

BUFAB GROUP POLICY

Sustainable procurement

BUFAB

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1. Background and purpose

As a trading company, procurement lies at the core of our business. We recognise that improving our procurement performance is an ongoing process and that our suppliers, both large and small, are important partners in our journey to improve our social, environmental, and ethical performance. We drive this through our Sustainable Supplier Engagement Program.

Additionally, we aim to reduce the total cost of ownership of our parts, ensure a supply chain without disruptions, and impose strict due diligence rules according to the EU Deforestation Regulation (EUDR).

We use a risk-based approach to evaluate our supply chain, allowing us to optimise our improvement efforts for the best results. We encourage our suppliers to adopt practices that minimise their environmental impact and deliver community benefits from their operations and throughout the supply chains in which they operate.

This policy applies to all procurement operations carried out by Bufab's subsidiaries. We uphold a zero-tolerance policy against child labour in accordance with ILO conventions and are committed to eliminating all forms of forced and compulsory labour.

2. Audience

This Policy applies to Bufab AB and all Bufab entities within the Group, as well as to employees and members of the board of directors (henceforth the "Employees"). The Managing Director (MD) of each company in the Bufab Group is responsible for ensuring that Employees understand the content of this policy. The policy also guides and informs relevant stakeholders: suppliers, customers, investors, authorities, and the public. Bufab will work to ensure that other companies in which it has an ownership interest follow the policy guidelines.

Third parties operating on the company's behalf, including consultants and other contractors, must uphold the same ethical standards as Bufab and comply with all applicable laws when they, directly or indirectly, represent or act in any capacity for Bufab. Responsibilities for this group should align with those of other employees.

3. Policy statement

3.1. Objectives

- To promote purchasing products and services that are environmentally friendly, socially responsible, and economically viable.
- To minimise the negative impact of procurement activities on the environment and society.
- To adhere to legal and ethical standards related to sustainability.
- To encourage suppliers and contractors to adopt sustainable practices.

3.2. Principles of sustainable procurement

Environmental Responsibility: Minimise the environmental footprint of products and services, considering factors like energy use, waste, water, and carbon emissions throughout the lifecycle.

Social Responsibility: Ensure suppliers adhere to fair labour practices, respect human rights, and positively contribute to their communities. We are committed to promoting and upholding the highest health and safety standards in all procurement activities. All suppliers, contractors, and service providers must comply with applicable health and safety legislation, regulations, and industry best practices.

Economic Viability: Take into account the total cost of ownership, including long-term expenses, rather than focusing solely on the initial purchase price.

Transparency: Ensure an open and transparent procurement process that clearly communicates sustainability criteria to all stakeholders.

3.3. Procurement practices

Environmental Criteria: Promote the purchase of products with a low environmental impact, such as energy-efficient items, those with minimal packaging, and those made from sustainable or recycled materials.

Supplier Evaluation: Evaluate suppliers' sustainability practices and performance, including their environmental management systems, social compliance, and ethical business practices.

Innovation and Collaboration: Pursue innovative solutions from suppliers that contribute to sustainable development and collaborate with them to improve sustainability in the supply chain.

3.4. Sustainability criteria for suppliers

Suppliers should be assessed on:

- **Environmental Impact:** Use of sustainable materials, energy efficiency, waste reduction, and carbon footprint.
- **Social Impact:** Labour conditions, human rights, diversity and inclusion practices, and community development.
- **Ethical Practices:** Adherence to anti-corruption policies, fair trade principles, and transparency in operations.
- Suppliers to provide proof of compliance with the Bufab Sustainable Supplier Engagement Program.

3.5. Bufab companies shall be able to demonstrate

- How has your company implemented this policy and informed your employees, customers, suppliers, and other business partners of their rights, duties, and responsibilities?
- How does your company and all employees comply with local laws and the Bufab Group policies?
- How do employees and agents of your company comply with all applicable laws and regulations in any location where your company transacts business? Records must be shown.
- What are the applicable laws and regulations that your company follows?
- What are the payment terms used for both customers and suppliers?
- Does your company have any local practices that conflict with this policy?

Procurement and use of wood and rubber:

- Ensure all wood and rubber materials are sourced from sustainable suppliers.
- Certify that all wood used is from forests certified by the Forest Stewardship Council (FSC) or an equivalent organisation.
- Guarantee that all rubber used meets the criteria set by the Global Platform for Sustainable Natural Rubber (GPSNR).
- Provide accurate geographical information on the farmland where the commodities were produced.

Goals for the policy and sustainability targets:

- All our approved (A, B, C) suppliers must sign our Supplier Code of Conduct.
- A sustainability audit will be conducted on 80% of supplier spending by 2026.
- 100% of our suppliers will be evaluated and screened for conflict minerals.
- Zero high-risk smelters and a 100% response rate are required.
- We will ensure 100% compliance with REACH legislation and the RoHS Directive.
- By 2025, 70% of our spending will be in the Sustainable Supplier Engagement Program.
- There will be zero safety-related incidents or claims.
- We will regularly review and audit the supply chain to ensure compliance with sustainability standards.

4. Roles and responsibilities

The Group Sustainability Director owns this policy. The CEO of Bufab shall review and update it annually, when necessary. The MD of each company is responsible for ensuring that this policy is carried out to all affected employees or persons acting on behalf of the company and updating the CEO on the policy that is adhered to annually.

5. Exceptions

This policy does not allow exceptions. Any need for exceptions must be clearly defined and documented. The Bufab Board of Directors shall approve all exceptions.

6. Monitoring and compliance

- The board of directors of Bufab holds overall responsibility for implementing, reviewing, and ensuring compliance with the Policy.
- The company's MD is responsible for ensuring that this policy is followed by all affected employees or individuals acting on behalf of the company.
- All employees, along with third parties acting on behalf of the company, are responsible for participating in and understanding the Policy.
- Each company's MD must update the CEO annually regarding adherence to the policy, and the CEO will subsequently inform the board of directors.

7. Bufab Best Practices

Management review: Ensures that Sustainable Procurement Policy is integrated into all processes and operations, covering KPIs (key performance indicators), target setting and continuous improvement.

Internal communication: Ensure that all procurement employees understand the importance of sustainability and are trained to integrate sustainability into their purchasing decisions.

Supplier communication: Clearly communicate sustainability expectations to suppliers and encourage them to report on their sustainability efforts.

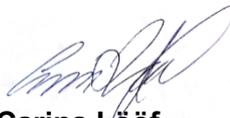
8. References to associated documents

Apart from this Anti-corruption and Bribery Policy, Bufab has several related group-wide policy documents, which can be found at SolutioNet / Our Way of Working.

- Code of Conduct
- Sanctions and Export Control Policy
- Supplier Code of Conduct



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