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Group Sustainable Procurement Policy

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Lhoist Sustainable Procurement Policy

1. Lhoist values

For more than 130 years, our family-owned business in lime, limestone and mineral solutions has been combining a traditional industrial culture with an entrepreneurial and innovative approach.

Our values have always been at the heart of our company’s culture. They are the foundation of everything we do.

- **Respect:** being transparent and open, listening and accepting differences, dealing fairly with everyone, and honoring our commitments.
- **Integrity:** walking the talk, putting the company’s and our customers’ interests first, being authentic in all we do, demonstrating loyalty, and acting ethically.
- **Courage:** being a pioneer, voicing opinions, raising the bar, and challenging each other to grow.

2. Lhoist commitment to sustainable development

Lhoist commitment to sustainability is anchored as a key element of the Group strategy. Long-term thinking is embedded in our culture. By working with our partners, we drive meaningful change to create a more sustainable future for all.

At Lhoist we define sustainability based on three main pillars:



PLANET

“Together, we responsibly optimize resources and energy for the generations to come, using less, for longer, and smarter.”

The Planet pillar has teams focused on carbon capture, energy, resource valorization and biodiversity. We know our operations have an impact on the world around us. That is something we want to mitigate and minimize wherever possible.



PEOPLE

“Together, we are dedicated to the well-being and development of our people and the communities in which we operate.”


Under the People pillar, our teams work on safety, communities, training, inclusion, and health and well-being. We’re committed to being good neighbors and providing the best possible working environment and development opportunities for our colleagues, now and in the future.



PROFIT

“Together, we strengthen our business for the prosperous future of our company and our customers.”

Under our Profit pillar, we want to create responsible business practices that ensure the company continues to thrive. Supply chains and the circular economy are central to achieving this.

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3. Purpose of the sustainable procurement policy

At Lhoist, we want to make a positive difference to peoples’ lives and to the planet at large.

From a procurement perspective, this means for us **optimizing the Total Cost of Ownership** for the purchase of goods and services, while at the same time **integrating ethical, environmental, safety and social considerations** in our procurement processes and decisions.

We want to take a **leading role** in understanding and better managing impacts along our entire supply chain by collaborating closely with our supply chain partners. **Developing long-lasting and sustainable relationships with our suppliers** is a critical enabler to this objective.

This sustainable procurement policy aims to:

- formalize global **Lhoist commitments** on ethical, environmental, safety and social aspects for the procurement of goods & services, based on applicable international standards.
- describe **what we expect from our suppliers**, all along our relationship with them.
- set clear, transparent, and non-discriminatory **sustainability standards** to be applied in the Lhoist end-to-end procurement processes.

Together with the Lhoist supplier code of conduct, the sustainable procurement policy sets out the sustainability principles which Lhoist wants to integrate in its end-to-end procurement process. Recurrent training and regular communication on sustainability matters, as well as a robust performance management system, are critical success factors to support this integration.



Lhoist Sustainable Procurement Framework


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4. Scope of the sustainable procurement policy

The sustainable procurement policy applies to:

- all Lhoist locations and companies.
- all Lhoist directors and employees.
- all Lhoist suppliers of goods and services, including their employees, agents, brokers, and sub tier suppliers.
- all types of purchase and all procurement categories.

5. Lhoist commitments to sustainable procurement

All Lhoist employees and all individuals/partners carrying out procurement activities on behalf of Lhoist must comply with the principles set forth in the **sustainable procurement policy** and in the **Lhoist Code of Conduct**.

We develop **long-term and responsible partnerships with our partners and strategic suppliers**, to ensure supply continuity, foster innovation and continuously improve productivity, quality, and sustainability performance.

We **assess our supply chain** to identify social, environmental, ethical, and business continuity risks, and their related impact. We manage identified risks in a continuous manner and undertake adequate mitigating measures.


Whenever possible, we seek to include **smaller sized and local companies** in our supplier qualification and selection process, with the goal to support the local economy.

We pay particular attention to provide a **favorable working environment** and to apply the same **health & safety standards** to on-site contractors as to our own employees.

We follow a **global standard sourcing methodology** (7-step sourcing), making sure that we evaluate, select, and always treat our suppliers fairly and objectively.

We ensure no supplier, including their employees, agents, brokers, and sub tier suppliers, is discriminated based on race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity or expression, marital status, pregnancy, political affiliation, or disability.

We give preference to suppliers who can demonstrate a track record of sustainability and are as committed as Lhoist to reducing waste and increasing efficiency.

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We continuously seek to develop **circular procurement** initiatives with our suppliers, with the goal to eliminate waste and pollution, increase lifetime of our goods and materials (through better design, regeneration, and restoration) and minimize the use of natural resources.

Whenever available, we choose for the **most environmentally friendly alternatives** (“**green products**”) proposed by our suppliers in a tender, i.e. products generating less CO2 emissions during their production, transport or utilization. In case we are not able to select the greener alternative proposed by one supplier, we document a clear written explanation of the reason.

We strive to **embed sustainability all along the different stages of the Procurement process**, in particular by:

1. integrating sustainability in our **category strategies** and in our **sourcing strategies**, considering ethical, social, safety and environmental matters, in accordance with the risk profile of the category AND in alignment with the business stakeholders,
2. seeking **supplier acceptance of the Lhoist supplier code of conduct** as early as possible in the supplier (pre-)qualification, selection and contracting process
3. including the relevant **ethical, social, safety and environmental criteria** in the (pre-) qualification and selection process and objectively evaluating bidders taking into account these criteria,
4. embedding sustainability and compliance to the above as commitments in our **contracts**, including **performance management**,
5. **assessing or auditing** our key suppliers on ethical, social, safety and environmental matters, and support them to develop corrective actions when needed.

We provide **appropriate training** to our procurement team members and **raise awareness** of all employees - and all individuals/partners carrying out procurement activities on behalf of Lhoist - about the objectives and the implementation of the Lhoist sustainable procurement approach.

When carrying out procurement activities, all employees are expected to explicitly share with suppliers Lhoist commitments to the highest legal, ethical, environmental, safety and social standards.


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6. Lhoist expectations towards suppliers

The Lhoist Supplier Code of Conduct sets out the **minimum standards** we expect all our suppliers, their own employees, agents and sub-tier suppliers to adhere to. It covers the following areas:


- Human Rights and Labor Standards,
- Occupational Health & Safety,
- Business Integrity,
- Environmental Responsibility and Community Relations,
- Business Standards.

The Lhoist Supplier Code of Conduct is integrated in our **procurement contract templates** and its acceptance is part of the **pre-qualification criteria** to become a Lhoist supplier, as well as a **mandatory requirement** within our tendering process.

If a supplier does not fulfill the standards and principles set out in the Lhoist Supplier Code of Conduct and does not demonstrate genuine willingness to take related improvement actions, Lhoist may decide to terminate the relationship with that supplier. This decision might be taken after the reviewing of the Compliance Officer and the representative member of the Group Executive Committee. We also encourage an open dialogue with our suppliers in order to address issues and new opportunities effectively.

7. Signatures

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