



Group Policies

Sustainable Purchasing



INDEX

- 1.** Definitions
- 2.** Field of applications
- 3.** Purpose
- 4.** Basic Rules
- 5.** Information and communication

1. Definitions

Group companies: all companies under the control of SCIL

SCIL: Specialty Chemical International Limited is the parent company

ESG: Environmental, Social and Governance

2. Field of application

All Polynt - Reichhold companies.

3. Purpose

This policy has the purpose to define what are Polynt Group's day-to-day operations to evaluate the environmental and social impacts of the supply chain.

Environment impacts includes all the impacts the product has on the environment while social impacts includes labor practice, Human Rights and Business Ethics.

By implementing sustainable supply chain policy, Polynt Group engages suppliers, mainstreaming values and actions down to raw material producers and maximizing the overall social, environmental and ethical impact.

4. Basic Rules

This policy is based on different international sources (as for example: UN Global Compact Ten Principles, ILO, OECD Guidelines for Multinational Enterprises and so on) and focuses on upstream business partners, i.e. relationships with suppliers.

Establishing Sustainability Expectations for the Supply Chain

At a minimum, the Polynt Group expects suppliers to comply with national laws and to take proactive measures to avoid environmental and social harm. In the next paragraph, we translate expectations into a clear set of guidelines that will provide direction to suppliers and internal colleagues.

Overview of [Supplier Code of Conduct](#)

Codes of conduct establishes and manages expectations that the Group has for its suppliers. The Polynt Group has a code of conduct that it shares with its suppliers asking them to commit by accepting and sign of acknowledgment.

Determining the Scope

Best practice requires Polynt Group to look at their supply chain as a whole, including suppliers beyond their first tiers, and to identify the areas where sustainability challenges are most likely to occur. To do so, there are two general steps:

- **Supply Chain Mapping:** who and where the suppliers are in the supply chain and, particularly, to understand as much as possible about their extended supply chain beyond the first tier. Best practices require to start looking at general high-risk areas, such as products sourced from regions that are commonly recognized for sustainability issues or suppliers whose nature of the business activity is usually associated with a set of common sustainability risks.

Additionally, Polynt Group identifies their largest spending categories and categories that are critical to business operations in terms of little or no availability of alternative options and impact of supply chain disruption. However, Polynt Group manages this activity, at the end, they should have a map showing where and how the inputs are flowing around the world.

- **Supply Chain Prioritization:** identifying areas where the risk of adverse impact on human rights, environment and governance is the most significant. This prioritization allows the Group to take the appropriate actions with different suppliers. With a good understanding of the supply chain map, the Group can then identify and prioritize where the most problematic areas lie and should focus on the areas that present the greatest risk of adverse impact on people, environment and government according to the country, sector, activity or type of relationship with the supplier.

Supply chain mapping and prioritization are activities under responsibilities of Group ESG Manager.

New Suppliers ESG Evaluation

Every new supplier with which the group wants to do business must undergo an ESG assessment before signing the supply contract or a purchase order.

The Supply Chain area will be responsible for sending the Supplier Code of conduct to the supplier for commitment and signature of acknowledgment and a self-assessment questionnaire aimed at assessing ESG risks.

Both the Supplier Code of conduct and the completed self-assessment questionnaire must be sent to the ESG area for having a Supplier ESG score.

ESG area send an ESG supplier score to Supply Chain area.

Engaging with Suppliers and monitoring

Every year the ESG area and Supply Chain area jointly engage the suppliers with an update of the risk assessment with which the Group does business. In April of each year:

- A request to complete a self-assessment questionnaire is sent to the supplier by the Supply Chain area with the aim to monitor ESG risks
- The data received is examined by the ESG area to update the supplier evaluation and update the Supplier ESG score

Supply Chain area, in the final supplier evaluation, considers also the supplier ESG score.

5. Information and communication

All managers indicated in the distribution list are responsible for informing their organizations of the contents of this procedure and its due application.

