



Sustainable Procurement

Policy and Strategy



Synthomer is one of the world's foremost suppliers of specialist polymers in liquid or dry form that provide binding or bonding properties in a broad range of industrial and consumer construction applications. Synthomer has leadership positions in many markets. Our polymers help customers create new products and enhance the performance of existing products in key industries such as coatings, construction, textiles, adhesives, paper and synthetic latex gloves.



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Introduction

Synthomer has its global headquarters in London, UK, and provides customer focused technical services from regional centres in Harlow, UK; Marl, Germany; Asia Innovation Centre, Malaysia and Beachwood, OH USA.

As a speciality chemicals company, we recognise the role we must play in our sustainable future, which is why in 2020 we announced our commitment to reach net zero by 2050. We've since launched our Vision 2030 roadmap as our starting point for realising that commitment. This roadmap sets out a series of sustainability targets, aligned with the UN's Sustainable Development Goals, and reflects the issues we know matter most to our stakeholders. Many of these targets are underpinned by short-term objectives, so that we can track and report progress over the coming decade. This policy outlines the sustainable procurement commitments and contribution to these objectives which will be applied to all procurement activity carried out by Synthomer.

The focus for sustainable procurement will be suppliers that have been identified as Priority Suppliers following a risk and opportunity assessment process and commodities which have been identified by Synthomer as having the highest social, economic and environmental risks. This is required in order to prioritise and manage the most potentially damaging externalities of supply chain first, not to limit our sustainability ambitions to priority suppliers only.

In considering our overall approach, we concentrate on the issues where we can have the most impact and that are most material to our stakeholders (see our latest Group Annual Report for further information). This year we reorganised our sustainability priorities to three focus areas, Products, Operations and People (our employees and communities).



1.1. Focus Areas and Targets for Global Sustainability at Synthomer

Product

Synthomer will continue to increase the number of products we make that have sustainability benefits, and source more raw materials with a sustainability rating (e.g. EcoVadis rating) from suppliers who share our ethical standards:

- **At least 60% of new products will have enhanced sustainability benefits by 2030**
- **80% procurement spend with a sustainability rating by 2030**

We understand that a long-term strategy should work towards a circular economy, combined with sustainable and renewable raw material sources is required. We recognise that this is not immediately achievable, and further development is required across the value chain. We therefore, continue to proactively explore these options with business partners and research communities.

Furthermore, these targets focusing on our product development and sourcing will be detailed further in our sustainable procurement targets in the subsequent sections.

Operations

For our Safety and Health ambitions, we aim for zero harm to our employees, contractors and communities. We have set ambitious goals and also recognise the operational challenges in achieving them. Therefore, we aim to achieve high performance levels in our industry sector for personal and process safety. This more specifically means:

- **Recordable injury case rate of at most 0.20 per 100,000 hours for employees and contractors by 2030**
- **Process safety event rate of at most 0.10 per 100,000 hours by 2030**

For our Environmental aspect of SHE, we will focus on driving down our Greenhouse Gas emissions and seek to minimise our broader environmental impact:

- **40% reduction in Scope 1 and 2 greenhouse gas emissions intensity (vs 2019) by 2030**
- **10% reduction in Scope 3 emissions intensity (vs 2019) by 2030**
- **80% of our electricity from renewable sources by 2030**
- **Manage and minimise water consumption at all locations and introduce water management plans in water-stressed areas and highest consumption sites**

People

We continuously aim to become a more diverse and inclusive company and find new ways to listen to our employees and increase our support for local communities. Therefore, we have set the following targets:

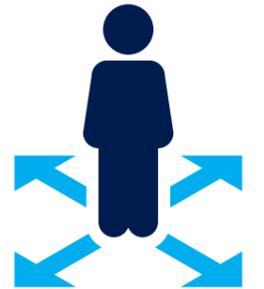
- **50% gender diversity in leadership, management and professional new hires by 2030.**
- **70% participation in our employee engagement surveys at global and country levels by 2030.**
- **Provide volunteer support and financial contributions in excess of £1 million a year for local education, public health, diversity and environmental projects.**



1.2. Defining Sustainable Procurement at Synthomer

Sustainable procurement is defined by Synthomer as:

Meeting the needs of our company and stakeholders, today and in the future, through the best-value sourcing of products and services that balances safety, environmental, social and ethical aspects over the whole product or service lifecycle



At Synthomer we see this as essential and efficient business practice, which is integral to the way we work. Our working definition guides us to make properly informed and balanced decisions when buying the products and services from our Suppliers that we need for our business.

The term **Supplier** is used in this document to mean the provider of materials, products, equipment, site works or other services. It is used as a collective term for a material or equipment supplier, sub-contractor,

trade contractor, consultant or professional service provider. Synthomer will only conduct business with responsible Suppliers who adhere to our Supplier Code of Conduct or comparable codes or policies setting equivalent standards. Suppliers must also understand the nature of the products, materials and services they are supplying, and recognise their responsibility, as we do, to protect the environment and foster good relations with their employees and local communities.

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Our Procurement Vision and Values

This following section details our Procurement vision and Core Values that support our Sustainable Procurement Policy and sustainability ambitions.

Our Vision:

“As Procurement we endeavour to achieve Excellence, Innovation and Performance in a sustainable manner. Meeting the needs of our company and stakeholders through the best-value sourcing of products and services that balances safety, environmental, social and ethical aspects over the whole product or service lifecycle. We believe People and the environment are Synthomer’s most important resources and should be treated with dignity and respect throughout the supply chain.”

