



**TKH GROUP N.V.**

**SUSTAINABLE  
PROCUREMENT  
POLICY**

**2025**



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## 1. Introduction

TKH Group N.V. (TKH) specializes in the creation of innovative, client-centric technology systems that drive success in automation, digitalization, and electrification. By integrating hardware, software, and customer-focused insight, our smart technologies provide unique answers to customers' challenges. In doing so, we work to make the world better by creating ever more efficient and more sustainable system.

We want to be recognized as a technology company that inspires trust and respect and that creates value both for our partners and for ourselves, taking fully into account the importance of fulfilling our strict environmental, social, and economic requirements to achieve a strong and long-lasting competitive edge.

It is our intention to establish strong supplier relationships with a high degree of integrity and corporate ethics. Our intention is to operate fairly and to make decisions based solely on overall value to TKH. We will not allow any inappropriate influence to compromise or sway our decisions. It is expected that this commitment is shared by our suppliers and throughout the supply chain.

## 2. TKH Procurement Vision and Mission

Based on the TKH mission "Create Smart Technologies for sustainable value creation" and the vision "Together with our customers, we develop innovative technologies that make the world more efficient and more sustainable", our Procurement Departments promote best practices and purchase services and goods for efficient company operation.

Due to increasing globalization we depend on reliable partners. The task of our Supplier management system is to select suitable Suppliers and monitor and improve their performance on an ongoing basis.

The substantive demands that our customers place on our performance and cooperation are the same demands that we place on our Suppliers.

The TKH Procurement Departments are committed to conduct its business with fairness, transparency, responsibility, ethics, and a green and diverse approach. This is in line with the TKH Procurement Vision and Mission shown below.

### Procurement Vision

*"Provide the supply chain that empowers us to rethink the technology solutions together"*

Our customers seek the best technology systems and services in the world. As modern technology changes every day, our supply chain must be able to rethink our technology solutions and processes every day. Therefore, TKH and its supply chain is fully integrated, both in operational processes as well as design processes. We know the best technology systems, services and processes can only be realized through cooperation.

### Procurement Mission

*"Together we find and provide the best solution"*

Depending on the situation the best deal may vary in characteristic. This implies we can handle the ever-changing environment of modern Supply Chain Management. Sustainability aspects are systematically included in our processes. We consider green procurement by selecting products and



services that are environmentally friendly, energy-efficient, and made from sustainable materials when feasible.

We refer to this as the SQLTC approach:

S: Sustainability → Businesses are a long-term prospect, we treat them as such

Q: Quality → Quality in process leads to quality in product, we strive for zero defects

L: Logistics → The battle of time must be won, every day

T: Technology → The best technology solutions of the world are compiled by the best parts in the world

C: Costs → Cost out, Value in: costs must be controlled, value must be secured

### 3. Guiding principles

TKH is committing to the Ten principles of the UN Global Compact

Supply chain sustainability is the management of environmental, social and economic impacts and the encouragement of good governance practices, throughout the lifecycles of goods and services. The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to market. By integrating the UN Global Compact Ten Principles, in the areas of Human Rights, Labor, Environment and Anti-corruption, into supply chain relationships, TKH strives to advance corporate sustainability and promote broader sustainable development objectives.

#### ISO 20400

ISO 20400 provides guidance to organizations on integrating sustainability within procurement. The standard has agreed on a very positive and ambitious definition:

*‘Procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle’*

Note 1: Sustainable procurement involves the sustainability aspects related to the goods or services and to the suppliers along the supply chains.

Note 2: Sustainable procurement contributes to the achievement of organizational sustainability objectives and goals and to sustainable development in general.

TKH aims to follow the guidelines of the ISO 20400 standard within the procurement departments of relevant TKH companies.

TKH follows the OECD Guidelines on responsible business conduct

TKH conducts its business activities in accordance with the Universal Declaration of Human Rights. We have included provisions regarding the respect and protection of human rights in both our Code of Conduct and our Code of Supply. TKH will not tolerate any violation of human rights. We use the OECD Guidelines as a reference framework to enable us to quickly identify potential risks. These OECD Guidelines refer to the Universal Declaration of Human Rights, which states that all parties in society, including companies, have an obligation to respect and protect human rights. As part of our Code of Supply assessment, we evaluate suppliers on their human rights records and discuss potential issues related to discrimination, social security rights, and the risk of child labor within the value chain. In case of violations, and not adequately defined follow-up actions, the business relation will be reconsidered.

#### 4. Focus areas

TKH stands for responsible business. We recognize the importance of minimizing our environmental impact and promoting sustainability through our purchasing decisions. The focus areas below apply for our own companies, we expect our suppliers and their sources in the supply chain to act similarly.

