



TESSENDERLO GROUP POLICY

Policy Title	Date	December 14, 2022
PROCUREMENT SUSTAINABILITY POLICY		

Target audience	All members of the Procurement Department such as Procurement Directors, Procurement Managers, Senior & Junior Category Buyers, Senior & Junior Buyers, Senior & Junior Sourcing Managers, Tactical & Operational Leads, Process & Data Analysts, or equivalent functions.
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Subject	Formal policy on sustainability within the Procurement Department
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Purpose	The purpose of this policy is to solidify sustainability and CSR within procurement and for our suppliers
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Scope	
Business Unit/Department/Site	All business units / Procurement / All sites
In scope	All potential sustainability and CSR related aspects where procurement, within their responsibility area and aligned with the CSR policies, can contribute, both internally and externally with suppliers.
Out of scope	Joint Ventures

Terminology	
Expression	Definition
CSR	Corporate Social Responsibility
EXCOM	Executive Committee
BU	Business Unit
TCO	Total Cost of Ownership
CI	Continuous Improvement
LMS	Learning Management System
ERP	Enterprise Resource Planning
HR	Human Resources



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1 Introduction

This procurement sustainability policy must be seen as an addition to our aim to comply with all other company policies, including the CSR (Corporate Social Responsibility) policy and all other relevant laws and regulations. We intend to review this policy on an annual basis and make it available on the company website.

2 Sustainability Governance Model

Procurement is one of the expert teams in the Tessenderlo Group sustainability governance model. Regular meetings with a concrete action plan and follow-up, take place between the ExCom and the Group CSR Director.



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3 Procurement vision

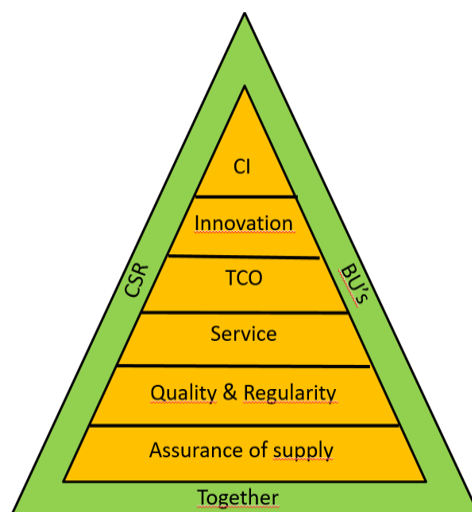
To continuously enhance sustainably, our procurement people, processes and approach, and to become best-in-class by 2025.

4 Procurement mission

Our Procurement Department aims to be a sustainable relationship architect, bridge builder, and coordinator between our internal stakeholders and the outside market of suppliers. We fulfill the internal demands in line with the business strategy and company values, with a strong focus on sustainable value creation. This sustainable value creation is based on a proactive approach and it is driven by CSR, risk mitigation, assurance of supply, cost avoidance, cost reduction, and a lean time-to-market process. With our passion, creativity, and connectivity we drive innovation and change to ensure we remain alert and continuously challenge the status quo.



5 Procurement priorities



6 Procurement Sustainability Objectives

The yearly objectives of the target audience contain one or more sustainability objectives. Group and individual bonuses of the target audience are partially linked to sustainability objectives.

7 Tessengerlo Group Supplier Code of Conduct

The Tessengerlo Group Supplier Code of Conduct is available in 4 languages and it can be found on our company website. With this document, we want to emphasize the importance of corporate, social, and ethical standards to our suppliers, in both our and their road trip to a more sustainable supply chain.

8 Procurement process

Our procurement processes contain sustainability topics such as risk considerations and TCO.

9 Sustainability Training

On a regular basis, training on sustainability topics will be provided to the target audience. Every training session will be registered on our learning management system (LMS), and will be available for new members, in the onboarding program, belonging to the target audience.

10 Procurement Sustainability KPIs

To emphasize our commitment, we implemented procurement sustainability KPIs that will be regularly evaluated. In alignment between Procurement and the Group CSR Director, these KPIs can be reviewed and additional ones could be implemented to show our enhanced sustainability engagement.



10.1 First KPI “Supplier Code of Conduct”

Signature of the Supplier Code of Conduct with a progressive target over 2021, 2022, up to 2025: the target of each BU is that suppliers representing 75% (2021), 77% (2022), and 80% (2025) of our annual spend must sign our Tessenderlo Group Supplier Code of Conduct or provide us with their own Code of Conduct. Responses will be registered in our ERP systems.

10.2 Second KPI “Sustainability Training sessions”

2021 and beyond: The invited target audience must achieve an attendance rate of a minimum 95% for the provided sustainability training sessions. The attendance rate will be registered in our LMS system.

10.3 Third KPI “Ecovadis Procurement score”

2023 and beyond: We aim that from the year 2023 onwards, our Tessenderlo Group sustainability procurement score should exceed the “World Sustainability Procurement” score published by Ecovadis in its yearly “ Business Sustainability Risk and Performance Index year x report.





11 Continuously enhance sustainability awareness

To enhance the sustainability awareness within the procurement community and our suppliers, we aim to introduce and implement additional practices on a BU or Group level, such as:

11.1 Integration of social or environmental clauses in supplier contracts

11.2 Considering sustainability performances when selecting a new supplier and renewing contracts

11.3 A centralized overview with procurement sustainability cases

11.4 Supplier questionnaire on sustainability practices

11.5 On-site audits of suppliers on sustainability practices

Disclaimer

All statements in this policy, other than statements of historical fact are, or may be deemed to be, forward-looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties. We caution you that a number of factors could cause results to differ materially from some statements. Readers should thus not place undue reliance on forward-looking statements.





Approval			
Name	Function	Date of issue	Version
Alain Delplace	Group Procurement Director	1/12/2021	1.0
Greet Hombroux	Group CSR Director	1/12/2021	1.0
Daniel Van Damme	Group Risk Manager	2/12/2021	1.0
Dominiek Viaene	Group Internal Audit Director Ad Interim	6/12/2021	1.0
Annemie Vanwalleghem	VP Tax & Legal Group	7/12/2021	1.0
John Van Essche	Corporate Compliance Officer	7/12/2021	1.0
All BU Procurement	Procurement	17-21/12/2021	1.0
Stefaan Haspeslagh	ExCom	1/1/2022	1.0
Stefaan Haspeslagh	ExCom	14/12/2022	2.0

Responsibilities		
Area	Name	Function
Development and maintenance of policy	Greet Hombroux	Group CSR Director
Implementation of policy	Stefaan Haspeslagh	ExCom
Monitoring of compliance to policy	Charles Hubert	Group Internal Audit Director