

# LEM GROUP SUSTAINABLE PURCHASING POLICY

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Throughout this document, the following verbal forms are used:

- “**shall**” or “**must**” indicate a requirement.
- “**should**” indicates a recommendation.
- “**may**” indicates permission.
- “**can**” indicates a possibility or a capability.

### 1. PURPOSE

LEM is driven by a strong purpose: helping customers and society transition accelerate the transition to a sustainable future. We achieve this through our commitment to protection of the environment and ensuring the respect of human rights, not only within our own operations but throughout our upstream and downstream value chain. This policy outlines our commitment to integrating sustainability into our purchasing processes. It aims to ensure that our operations, products, and services are not linked to any adverse impacts within the supply chain and contribute positively to LEM's environmental, social, and governance (ESG) goals. As a company we endorse the principles of the Universal Declaration of Human Rights and the ILO Core Conventions on Labour Standards and, through the implementation of our Supplier Code of Conduct, require these to be respected by our business partners.

### 2. SCOPE OF APPLICATION

This policy applies to all suppliers, contractors, and vendors providing services, components, parts, assemblies, or sub-assemblies used to produce our products. It covers all employees, managers, contractors, and business partners.

### 3. VERSION LOG

Version	Date (yyyy-mm-dd)	Description of changes
0	2025.05.08	Creation



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### 4. REFERENCE DOCUMENTS

Internal or external	UCLEM	Document title
Internal	CO.11.10.097.0	LEM group suppliers general requirements manual
Internal	CO.11.11.258.0	LEM group procurement risk assessment
Internal	CO.11.11.385.0	LEM group supplier quality risk assessment

### 5. OUR COMMITMENTS

We are committed to ensuring that our suppliers are taking steps to operate in accordance with the LEM's purpose. LEM has adopted policies determining the environmental, social and business governance priorities. These priorities extend to our value chain, and we have identified the following areas of focus and requirements for stakeholders in scope of this policy to contribute to and ensure the development of a sustainable supply chain. The implementation of these will ensure that our purchasing practices contribute to positively towards our own ESG goals and to the development of a sustainable society.

#### 5.1 Environmental

In order to facilitate our own net zero targets, we expect stakeholders to take action to reduce their own emissions across Scopes 1, 2 and 3 and set ambitious yet realistic reduction targets across all scopes. Stakeholders should also develop targets and an action plan to reduce the consumption of water and to become more energy efficient in their operations. They should promote the principles of circular economy in their products and seek to continuously improve the use of recycled resources in products. Stakeholders should lastly also adopt and promote responsible waste management practices, increasing the share of waste being diverted from landfill for reuse or recycling. Stakeholders can be expected to achieve this by adopting robust quality management systems that meet ISO 14001 certification standard and dedicate effort to continuous improvement in these areas.

#### 5.2 Social

LEM has endorsed the principles of the Universal Declaration of Human Rights and the ILO Core Conventions on Labour. We have adopted these principles into our own Labour and Human Rights Policy that applies to all employees. We expect that stakeholders uphold these conventions and adapt them into their own policies. If they have not already, all stakeholders in scope of this policy will be expected to ensure that they are creating and maintaining fair working conditions in their own workforce and value chain including the respect of a right to a living wage, guaranteeing equal treatment and opportunities for all, ensuring that no forced/child labour is used in own workforce, guaranteeing a safe and



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healthy workplace in which employees are protected from any kind of harassment or abuse and uphold the right to freedom of association and collective bargaining. All stakeholders are expected to demonstrate that these priorities are implemented and effectively managed, for example through a robust system that meets the standards for a recognised framework such as ISO 45001 or SA8000.

### 5.3 Governance

We seek to maintain a high standard of corporate governance and business ethics at LEM and we expect the same of our stakeholders. Stakeholder should ensure that they have adopted policies and procedures to prevent the occurrence of corruption, bribery, fraud and money-laundering in all its' forms. They should ensure that all intellectual property and an equal level of relationships with other business partners is maintained. Stakeholders are expected to ensure that they have a system in place that facilitates and empowers whistleblowers to speak up and be protected from adverse consequences as a result of their actions. They should ensure that all applicable regulations and laws are followed and that a culture of integrity is promoted and maintained.

## 6. SUPPLIER SELECTION AND EVALUATION

We follow a strict supplier selection process consisting of a qualification, continuous performance rating and regular audit of suppliers. Qualification consists of a Purchasing Risk Assessment and Quality Risk Assessment that includes assessment on our priority ESG topics. In case basics are not met, an action plan is requested to our supplier to improve the statement. Following these assessments, suppliers are expected to meet the standard of our Suppliers Code of Conduct and our Suppliers Requirements Manual which they agree to by engaging in the supply of goods/services to LEM. Once we have entered a business partnership, all stakeholders are subject to biannual performance rating to ensures that they continue to meet the standard for a continued working relationship with LEM and are also required to undergo regular audit to ensure compliance with our sustainable purchasing standards.

## 7. IMPLEMENTATION AND MONITORING

This policy will be communicated to 100% of stakeholders through multiple channels, and we will create a clear mechanism and timeframe to monitor the implementation and progress of stakeholders in scope of the policy. References to the policy will be embedded in the Supplier Manual and the Terms of Conditions. The updated documents will also be communicated on to all suppliers. All new suppliers will receive the policy as well as other relevant documents during their onboarding. It is the responsibility of all affected stakeholders to ensure that they adhere to the policy and all other relevant documents. In order to maintain effective governance, we strongly recommend that they clearly designate responsibility for the implementation of the policy as we will be following up regularly to monitor progress on its implementation.



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### 8. RESOURCES

To inform our actions, ensure continuous improvement and guarantee that this policy remains effective and relevant to the company and society, we utilise the following internationally recognised resources:

- EcoVadis: We utilize EcoVadis sustainability ratings and intelligence for benchmarking and monitoring our performance and identifying ways we can continuously improve.
- UN Global Compact: We refer to the UN Global Compact guidelines for integrating SDGs into our business strategies.
- ILO: We have endorsed and implemented the standards of the International Labor Organization to assess risk in our supply chain.
- Sustainability Accounting Standards Board: Use the Materiality Finder for identifying relevant sustainable purchasing topics.
- CSRD compliance: use ESRS framework with qualitative and quantitative datapoints.

### 9. REMEDIATION ACTIONS

If we identify instances of non-compliance of the terms of this policy, our Suppliers Code of Conduct or the Suppliers Requirements Manual, or if we identify that a stakeholder is at risk of non-compliance, we require stakeholders to develop a clear action plan. The action plan must be accompanied by evidence of implementation and results. Stakeholders are then subject to re-audit to ensure that they are within full compliance again. If the stakeholder is found to be at high risk or that remediation is not possible, we maintain the right to terminate the working relationship with stakeholders and to charge back the costs incurred by investigation into the non-compliance. The full remediation process is documented in the Suppliers Requirements Manual and terms of non-compliance made clear in the Suppliers Code of Conduct which are supplied to stakeholders during the onboarding process.

