



# **Sustainable Procurement Policy**



## Description, Responsibilities, and Purpose of Policy

### 1.1. Description

At PPF, we are dedicated to minimizing the environmental impact of our operations to ensure the availability of essential resources for future generations. To fulfill this commitment effectively, we seek to engage in close collaboration with suppliers who share our vision and are prepared to transform innovative ideas into actionable solutions that benefit humanity, pets, and the planet. We recognize the importance of managing our suppliers effectively to assess and mitigate risks within our supply chain. Our sustainability policy clearly defines our dedication to key sustainable practices that uphold these principles.

We are committed to the highest standards of integrity and sustainability, fully respecting the United Nations Guiding Principles on Business and Human Rights. Our ethical principles include integrity, honesty, trust, respect, humanity, tolerance, and responsibility. We maintain a zero-tolerance policy towards unethical business practices, including bribery and corruption, and expect our suppliers to adhere to comparable ethical standards in their operations.

By establishing clear objectives and actionable steps, we continually strive to enhance our sustainability performance and reinforce our commitment to ethical business practices.

### 1.2. Material and Legal Scope

PPF complies with all relevant legal requirements, codes of practice, and regulations at international, national, and local levels. In addition, the content of this policy shall apply as the 'minimum' criteria to be fulfilled in the understanding that the legal provisions and regulations applicable to the relevant parties shall prevail over this document.

### 1.3. Scope

The present Policy applies to all employees and persons carrying out work for PPF or PPF companies in any PPF country, including

- All employees
- Contractors and sub-contractors
- Agency/temporary staff members
- Trainees, interns, as the case may be.

Additionally, our PPF Supplier Code of Conduct and Sustainable Sourcing Policy complement this policy by including a set of requirements that all our suppliers must meet to do business with us.

### 1.4. Roles and Responsibilities

To ensure the effective implementation of this policy, PPF has assigned the following roles and responsibilities in the table below. These will ensure that all objectives and measures described in this policy are achieved to the best of our ability.

Role	Responsibilities
Executive Board	The executive board is responsible for this policy's overall and final approval, ensuring compliance and overseeing the progress towards annual targets.
Management	Management is responsible for facilitating the implementation of the policy, appointing the contact officer, and ensuring that all employees have understood the policy and have access to all relevant resources needed to comply with the policy.
Employees	Employees are responsible for reading and understanding the policy and complying with principles presented in their day-to-day activities. In addition, if employees witness misconduct or behavior that does not comply with the policy, they are expected to report it according to PPF's Whistleblowing Policy.
Contact Officer	The contact officer is responsible for implementing and updating the policy, as well as answering any questions or complaints regarding its content. The Contact Officer for this policy is Izabella Balanyine Kurucz, ibalanyine@ppfeurope.com

## 2. Procurement Objectives and Targets

PPF is dedicated to acting ethically and with integrity towards our employees, promoting the same values to our business partners. This policy establishes our commitment to fair and safe labor practices, ethical sourcing, and responsible supply chain management, it outlines the measures and objectives that PPF commits to ensure supplier compliance, assessment and diversity.

### Measures

We offer our customers compliance without compromise, starting with our suppliers. Given the stringent animal health and safety requirements in our industry, we target to eliminate high-risk supplier relationships and activities. To uphold high environmental and social standards in our supply chain, we have implemented the following measures:

- We have a PPF Supplier Code of Conduct and Sustainable Sourcing Policy setting out clear environmental and social expectations from our suppliers.
- We are committed to ethical business and are fully compliant with all applicable and relevant international and local requirements and industry standards.
- No PPF employee is allowed to accept any type of payment or any other type of benefit in relation to awarding the contract to the supplier.
- We are determined to comply with regulatory and customer requirements through proper specifications management, ensuring meeting undesirable substance legislation requirements.
- As a member of SEDEX (Supplier Ethical Data Exchange), we regularly update our own assessment to ensure requirements are maintained.
- We implement a supplier risk assessment program focusing on SEDEX key chapters.
- We conduct sustainable procurement training for our buying team every year, covering PPF's expectations and actions concerning sustainable procurement.



