Guideline for sustainable procurement

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1. Purpose and field of application

We, Sumitomo (SHI) Demag Plastics Machinery GmbH, are committed to responsible business behaviour. We take measures to ensure that all goods we procure are produced ethically, safely and in an environmentally responsible manner. Our strategy aims to achieve sustainable processes with a positive impact on people and the environment.

Our Sustainable Procurement Policy is an addendum to our Code of Conduct, which forms the basis for compliance with social and environmental standards and chemical regulations for all suppliers and service providers of Sumitomo (SHI) Demag Plastics Machinery GmbH.

It aims to promote a fair and sustainable circular economy and sets out the minimum requirements for the use of certain materials and manufacturing methods for products. Our implementation strategy is subject to regular internal and external reviews in order to incorporate any changes.

We endeavour to continuously improve with regard to our goals and expect our suppliers and service providers to implement them and demonstrate clear progress. This improvement process reflects our endeavour to set new standards in the industry and only work with suppliers and service providers who meet our ethical standards.

In addition to the ongoing compliance checks carried out during delivery and production, we also carry out regular spot checks. These ensure that our suppliers and service providers comply with the guidelines described and the minimum requirements for each product group. Our suppliers and service providers must
submit all relevant information upon request.

Products that violate these guidelines will be excluded from procurement. Furthermore, we reserve the right to exclude suppliers and service providers or to terminate the business relationship if these guidelines or the legal requirements are violated.

2. Labour and human rights

We expect our suppliers and service providers to support and comply with international standards that have been defined in terms of respecting the basic human rights to which all people in the world should be entitled. These include the United Nations' "International Bill of Human Rights", the "Guiding Principles on Business and Human Rights", the ILO's "Declaration on Fundamental Principles and Rights at Work" and the "OECD Guidelines for Multinational Enterprises".

We do not tolerate any form of discrimination among our suppliers and service providers, including discrimination based on age, nationality, race, ethnicity, place of origin, religious affiliation, faith, political beliefs, marital status, family structure, gender, sexual orientation, gender identity, disability or employment status, or harassment of any kind that violates the dignity of the individual, such as sexual harassment and abuse of power. Together, we strive to create an organisational culture with good communication aimed at ensuring psychological safety. Furthermore, we do not tolerate human trafficking, forced labour through violence, threats or debt, child labour or modern slavery from our suppliers and service providers.

Our suppliers and service providers also respect the rights of their employees with regard to freedom of association or standards concerning pay and working hours. We expect them to not tolerate or accept any form of corruption or bribery.

3. Environment

We endeavour to reduce the environmental impact of our business activities, including the entire life cycle of our products, on the basis of the fundamental policy of sustainability.
The protection of the global environment and climate protection are one of the priority issues in the endeavours to create a sustainable society.

We expect our suppliers and service providers to reduce the environmental impact of all business activities, including the entire product life cycle, in order to respond to environmental issues such as climate change.

Our suppliers and service providers endeavour to counteract the impact on the environment by taking measures to reduce carbon dioxide emissions and waste.
They support the reuse or recycling of resources and ensure that energy is used more efficiently. The aim is to achieve a decarbonised and circular society.

4. Raw materials and chemicals and their disposal

We, Sumitomo (SHI) Demag Plastics Machinery GmbH, expect our suppliers and service providers to comply with all applicable procurement regulations and laws in order to ensure sustainable and human rights-compliant procurement of raw materials and chemicals. These are, in particular, the Supply Chain Duty of Care Act, as well as the REACH and RoHS regulations.

Proper disposal is closely linked to procurement. We require our suppliers and service providers to avoid waste as far as possible and to recycle it on a large scale.

We ask our suppliers and service providers to support our initiatives and activities for the responsible procurement of raw materials and chemicals, as well as their disposal, and to work with us to utilise any potential for improvement.

5. Conflict minerals

Our suppliers and service providers are committed to responsible sourcing of minerals to ensure that they are not involved in human rights abuses, labour issues, environmental degradation and other risks. This includes the extraction and trade of minerals in the Democratic Republic of Congo (DRC) and its neighbouring countries as well as in conflict-affected and high-risk areas (CAHRAs).

Our suppliers and service providers are required to support our initiatives and activities in this regard and to carry out due diligence in accordance with applicable guidelines (Dodd-Frank Wall Street Reform, the Consumer Protection Act of 2010 and the EU Conflict Minerals Regulation of 2021). A funding framework for the responsible procurement of minerals, based on the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" of the Organisation for Economic Co-operation and Development (OECD), must be created.

Through regular investigations and checks in the supply chain, we ensure that products, components and materials are sourced without human rights violations, labour problems or environmental destruction.