Synthomer has a set of Core Values and Behaviours that describe what we aspire to as a company and what is expected of our employees and stakeholders. We have embedded these within our business to become ‘our guiding compass’:

Core Values:



We consider these values to be at the centre of how we operate and that they directly support our sustainability aims and objectives. Our accountability value has been a crucial part of how we have set our targets initially, finding the right balance between setting targets that meet environmental and social needs and what we can promise to deliver with our resources available. Our integrity will be shown through our transparent reporting on progress towards our objectives and through bringing rigour to how we measure and improve our performance, such as the development of Science Based Targets.

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Sustainable Procurement Targets

To support our sustainable procurement aim, Synthomer, as part of a Group process¹ has aligned Synthomer Global Sustainability focus areas to the UN sustainable development goals (UN SDGs).

¹ see our [CSR Report](#) for further details on this process

The UN SDGs where we contribute are:

- **SDG 3:** Good Health and Wellbeing, **Ensure healthy lives and promote well-being for all at all ages**
- **SDG 6:** Clean Water and Sanitation, **Ensure access to water and sanitation for all**
- **SDG 7:** Affordable and Clean Energy, **Ensure access to affordable, reliable, sustainable and modern energy**
- **SDG 8:** Decent Work and Economic Growth, **Promote inclusive and sustainable economic growth, employment and decent work for all**
- **SDG 9:** Industries, Innovation and Infrastructure, **Build resilient infrastructure, promote sustainable industrialization and foster innovation**
- **SDG 12:** Responsible Consumption and Production, **Ensure sustainable consumption and production patterns**
- **SDG 13:** Climate Action, **Take urgent action to combat climate change and its impacts**

The Group Sustainability Goals, which Procurement are either accountable or responsible (in part or full), are below. The Procurement function is aware that many targets are still to be decided for the upcoming years as we learn more about sustainability. The ambition is to set targets for the remaining key performance indicators (KPIs) by the end of 2022. The flight path to success is under development still and requires increased knowledge of the sustainability challenges in order to set SMART goals for the Procurement function. A more ambitious revision of these targets will be published as knowledge is gained over 2022. The current set of sustainable Procurement key performance indicators represents a step change in the focus of Synthomer on sustainability, whilst we recognise room for improvement, we are proud of being able to set such targets.



The targets in Table 1 below are aligned to our Group sustainability focus areas; Product, Safety, Health & Environment and People, as detailed in Table 2.

Table 1:
Sustainable Procurement Key Performance Indicators and targets

Key performance Indicator	2022	2023	2024	2025	2030
EcoVadis sustainable procurement rating performance	50	60	65	70	75
Recordable Case Rate (incidents per 100,000 working hours)	0.30				0.20
Process Safety Event Rate (incidents per 100,000 working hours)	0.14				0.10
% Scope 3 upstream emissions reduction	10%*				10%
% of total electricity consumption from renewable sources	>90%	80%	80%	80%	80%
% reduction in waste to landfill (metric ton / metric ton production)	12%				
% of Priority Suppliers that have agreed to our Supplier Code of Conduct or equivalent in the previous 3 years	25%	100%	100%	100%	100%
% spend coverage with a sustainability rating and improvement plan with rating agency	30%	35%	40%	50%	80%
% procurement team who have complied with Sustainable Procurement training requirements	80%	80%	80%	80%	80%
Key supplier site visit audits per year	5	6	7	8	15

*due solely to the product mix



The below table demonstrates how the Sustainable Procurement KPIs contribute simultaneously to multiple focus areas of our Group Sustainability Strategy.

Table 2:
Sustainable Procurement Key Performance Indicators mapped to Group Sustainability Strategy focus areas.

Key performance Indicator	Product	Operations	People
EcoVadis sustainable procurement rating performance	X	X	X
Recordable Case Rate (incidents per 100,000 working hours)		X	X
Process Safety Event Rate (incidents per 100,000 working hours)		X	X
% Scope 3 upstream emissions reduction	X	X	
% of total electricity consumption from renewable sources	X	X	
% reduction in waste to landfill (metric ton / metric ton production)	X	X	
% of Priority Suppliers that have agreed to our Supplier Code of Conduct or equivalent in the previous 3 years	X	X	X
% spend coverage with a sustainability rating and improvement plan with rating agency	X	X	X
% procurement team who have complied with Sustainable Procurement training	X	X	X
Key supplier site visit audits per year	X	X	

Synthomer is still in the process of developing further sustainability performance indicators for Procurement, as our knowledge of sustainability improves and the value chains we interact with also develop.



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Sustainable Procurement Focus Areas

The key performance indicators for sustainable procurement at Synthomer are grouped according to the Synthomer Group Sustainability focus areas of Product, Operations and People. This section continues to explain our sustainable procurement goals and activities in accordance with this structure, with a final category of “Governance and Business” for some aspects which are not directly sustainability related but enable our sustainability transition.



Furthermore, following consultation with an external sustainability consultancy we have identified our high-risk areas and action areas for Procurement. The high-risk areas are emissions and energy in our Monomer and Logistics categories and Waste generation and management. The action areas are; identification of Priority Suppliers and categories with high sustainability risk, management of those Priority Suppliers or categories to improve their sustainability performance; improvement of auditing procedure and due diligence and lastly, a clear governance internally at Synthomer procurement for our sustainable procurement.

