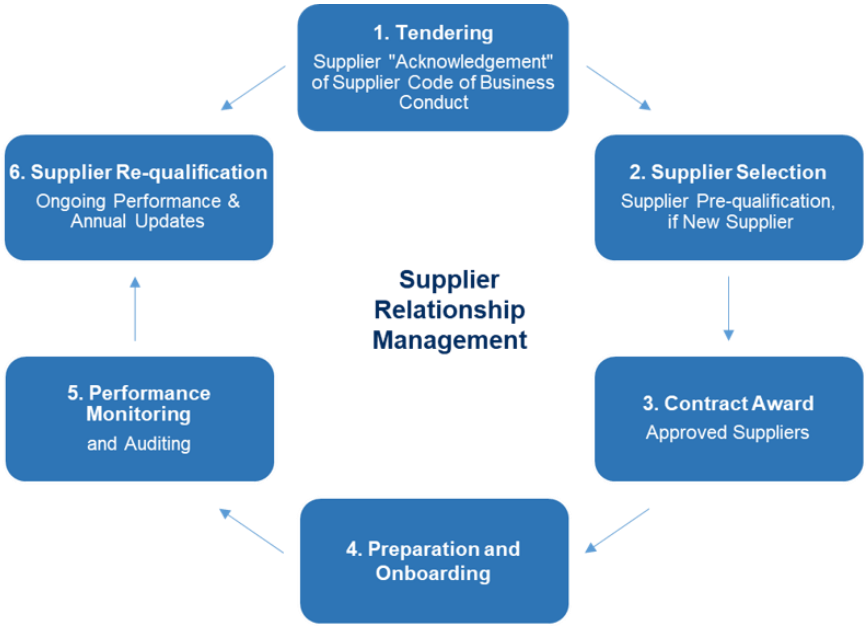
The objectives and the development report on sustainable procurement will be presented to the management board.

Suppliers/Contractors Relationship Management

CTDI Europe integrate sustainability into our procurement strategy. By conducting competitive evaluations, it is more likely, that we award business opportunities to candidates with higher sustainability rating.

We also have multiple criteria which are mandatory for suppliers to be in accordance with, due to their legal nature, as referred by Supply Chain Due Diligence Act. Any non-compliance will result in appropriate actions.

Our “Supplier Relationship Management” model ensures that we support our suppliers from start to finish and beyond.



Supplier Due Diligence

CTDI Europe apply a risk-based evaluation model to identify, prevent and address breaches of our Supplier Code of Business Conduct in every area where we operate.

The supply chain due diligence process aims to establish standard procedures on supplier evaluation and pre-selection, considering a variety of sustainable topics listed below.

- Human rights & labor
- Anti-bribery & anti-corruption
- Environmental protection
- Health & safety
- Supply chain responsibility
- Quality management
- Company financial information
- Climate change

The regular risk analysis is part of our annual routine. The analysis uses complaint data from the complaint management system “Hintbox” and supplier data from the supplier monitoring system “IntegrityNext”. Country risks and supplier risks were weighted and evaluated using our Risk Analysis model.

Checklists and legal obligations are used to identify violations. These include human rights and environmental obligations.

To identify violations among our direct suppliers, we ask them to complete a self-assessment (CSR Risk Review) in which they confirm that they are not currently in violation. We also use IntegrityNext 360° Watch, which analyses all recent press releases about the supplier 24 hours a day and alerts us to any violations that have been identified.

To identify violations among indirect suppliers, we require our direct suppliers to monitor their own direct suppliers through a supplier agreement.

This evaluation takes into account all material sourcing risks, the company might face in its supply chain, including “country of origin” risks and risks of misconduct against fundamental human rights and in particular, against child and forced labor.

Governance and Sourcing Decisions

Procurement integrates sustainability compliance and performance in sourcing decisions, supplier selection and the “procure-to-pay” process. Sustainability is enforced by CTDI (General Terms and Conditions).

Where relevant to the service to be provided, potential suppliers will be required to make a declaration on the use of conflict minerals, without exception, as required by CTDI Europe’s Conflict Minerals Policy.

Procurement applies the standard process for supplier due diligence at all geographic levels to identify potential risks in the supply chain.

There are multiple types or risks, that we are looking on:

- CSR risks according to supply chain due diligence process
- Risks exposure related to business activities
- Country risk level

Countries have varying likelihoods of violating human rights and environmental standards due to differing standards and regulations. The country where a supplier is based has a direct impact on its risk of violating human rights or environmental standards.

We use special maps to check where the supplier is located and what it looks like in terms of country risk. Country risk is dynamic and changes over time, if countries adapt certain laws and regulations.

In order to verify compliance of suppliers to our Supplier Code of Business Conduct, suppliers must agree with it. We also have additional observations in place, such as field audits and maintain “CTDI Europe’s Whistleblowing System”, an independent platform to raise concerns regarding business practices. This increases our possibilities to identify a breach of obligations.

Procurement works with suppliers to prevent potential violations of our Supplier Code of Business Conduct and provides guidance on how to assess them. Where necessary, Procurement mitigates deviations, implements remediation plans and supports supplier development.

Monitor Performance

Procurement monitors suppliers' performance on an ongoing basis conducting regular meetings and evaluations. Results are integrated in the tender evaluation, where sustainability is weighted among other performance criteria (e. g. quality, price, etc.).

CTDI inform supplier on their results and create actions of improvement if necessary.

Climate Change

We identify potential adverse impacts to nature and climate from the products and services we purchase and engage with suppliers to manage those impacts.

Procurement integrates climate and nature impacts in sourcing decisions with the objective to:

- Reduce CO2 emissions
- Reduce freshwater consumption and pollution, air emissions, waste and plastic
- Promote responsible forestry and responsible mining

Procurement ensures that suppliers with a high environmental impact are encouraged to take steps to continuously improve their environmental measures.

In addition, we set specific requirements and programs for the following very high-risk categories:

- Transportation Services
- Must monitor their CO2 emissions and make their data and statements available to CTDI annually
- Must plan and take actions to reduce CO2 emissions from transportation
- Packaging Suppliers
- Packaging solutions that use newest technologies that reduce the need from natural resources, reduce waste and environmental impact are preferred
- Packaging materials with FSC (Forest Stewardship Council) are preferred
- Non-plastic tape solutions and avoidance of single use plastics
- Direct Materials Suppliers
- Must avoid purchasing products that may contain “conflict minerals” that indirectly contribute to financing further conflicts in Africa
- Must encourage their own supply chain to reduce their CO2 emissions
- Must plan and take actions to reduce waste and increase their recycling rates

Policy Violations

Violations of this policy may result in sanctions being imposed according to employment law or according to our escalation process.

Validity

This policy is valid as of 17.07.2026 and replaces the former policy from 17.01.2025.

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