

# Sustainable Procurement Strategy

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# 1. Introduction

A comprehensive sustainable procurement strategy is vital for an electronics manufacturing business aiming to integrate sustainability into its operations and value chain.

This policy outlines the principles, practices, and procedures that will guide the company's procurement activities to ensure they align with environmental stewardship, social responsibility, and economic efficiency.

The goal is to foster a culture of continuous improvement, innovation, and responsibility throughout the company's growth phases.

## 2. Purpose

The purpose of this policy is to:

- Minimize environmental impact and promote the conservation of resources.
- Ensure the ethical sourcing of materials.
- Enhance the social well-being of communities involved in the supply chain.
- Drive economic efficiency and create value for stakeholders.
- Comply with relevant legal and regulatory requirements.

## 3. Scope

This policy applies to all procurement activities within the company, including the sourcing of raw materials, components, and services. It covers all suppliers and contractors engaged in delivering goods and services to the company.

## 4. Principles

The company commits to the following principles:

- **Sustainability:** Prioritize products and services that have the least environmental impact.
- **Ethical Sourcing:** Ensure that suppliers adhere to labour laws and human rights standards.
- **Transparency:** Maintain open and honest communication with stakeholders about procurement practices.
- **Responsibility:** Hold ourselves and our suppliers accountable for sustainable and ethical practices.
- **Innovation:** Encourage the development and use of sustainable technologies and materials.
- **Continuous Improvement:** Regularly evaluate and improve procurement practices to enhance sustainability performance.

## 5. Practices

### 5.1 Supplier Selection and Evaluation

Implement a supplier assessment process that evaluates potential suppliers based on their environmental performance, labour practices, and ethical standards.

Develop a sustainability scorecard for ongoing evaluation of supplier performance.

### 5.2 Sustainable Sourcing

Prioritize the procurement of materials and components that are recyclable, renewable, and have a lower environmental footprint.

Encourage suppliers to reduce packaging and use materials that are environmentally friendly.

### 5.3 Capacity Building

Work with suppliers to improve their sustainability practices through training, resources, and support.

Foster collaboration among suppliers to share best practices and innovations in sustainability.

### 5.4 Community and Social Responsibility

Engage in fair trade practices and support local communities by sourcing from local and small-scale suppliers where possible.

Ensure that all procurement practices respect human rights and labour laws.

## **6. Monitoring and Reporting**

- Establish key performance indicators (KPIs) related to sustainability objectives.
- Conduct regular audits of procurement activities and supplier performance to ensure compliance with this policy.
- Report progress and challenges in sustainability procurement practices both internally and to external stakeholders.

## **7. Continuous Improvement**

- Review and update the procurement policy annually to reflect new sustainability trends, technologies, and regulatory requirements.
- Encourage feedback from employees, suppliers, and other stakeholders to identify areas for improvement.
- Invest in training and development for procurement staff to enhance their capabilities in sustainable procurement.

## **8. Compliance and Enforcement**

- Ensure compliance with all applicable local, national, and international laws and regulations regarding environmental protection, labour, and trade.
- Develop a mechanism for addressing non-compliance issues among suppliers, including corrective action plans and, if necessary, termination of contracts.

## **9. Collaboration and Partnerships**

- Engage in partnerships with NGOs, industry groups, and other organizations to support sustainability goals.
- Participate in collaborative projects and initiatives to improve sustainability standards within the electronics manufacturing industry.

## 10. Conclusion

This sustainable procurement policy represents the company's commitment to integrating environmental, social, and economic considerations into its procurement decisions. By adhering to this policy, the company aims to not only minimize its impact on the planet but also build a more sustainable, responsible, and competitive business. Continuous improvement and innovation will be key drivers in achieving these objectives as the company grows.

# 11. Glossary

| Term                                       | Definition                                                                                                                                                                                                      |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sustainability</b>                      | The practice of meeting current needs without compromising the ability of future generations to meet their own needs. Involves environmental protection, social development, and economic development.          |
| <b>Ethical Sourcing</b>                    | Procurement processes that respect human rights and the environment, ensuring that the goods and services purchased are produced and delivered under conditions that do not exploit workers or the environment. |
| <b>Transparency</b>                        | The degree to which a company openly communicates its policies, practices, and impacts to stakeholders, including information about product sourcing, labor practices, and environmental impacts.               |
| <b>Responsibility</b>                      | The obligation of a company to act in the best interests of the environment and society at large, beyond its shareholders and customers.                                                                        |
| <b>Innovation</b>                          | The pursuit and application of new ideas, methods, or products to enhance sustainability and efficiency in procurement practices.                                                                               |
| <b>Continuous Improvement</b>              | The ongoing effort to improve products, services, or processes over time, with a focus on enhancing sustainability and ethical practices in procurement.                                                        |
| <b>Supplier Assessment</b>                 | The process of evaluating potential suppliers based on specific criteria, including sustainability practices, ethical standards, and compliance with relevant laws and regulations.                             |
| <b>Sustainability Scorecard</b>            | A tool used to evaluate and measure a supplier's performance on various sustainability indicators, such as environmental impact, labor practices, and ethical business conduct.                                 |
| <b>Recyclable Materials</b>                | Materials that can be collected, processed, and reused to make new products, thereby reducing the consumption of fresh raw materials, energy usage, and environmental pollution.                                |
| <b>Renewable Materials</b>                 | Materials that are produced from sources that can be replenished over a short period of time, such as bamboo, wool, or certified sustainable wood.                                                              |
| <b>Community and Social Responsibility</b> | The commitment of a business to contribute to the welfare of the communities in which it operates, including fair labor practices, supporting local economies, and engaging in philanthropy.                    |
| <b>Key Performance Indicators (KPIs)</b>   | Quantifiable measures used to evaluate the success of an organization, employee, etc., in meeting objectives for performance, including sustainability goals.                                                   |
| <b>Compliance</b>                          | The act of conforming to established guidelines or specifications, or the process of becoming so. In the context of procurement, it refers to adhering to legal, ethical, and environmental standards.          |
| <b>Collaborative Projects</b>              | Initiatives undertaken jointly by multiple parties, such as companies, NGOs, and governmental organizations, to achieve specific sustainability goals.                                                          |

## 12. Revision History

| Version | Date       | Author    | Change Control | Summary of Updates                                                |
|---------|------------|-----------|----------------|-------------------------------------------------------------------|
| 1       | 28/02/2024 | M J Adams | NA             | <ul style="list-style-type: none"><li>• Initial release</li></ul> |