These key high-risk areas are addressed in the following section, although there is a ‘many to many’ relationship between our activities and the focus areas listed above.

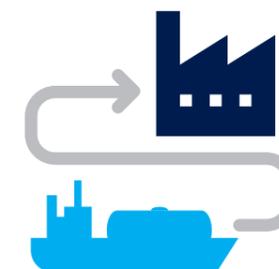
4.1. Product

Introduction

The Product focus area covers the sustainability impacts related to our raw materials required to create our products. This also includes the supplier relationship management for those raw material suppliers. The Product category does not include affiliated sustainability concerns that are not directly related to raw materials e.g. water management, logistics or packaging.

Targets

Many of our Sustainable Procurement targets sit in the Product focus area of our Global Sustainability Strategy. This might be expected, considering the focus of Procurement is to meet the needs of our company and stakeholders through the best-value sourcing of products and services that balances safety, environmental, social and ethical aspects over the whole product or service lifecycle. The relevant KPIs for this section are listed in Table 2 and will be referred to in the following sub-section.



Core activities and initiatives

In order to achieve the targets for these KPIs we seek continuous improvement and scope expansion on traditional capabilities of Procurement functions; stakeholder partnering, supplier management, category management and source to pay. The following section is split into management system and supplier collaboration, raw material selection, and supporting policies.

Management System and supplier collaboration

In order to adequately develop safe and high-quality products at Synthomer we require high quality management systems. Synthomer operates its own certified management systems² to continuously improve areas including supply security, quality, environmental, health, safety and risk management. In order to perform this management well Synthomer must be informed about supplier risks and opportunities.

Therefore, we place this as a core element of our supplier code of conduct as follows: “Synthomer manufactures speciality chemicals using large-scale, complex manufacturing processes, consuming hazardous raw materials. **As a result, we adhere to the highest safety, health and environmental standards across the business, and we expect our suppliers to do the same**”.

2. ISO 14001, ISO 9001 and ISO 15001 Certified – see <https://www.synthomer.com/company/corporate-responsibility/certifications>

Through robust quality management Synthomer ensures that it receives the correct raw materials with the correct specifications. This enables us to ensure safe delivery and storage of our materials and enables us to improve our resource efficiency, reducing waste in our supply chain from non-conforming raw materials. By striving to be the preferred supplier-of-choice to our customers we drive innovation in more sustainable products and improve the efficiency and effectiveness of our customers processes and products.

Synthomer has long established Group Targets and KPI's across its Quality and Business Success Management systems, for example the number of complaints per 1,000 deliveries.³

Synthomer's ability to realise sustainability improvements, create and preserve business value is reliant on supplier co-operation and participation in assessment activities, such as audit, and provision of data on products supplied such as sustainability metrics.

Raw Material Selection

Our current raw material supply is not fully suited to meet the long-term and future sustainability requirements, as raw materials are currently extracted and produced in a linear economic manner. Therefore, we now take the initiative to develop an alternative raw materials strategy in addition to reducing the upstream GHG emissions from production processes. We intend to source our main monomers from recycled sources, or where this cannot be met in limited circumstances, with renewable resources. This area of our procurement strategy is in development, it is a longer-term approach that requires value chain transformation with many suppliers, and changes in customer expectations and requirements. In this area Synthomer will collaborate in coalitions such as Together for Sustainability to better understand the value chain needed to deliver sustainable products and a sustainable future.



With regards to existing raw material supply and potential use of conflict minerals, Synthomer has signed a Conflict Mineral Policy Statement where we state our policy is to be free of conflict minerals in all of our business activities. We strive to improve our detection, monitoring and remediation of any issues associated with conflict minerals by using EcoVadis in our improved risk management processes (detailed in section 4.4) which can support in identifying suppliers at high risk.

Enforcement of Supplier Code of Conduct

The products Synthomer create require us to source materials from around the world. In order to meet product safety standards, sustainability standards, customer requirements, product specifications, fair and safe production methods, safety and rights for workers and more we require that Suppliers act in accordance with Synthomer's Supplier Code of Conduct.

The following expectations are set upon our suppliers with regards to our products:

- Comply to all the appropriate legal requirements and standards, for example, CE marking and provide the information and datasheets to allow for assessments in their use to be made, for example COSHH in the UK. All new chemicals or changes in use, planned on sites are subject to a documented risk assessment and approval process that covers regulatory, SHE, procurement and operations teams.
- Provide Synthomer or its authorised representatives with reasonable access and facilities upon reasonable notice at reasonable times in order to perform compliance audits or similar. This may also include the premises of the Supplier's supplier chain, including sub-contractors' premises
- Provide information for the purposes of examining and checking the Supplier's (and relevant sub-contractor's) compliance with the supply contract and our management systems

- Provide samples of products for evaluation when requested
- Effective quality management systems appropriate for the nature and scale of their business and services provided.
- Systems to identify customer requirements and a measure of customer satisfaction
- Efficient and effective delivery processes that minimise waste
- Where defects in the product or service are identified, possibly via a complaint from Synthomer the Supplier shall investigate timely the issue and report to Synthomer its findings and shall implement appropriate correction(s) and corrective action(s) in order to prevent recurrence.