- We track our Scope 3 GHG emissions and have a reduction target validated by SBTi.
- We have set up a specific supplier evaluation procedure for sustainability criteria used to assign a risk score to top suppliers.
- We collaborate with suppliers to define remediation actions to be implemented, based on the outcomes of the supplier evaluation
- As part of the supplier evaluation process, we send a questionnaire to our suppliers to evaluate their environmental and social practices.

## **Objectives**

To ensure environmental, social, and economic considerations are integrated into purchasing decisions to ensure responsible business practice, PPF has formulated the following objectives:

### **2.1. Supplier Compliance**

- Ensure suppliers conduct all activities in accordance with all applicable local laws and regulations related to labour and employment including but not limited to, child and forced labour, minimum wage, working hours, remuneration freedom of association, and right to collective bargaining.
- Ensure suppliers treat all employees fairly, ethically, respectfully, and with dignity.
- Promote transparency and accountability in supply chain practices by encouraging suppliers to disclose relevant information and adhere to agreed-upon standards and commitments.
- Implement a system for efficiently identifying and mitigating compliance with 30% value coverage of suppliers by 2025.
- Reach 90% value coverage of our PPF Supplier Code of Conduct and Sustainable Sourcing Policy acceptance by 2024.
- Implement social or environmental clauses into 25% value coverage of direct material supplier contracts by 2025.
- Begin integrating sustainable procurement objectives into 25% of buyer performance reviews by 2026.

### **2.2. Supplier Assessment**

- Foster stronger relationships with suppliers by promoting transparency, communication, and collaboration in addressing sustainability and CSR issues.
- Educate our suppliers on Sustainability, focusing on waste reduction initiatives for at least 50% value coverage of our supplier base by end of 2025.
- Conduct a risk assessment of our top 50 suppliers for environmental topics by 2024.
- Establish process for capacity building of suppliers on environmental issues and engage 10 suppliers by 2026.
- Begin tracking the percentage of suppliers that have gone through a CSR assessment by 2025.
- Begin tracking the percentage of suppliers that have gone through a CSR on-site audit by 2025.

### **2.3. Supplier Diversity**

- "Buy Local" as much as possible to support local businesses, especially those owned by minorities or women, fostering community resilience and economic development.

- Establish partnerships with 10 new minority/woman-owned suppliers through a supplier diversity program by 2030.

### 3. Policy review, Sanctions, and Approval

#### 3.1. Policy Review

To ensure the continued validity and accuracy of this document, an annual review will be carried out by the Contact Officer. The review intends to identify any need for an update and to make the necessary modifications. In case of changes in laws and regulations or in PPF's activities, a more frequent review of this document is advised, though not mandatory.

#### 3.2. Sanctions

We take a strict approach to breaches of this policy. In the event of a violation of the principles and topics appearing in this Sustainable Procurement Policy, PPF shall use all means to eliminate them and take the necessary legal and other disciplinary steps, which are allowed by the respective legal systems.

PPF has a formal complaints mechanism in place to provide employees, contractors, subcontractors, suppliers, and other stakeholders with a secure and confidential channel to report any violations or concerns related to the topics covered in this Sustainable Procurement Policy.

#### 3.3. Approval, Review Period, and Ownership of the Policy

This Policy has been reviewed, discussed, and approved by PPF's Executive Committee. The Policy should be reviewed and updated regularly but at least annually. PPF conducts annual follow-ups in connection with targets set out in this Policy.

  
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GERALD KÜHR  
CEO  
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CHIEF PEOPLE OFFICER  
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TORSTEN JACOBS  
COO

## Details for revisions and policy updates

Policy name:	Sustainable Procurement Policy
Version number:	V1
Effective date of this version:	1 November 2024
Authorized by:	PPF Executive Committee
Scope:	<p>The present Policy applies to all employees and persons carrying out work for PPF or PPF companies in any PPF country, including</p> <ul style="list-style-type: none"> <li>• All employees</li> <li>• Contractors and sub-contractors</li> <li>• Agency/temporary staff members</li> <li>• Trainees, interns, as the case may be</li> </ul>
Policy Review Cycle:	Annually from effective date
Docket Responsibility of Review Cycle:	Izabella Balanyine (Contact Officer)

<b>Revision history:</b>	
Date: 1 November 2024	Creation V1 of Sustainable Procurement Policy
Approved by	PPF Executive Committee