These key expectations support us in managing the quality and safety of our products. In the coming years we will expand the supplier code of conduct to include further measures for sustainability that align with our needs e.g. greenhouse gas (GHG) emission reductions. This requires us to discuss the topics with our suppliers, potentially educate them, and support them in reducing their emissions before they can commit to any new code that requires such actions.

Whilst we cannot ensure all our suppliers do perform to the standards set in our code of conduct, due to a lack of resources to audit all suppliers, we have put in measures such as our Priority Supplier code of conduct agreement target and audit targets. Furthermore, Synthomer will increasingly perform targeted on-site audits with suppliers.

Supporting Policies

Our supplier code of conduct is the cornerstone of our supplier management processes and is detailed further in **section 5**. Specific compliance with our code of conduct is not required if suppliers can show that their own codes or policies set equivalent standards, including their own subsidiaries or sub-contractors.

Our conflict minerals policy statement underpins, in part, our raw material selection strategy for Procurement.



“Synthomer manufactures speciality chemicals using large-scale, complex manufacturing processes, consuming hazardous raw materials. As a result, we adhere to the highest safety, health and environmental standards across the business, and we expect our suppliers to do the same”.

³. Please refer to the Group Annual Report for further information.

4.2. Operations

Introduction

Safety, Health and the Environment (SHE) are a core focus area of our Synthomer sustainability activities. Whilst procurement does not run operations on site for Synthomer, we can support operations in procuring the products and services that enable our operations to become more sustainable for people and the environment.

Targets

The management of Safety, Health and the Environment (SHE) is a fundamental part of how we conduct our business. The targets for SHE at Synthomer have long been established and we are working continuously to find ways to ensure our values are maintained in our supply chain. The relevant KPIs for this section are listed in Table 2 and will be referred to in the following sub-section.

Core activities and initiatives

Our core activities and initiatives for this section are split into two sub areas of health and safety and environment, due to the significant number of environmental topics.



Health and Safety management

Safety in Procurement at Synthomer is guided by the internal Synthomer Global SHE Management System 'SHEMS'. Within this internal management system we require all Synthomer sites to ensure that all Suppliers selected and engaged on site have the competency and resources to comply with our SHE Group Policy and requirements. This requires the Supplier to be approved and for an approved list or register to be maintained at all sites. It is the Site Manager's responsibility to do this, however, the procurement team supports this through activities such as ensuring the Supplier is accredited to a recognised industry body, for example CHAS in the UK, and the use of software tools to track the competency and certification of individuals.

Furthermore, Synthomer, supported by our supplier code of conduct, requires that:

- Suppliers must have in place effective Health and Safety management systems, appropriate for the nature and scale of their business and services provided, ensure compliance with health and safety law generally, as well as standards and codes specific to their area of work.
- Suppliers ensure that all occupational health and safety risks are mitigated by using appropriate risk management strategies and establishing a suitable assurance regime.
- Suppliers should seek to drive performance beyond management system requirements and demonstrate innovation and continual improvement.
- Suppliers understand and adhere to our Safety Principles and Golden Rules and to work actively to prevent workplace accidents and work-related ill health whilst on our sites.

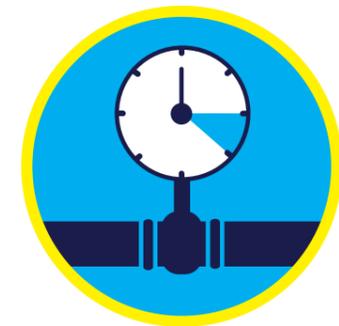
- Suppliers provide all relevant safety documents relating to the work that they are tendering for, including risk assessments and method statements.
- Important messages be communicated through pre-start briefings, providing the opportunity for effective two-way dialogue between workers, supervisors and management.
- Suppliers must attend pre-start and other site meetings when requested to. At these meetings health, safety, and welfare matters shall be discussed, agreed and formally recorded, ahead of being implemented on site.
- Health and safety goals, messages and vision should be shared, embraced and implemented

Suppliers are encouraged to share best practice and innovation with Synthomer and others in our supply network in order to further improve practices and improve KPIs. The KPIs that can be improved by such practices are our Recordable Case rate and Process Safety Event rate. Furthermore, improved performance in Safety is a key component to improve our rating with EcoVadis in procurement and thus the overall EcoVadis score.

These requirements and activities are supporting our SHE policy statement that we should manage our purchasing of products and services in line with our objectives from suppliers who fulfil our SHE requirements.

Environmental management

In this section environmental concerns with suppliers and our on-site activities that are not directly related to Synthomer's products are included. Synthomer asks our Suppliers to support us in minimising its environmental impacts created by our activities. They can do this by having effective environmental management systems that are appropriate for the type and scale of their business and the services they provide, that identify and mitigate environmental risks.



Logistics

Logistics was recognised as a core area of concern in our risk assessment. Whilst Synthomer encourages Suppliers to use low emission transport modes including considering the use of rail or barge where appropriate, we recognise that this has not been sufficient. Our work to understand our scope 1 and 2 emission sources and initiatives to reduce this is ongoing, however, our Scope 3 upstream emissions require stronger supplier collaboration. In order to gather the data necessary to understand our suppliers' emissions and consequently support them in reducing this, or switching suppliers where necessary, we have established scope 3 emission reduction targets (see greenhouse gas emissions section below).

Waste minimisation

We understand, at Synthomer, that use of packaging should be minimised, as long as they remain safe and fit for purpose. As a preference, packaging should be made from materials that can be reused (e.g. plastic returnable transit packaging). We also expect that packaging materials, if not reusable, are able to be recycled or recovered by commonly available methods. In order to support us in achieving this, Suppliers where required by Synthomer, should take back or recover any packaging and reuse, recycle or dispose of it in a responsible way. These actions go towards meeting our target on reduction in waste to landfill (metric ton / metric ton production).

Suppliers shall reuse materials wherever viable and maximise the use of recycled or secondary content in products and packaging. Where applicable, they shall provide evidence of recycled content alternatives in their submitted tender.

These principles, although most strongly applied to packaging materials today in at Synthomer will expand to more categories in the future e.g. e-waste. As Synthomer develops our maturity in sustainability we expect that circular economy will become a greater part of our strategy and operations, including Procurement. We expect to be able to measure KPIs such as circular inflow and outflow in the future, of which packaging material will be a part of this. We will update this policy document as we further understand the circular economy and our role in the transition.

Water management

As per our water management policy, linked in section 5, our 2030 Goals to reduce Scope 1 and 2 emissions intensity by 40% and 2050 goal to achieve net zero will help reduce water scarcity and extreme weather risks linked to climate change. Synthomer is committed to ensuring it has in place sustainable water management systems and practices, minimising net consumption and water quality impact and supporting the objectives of the associated UN Sustainable Development Goal.

We ask that Suppliers support Synthomer in its commitment to reducing demand for, conservation and recycling of water resources. We will work with our supply chain to reduce water consumption where possible by measuring and reducing water consumption by avoiding water intensive activities or through improved process efficiency.

Suppliers should note the most significant and cost-effective opportunities to reduce water consumption to add value to their tender, providing supporting evidence as appropriate. Suppliers, where material, should also provide information on the embodied water of the products and materials they supply and provide information on high intensity water use in their supply chain especially in relation to water stressed areas.

Our understanding at Synthomer is that the circular economy will also apply to water as a resource, and in line with the reduction strategies outlined above for water, we expect that Synthomer and our value chain, will in the future be engaged in stronger circular economy value chains.

As per our water management policy, linked in section 5, our 2030 Goals to reduce Scope 1 and 2 emissions intensity by 40% and 2050 goal to achieve net zero will help reduce water scarcity and extreme weather risks linked to climate change.

Greenhouse Gas emissions

We encourage Suppliers in our Supplier code of conduct to use clean, low energy and cost-effective sources based on whole life value. We also recognise that this request and encouragement is not sufficient in today's world. Therefore, as a group we have set our GHG emission reduction targets, including Scope 3 reduction.

Our Scope 3 target of 10% reduction by 2030 based on a 2019 baseline is targeted at our Supply base. This target will be backed up (or adjusted) following the SBTi approval process, intended for 2022. In order to comply with the SBTi standard we must collect our supplier emission data and consequently reduce the total emissions. This process is underway and will be further detailed in our following report.

Synthomer expects, where material, that its Suppliers will work towards understanding and measuring both the embodied, use phase carbon in the products and materials they supply, and the carbon associated with the activities they carry out on site. This will be achieved through early engagement with Suppliers, collaborative solutions in identified high impact areas and innovation from the supply chain.

Synthomer will request GHG information in tender documentation and this will be used as a measure that influences decisions made during the procurement process when material. Suppliers should note the most significant and cost-effective opportunities to reduce GHG emissions associated with their goods or services within their tender, providing supporting evidence as appropriate.

Supporting Policies

Our Supplier Code of Conduct is a cornerstone of our SHE focus area as well as our Product focus area, covering many of the requests we put upon suppliers. Further policies that support our SHE focus area in Procurement are our Conflict Minerals Policy Statement, Group Policy on Quality and Business Success policy, Group Safety, Health and Environment Policy and Responsible Care policy, Water Management policy and REACH Statement.



Our greenhouse gas emissions Scope 3 target of 10% reduction by 2030 based on a 2019 baseline is targeted at our Supply base. This target will be backed up (or adjusted) following the SBTi approval process, intended for 2022.





4.3. People

Introduction

Synthomer is fully committed to ensuring a fair, courteous and respectful treatment of its employees and values the strength and opportunities a diverse workforce brings to its global business. Synthomer expects and requires its Suppliers to do the same.

Targets

The effective improvement of Synthomer for People is not only important for our own employees, but also those in our supply chain. The relevant KPIs for this section are listed in Table 2, however, we also have additional Synthomer Global sustainability goals that we include below:



Core activities and initiatives

Much of our people related initiatives are covered by Group activities and initiatives, for example our Diversity and Inclusion policy and approach. Our Procurement department contributes, as required to Group goals, and is managed by our central Human Resources teams for example and delegated to senior management in Procurement if needed to follow up on actions to improve diversity for example. Some topics Procurement are directly responsible for and are described below.

Training

We have Group training on our code of conduct for employees that is managed by Human Resources. This covers many of the practices that are support or Sustainable Procurement Policy. However, we also wish our procurement team to undergo specific sustainability training. This is detailed in our KPI; % procurement team who have complied with Sustainable Procurement training. This will be completed in 2022, with a training programme to be selected and carried out.

Modern slavery

Synthomer will not tolerate human trafficking nor modern slavery within its supply chain and works in partnership to combat these threats. Suppliers shall comply not only with all domestic employment legislation but also with all applicable International Labour Organization (ILO) conventions and protocols and the United Nations' Universal Declaration of Human Rights.

To meet this commitment Suppliers and their supply chains shall:

- Provide training and education opportunities for employees that support their role
- Not employ any person below the age of 15 or applicable higher legal minimum age
- Not use forced labour, slave labour or other forms of involuntary labour at their work sites
- Not allow any practice that would restrict free movement or freedom of association of employees

Diversity and Inclusion

Synthomer is committed to developing inclusive supply chains to remain sustainable and to help drive innovation. To develop and maintain this, we are committed to creating a diverse and inclusive workplace where there is no discrimination based on a person's status such as race, age, sexual orientation, disability, religion or other factor protected by law for all our employees, customers and supply chain partners. Further information can be found in section 5.

Supporting Policies

Our statement on Modern Slavery supports our Procurement stance on Modern Slavery and underpins our approach in Procurement. This is supported by Sustainability tools such as EcoVadis and our associated KPIs and management practices as well.

Our Group Diversity and Inclusion Policy and Gender Pay Gap Report support our Diversity and Inclusion approach for Procurement, which follow Group goals.





4.4. Business and Strategy

Introduction

The last section of the Sustainable Procurement focus areas is Business and Strategy. Whilst not existing in our global Sustainability Strategy at Synthomer we conduct various activities in our daily business that are core to our management of sustainability goals.

Core activities and initiatives

Programme management and control

The governance of sustainability in Procurement is integrated into our daily, weekly, monthly and annual business reporting cycles. We have created balanced scorecards for our Procurement leadership which include sustainability criteria.

Whilst we have made large steps forward in sustainability, we still have a long way to go. Data collection, of the right quantity, quality and variety is needed. Often our suppliers are not ready to supply information required, but some are, and we will work closely with them to take this data into account for our own upstream value chain reporting (e.g. Scope 3 emissions). A second key consideration for our programme management and control is ensuring our management practices are scalable, repeatable and standardised across the firm and all sites. This requires more time to put actions in place and develop tailored solutions, however it will ensure greater quality in our sustainability management practices, and ultimately allow us to set greater targets.

Use of EcoVadis

Following an internal review we took the decision to use EcoVadis as an assessment tool for Synthomer ourselves, and as a supplier management tool for sustainability concerns. We have taken on board the feedback on our performance rating scoring and areas of improvement and are taking action where appropriate to improve our score.

Risk management process

We are adopting the recommendations from external consultancy risk assessment including identifying Priority Suppliers and managing sustainability ratings and improvement. Therefore, over the past year Synthomer has conducted a thorough review and improvement of its Procurement risk management approach. This has widened the scope from largely business concerns to a broader approach assessing financial, governance, environmental and social concerns through the tools from EcoVadis and internal data at Synthomer. The approach defines how we identify Priority Suppliers. We now understand that these suppliers that need the highest focus in order to improve their sustainability.

Furthermore, this risk management process allows us to continually review our supply base and make decisions as the situation changes for our supply base.

Digital enablement and information security

In order to achieve economic and sustainability goals Synthomer is continuously improving the digitalisation of its procurement function. Improved data collection, data analysis and streamlined process performance indicators improve our data insights, agility and productivity. This in turn helps us to reduce errors, identify performance improvements and mitigate risks.

To achieve our digitalisation goals we also require our Suppliers to work towards digital ways-of-working and high standards of data security. Our new Procurement system, SAP Ariba enables us to run a paper-less transaction process, which improves the quality and efficiency of managing our suppliers. Suppliers will need to continue to maintain their own company profile and master data.

Whilst using digital tools such as EcoVadis and additional data to improve performance, including sustainability, we recognise that information security needs to improve simultaneously in order to protect our business and our stakeholders from security risks. Therefore, we follow our Synthomer IT Security Policy internally, and we ensure that suppliers, in our Supplier Code of Conduct adhere to the relevant aspects of our IT Security Policy as well.

Payment terms

Synthomer is committed to pay its Suppliers in accordance with the agreed payment terms. For the UK, payment performance can be found on the Gov.UK portal, (www.gov.uk/check-when-businesses-pay-invoices). Suppliers have easy access to our Payment Centres to update on the payment of invoices and an effective dispute resolution process.

Synthomer is investing in digital procurement and payment processes to provide improved visibility on payments.

Sub-Contracting

Suppliers are not permitted to use sub-contractors or other third-party organisations to supply products or services to Synthomer (other than those specified in their tender submission) without first gaining prior written approval from Synthomer.

Suppliers must ensure that any sub-contractors or other third-party organisations engaged by them are fully aware of and compliant with the aforementioned provisions by employing an appropriate prequalification and capability assessment approved by the Synthomer engaging person.

The tendering process and supply of information

Synthomer seeks to make the procurement process as transparent and fair as possible, within commercial and legal constraints. Where appropriate, Suppliers will first need to be successful with a pre-qualification process to ensure our minimum requirements are met and to self-declare its acceptance to complying with our Code of Conduct.

We ask them to confirm they have reviewed our Supplier Code of Conduct for new Suppliers in pre-qualification process. The Supplier, if they have not reviewed the Code of Conduct then they have to provide their own code of conduct. The second part is that they should comply to ours or demonstrate their CoC complies with ours.

In order to ensure the best value and solutions that are sustainable are delivered we may require further information in tendering process. Such information could be life cycle cost analysis where Suppliers must demonstrate the financial, social and environmental costs associated with the use and selection of their products e.g. maintenance costs, energy/utility usage, durability and the support period for service and like-for-like replacement of products and components.

The base evaluation criteria used during any tender or RFP process by Synthomer will include a range of sustainability criteria, where pertinent, alongside other specific requirements appropriate to the nature of the product or service being tendered. All Suppliers must be willing to provide information to Synthomer about a product or service's social and environmental credentials.

Where tendering is not applicable Synthomer endeavours to ensure the most sustainable and viable decisions are made in our procurement approach. We seek to ensure this through training of our procurement team on what to seek in terms of sustainability criteria, and with our implementation of tools such as EcoVadis.

Audit

Provide Synthomer or its authorised representatives with reasonable access and facilities upon reasonable notice at reasonable times in order to perform compliance audits or similar. This may also include the premises of the Supplier's supplier chain, including sub-contractors' premises.



Partnering and collaboration

Synthomer may identify partnering opportunities to deliver services, carry out major projects or acquire supplies and equipment to realise the following benefits of collaboration:

- Better designed and more efficient solutions with a lower cost and/or sustainability impacts
- Economies of scale and scope with access to new and scarce know-how
- Sharing of best practice in the achievement of sustainability objectives
- Sharing of risk, reward and investment
- Improved processes ensuring joint objectives are taken into consideration
- Developing sustainable beneficial partnerships which will enhance our competitive advantage

Suppliers shall ensure that products and services are sourced and produced under a set of internationally acceptable environmental, social and ethical guidelines and standards. Suppliers in certain sectors or geographies are required to provide information to show full transparency on the origin of products and materials, including all stages of extraction, manufacturing and distribution and the identity of all parties in the supply chain. Where required, these must be disclosed at the tender stage.

Synthomer will request this information in tender documentation, if tender documentation is required, together with information on the lifecycle costs (see below), which will be used as a measure that influences decisions made during the procurement process.

Protection of assets, property and equipment

Synthomer safeguards and protects its assets from damage, theft, loss and misuse, as they are essential to our business. Suppliers are required to respect the assets of Synthomer and its stakeholders and only use assets belonging to Synthomer and others as and when appropriately authorised.

Suppliers shall ensure that products and services are sourced and produced under a set of internationally acceptable environmental, social and ethical guidelines and standards. Suppliers in certain sectors or geographies are required to provide information to show full transparency on the origin of products and materials, including all stages of extraction, manufacturing and distribution and the identity of all parties in the supply chain. Where required, these must be disclosed at the tender stage.

Supporting Policies

Our supporting policies for Risk management in Procurement are our Group Policy on Risk management, which we have translated and implemented for Procurement activities. Furthermore, our supplier code of conduct details our expectations of suppliers for partnering, audit and risk management.



The governance of sustainability in Procurement is integrated into our daily, weekly, monthly and annual business reporting cycles. We have created balanced scorecards for our Procurement leadership which include sustainability criteria.



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Supporting Policies and statements

In line with our vision, aim and goals Synthomer Procurement works with a series of supporting policy documents that underpin this Sustainable Procurement Policy, as follows;

5.1. Group Procurement Policy

Our Global Procurement Policy, supports focuses on ensuring the Procurement function achieves the following objectives; delivering value, managing risk, bringing innovation, having transparent processes and describing the interfaces to other functions and alignment to related Policies. This is an internal document at this stage, but further information can be requested.

5.2. Code of Conduct

Our code of conduct is a practical guide to help us make the right decisions and choices as we perform our daily work at Synthomer. The code applies to each of us no matter which Synthomer company we work for. Failure to follow the Code could have serious consequences for Synthomer and the individual concerned, including dismissal. Further information is available be found on our [website](#).

5.3. Supplier Code of Conduct

Our Supplier Code of Conduct is available [here](#) and enforces our focus areas of People, Safety, Health and Environment and Product. There is also a section on Business which supports ethical concerns as well.

5.4. Modern Slavery Act Statement

Synthomer have submitted a Modern Slavery Statement for the past 6 years, signed by our Chief Executive Officer. Further information can be found on our [website](#).



5.5. Gender Pay Gap Report

Synthomer has published a Gender Pay Gap report for the past 5 years, signed by the Chair of Synthomer. The documentation contains information on our targets and initiatives related to the issue. Further information can be found on our [website](#).

5.6. Board Diversity and Inclusion Policy

Synthomer has published our Group Diversity and Inclusion Policy, signed by our Chief Executive Officer. The documentation contains information on our targets and initiatives related to the issue. Further information can be found on our [website](#).

5.7. Group Policy on Risk Management

Primary responsibility at Synthomer for risk management lies with the respective Executives' and their teams, including Procurement.

Our Group Policy on Risk Management commits us to:

- Identify significant risks to operating units and corporate functions from internal and external influences;
- Implement suitable and sufficient measures to eliminate or control significant risks where possible;
- Conduct appropriate monitoring to provide assurance about the satisfactory implementation of control measures;
- Prepare management reports on key risks, their control measures and impacts;
- Require the risk assessment to be reviewed twice annually to ensure the risk profile is kept up to date and reasonably reflects the climate in which Synthomer operates.

Further information can be found on our [website](#).

5.8. Conflict Minerals Policy Statement

Synthomer's policy is to be free of conflict minerals in all of our business activities.

Our Commitment:

- Support the aims and objectives of the US1 and EU2 legislation on the supply of conflict minerals;
- Not procure specified metals that originate from facilities in the conflict region and that are not conflict free;
- Ensure compliance with these requirements and work closely with our suppliers of minerals and metals to support our commitments and policy, specifically to do the following:
 - Declare whether they have a conflict minerals policy in place which is consistent with the principles and guidelines contained in Synthomer's policy;
 - Conduct appropriate due diligence to verify the country and origin of the materials used in the products which they supply to us;
 - Identify smelters in their supply chain in the Conflict Minerals Reporting Template (CMRT) and provide a report to Synthomer once per year by 1st September each year;
 - Support initiatives that determine whether smelters and refiners conform with Responsible Mineral Assurance Process (RMAP) standards, whilst expecting them to utilize such conflict free smelter/refinery programs that are available.

5.9. Group Safety, Health and Environment Policy and Responsible Care

Synthomer has an established safety management system that is built around the central core value and message that **"We always have time to work safely"**. This is supported by a clear set of principles and our Ten Golden Rules.

These are:

- Look After Yourself
- Look After Each Other
- Effective Last Line of Defence
- Stop and Think
- Safe Workplace
- Safe Vehicle, Safe Driver
- Safe Processes and Operations
- Safe Systems of Work
- No Change Without Assessment
- Learning from Our Mistakes

The Group SHE policy is in line with our commitment to Responsible Care®. Further information on both the SHE Policy and the statement of commitment to Responsible Care® can be found on our [website](#).

5.10. Water Management

The management of the impact that our activities have on safety, health and the environment (SHE) is a fundamental part of how we conduct our business. However, we are conscious that as climate change continues to affect our environment, we need to ensure we are responsible in how we manage our water consumption.

For Procurement, the main focus is on ensuring our water and utilities suppliers continuously improve their water management approaches, as detailed in section 4.2.

For further information on our Water Management Policy please see our [website](#).

5.11. IT security Policy

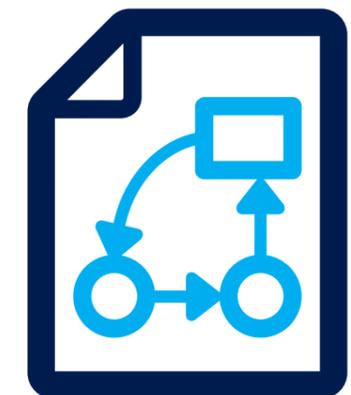
Synthomer recognises and adheres to the local requirements of Data Protection to safeguard the rights of individuals in relation to the handling of personal data. Furthermore, suppliers and any third parties who hold, use or process Synthomer Personal Data, shall do so only in accordance with Synthomer's instructions.

Further information can be requested.

5.12. REACH Statement

Synthomer can confirm that all relevant substances contained in their products have been registered at the appropriate time by their upstream suppliers. The products that Synthomer manufacture in Europe can therefore be considered as REACH registered.

Further information can be found on our [website](#).



6



Enforcement, monitoring, review and accountability

Synthomer enforces these policies internally, alongside the delivery of targeted initiatives to reach our goals. Our Procurement function also enforces some policies externally towards our suppliers. Both approaches to policy enforcement are described below.

6.1. Internal Policy adherence

Employees of Synthomer are required to follow our Code of Conduct and undergo training to demonstrate their understanding of the Code of Conduct by Group policies. For our Supplier Code of Conduct, we require that 100% of our procurement team have complied with Sustainable Procurement training by 2022.

6.2. External Policy adherence

Synthomer, as one of its KPIs, has a target to ensure '100% of Priority Suppliers that have agreed to our Supplier Code of Conduct or equivalent in the previous 3 years'. Whilst it is understood that this can be improved and expanded in scope as a target to all suppliers, and to make it annual. It is seen that such improvements will take place when we achieve current targets that have been set.

Whilst Synthomer enforces these policies, it is also understood that particular support may need to be provided internally and externally, in the form of resources and knowledge in order for the policies to be adhered to and targets achieved, thereby Synthomer always seek to collaboratively ensure compliance in a supportive manner before any punitive actions are taken.



6.3. Monitoring and Review

This Policy will be reviewed and updated annually with the procurement leadership team, cross-function stakeholders and in thorough consultation with the Executive Sustainability Steering Committee, the highest level of governance within Synthomer dedicated for Sustainability. From this series of review we will analyse past performance over the year, identifying areas of strength and weakness, and consequently develop a forecast to improve upon our performance, with an accompanying plan of action to carry into the next year.

6.4. Commitment and Accountability

The Vice President Group Procurement has overall responsibility for this Policy. The Procurement Excellence team within the Group procurement team are responsible for the delivery of the targets and the action plans within it working with the wider procurement team and stakeholders as needed. The targets and actions will form part of the Group Procurement Leadership Team Targets and be included in the personal objectives of the team members as part of the annual personal development and appraisal process.

Under the Code of Conduct there is guidance on how to escalate concerns, issues or for support in making the right decisions. In addition, there is also access for all employees and stakeholders to an external anonymous ethics helpline: synthomer.ethicspoint.com





Synthomer approach to sustainability

Sustainability is an increasing priority for Synthomer, our stakeholders and the whole of society. We want to embed sustainability into every aspect of our business, to help us play a greater role in creating a fairer, more sustainable future and respond to the climate emergency.

Act Responsible, Think Sustainable



Procurement Excellence
the **synthomer** way 

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