##### Compliance

Compliance with laws and regulations

- Our suppliers are expected to comply with all relevant international legislation, as well as the applicable national rules and regulations of the countries in which they operate.

##### Quality management

Quality management system

- We expect our suppliers to establish and maintain an effective Quality Management System, in accordance with ISO 9001, or national equivalent.

##### Environment

Our suppliers are expected to minimize environmental impact and hazards, and to improve environmental protection in their everyday operations. This includes, but is not limited to, the following subjects:

##### *Environmental management*

- We expect our suppliers to establish and maintain an effective Environmental Management System, in accordance with ISO 14001, or national equivalent.

##### *Footprint*

- Our organization encourages suppliers to take proactive measures to reduce their greenhouse gas (GHG) emissions and overall environmental footprint. We expect suppliers to implement strategies aimed at minimizing carbon emissions throughout their operations and supply chains. Transparency in data, such as providing Life Cycle Assessments (LCAs), is regarded as essential, as it enhances our understanding of the environmental impact of products and services.

##### *Renewable energy sources*

- We recognize the importance of transitioning to renewable energy sources in our procurement practices. Our organization values suppliers to incorporate renewable energy into their operations, such as solar, wind, or other sustainable energy solutions.

##### *Recycled material use*

- We encourage suppliers to increase the share of recycled content in their offerings, thereby reducing the demand for virgin materials and minimizing environmental impact. By supporting suppliers who prioritize recycled materials, we aim to contribute to a circular economy and promote sustainable resource management.

##### *Waste and treatment*

- We expect our suppliers to adopt practices that minimize waste generation and ensure proper treatment of waste materials. Our organization values suppliers who demonstrate a commitment to reducing waste and managing their environmental impact effectively.

##### *Substances of very high concern (REACH)*

- Our first-tier suppliers should be compliant on REACH article 33. REACH article 33 requires communication to downstream users on the safe use of a product/substance if the product



contains one or more Substances of Very High Concern at or above 0.1% weight by weight within the article, regardless of the 1-ton annual threshold.

## Social

### *Labor and human rights*

Our suppliers are expected to recognize and respect the labor standards issued by the International Labor Organization (ILO), and to comply with all applicable laws and regulations in the countries and sites where they operate. This includes, but is not limited to, the following subjects:

#### *Forced labor*

- Employment should be freely chosen, and suppliers should not use forced labor in any form, in accordance with the Universal Declaration of Human Rights.

#### *Child labor*

- We expect our suppliers to prohibit and refrain from any kind of forced or child labor within their organization and in their supply chains, and to comply with all applicable laws and regulations regarding child labor.

#### *Anti-discrimination*

- We expect our suppliers to promote equal opportunities and equal treatment. Furthermore, we expect our suppliers to prohibit any form of discrimination in recruiting, promoting or selecting employees for basic or advanced training programs. Within the organization of our suppliers, no employee may be discriminated against, based on his or her gender, age, ethnicity, nationality, sexual orientation, disabilities, union membership, political affiliation or religious conviction.

#### *Harassment and abuse*

- We expect our suppliers to treat every employee with respect and dignity, and to prohibit any form of physical, sexual, psychological, or verbal harassment or abuse.

#### *Wages and benefits*

- We expect our suppliers to provide fair and competitive wages and benefits to their employees, and to comply with all applicable laws and regulations regarding wages and benefits.

#### *Fair working hours*

- We expect our suppliers to provide reasonable working hours and adequate rest periods to their employees, and to comply with all applicable laws and regulations regarding working hours.

#### *Freedom of association and collective bargaining*

- We expect our suppliers to respect their employees' rights with regard to collective bargaining and freedom of association.

#### *Conflict Minerals*

- Our first-tier suppliers are required to adhere to the Responsible Minerals Initiative (RMI) guidelines and ensure that the materials they provide are free from conflict minerals. Please also refer to our Conflict Minerals Policy.

## Health and Safety

We expect our suppliers to ensure a safe working environment. This includes, but is not limited to, the following subjects:

#### *Health and safety management*

- Our suppliers are expected to establish and maintain an effective occupational health and safety management system, in accordance with ISO 45001 or national equivalent.

#### *Safe working environment*

- We expect our suppliers to protect the health and safety of employees and contract labor by providing a safe working environment, minimizing any adverse work conditions.

#### *Consumer safety (RoHS)*

- Our suppliers are expected to take all the necessary actions to ensure consumer safety. Supplier will ensure that his products will not be made of hazardous substance as defined in EU Directive Restriction of Hazardous Substances (RoHS).

### Governance

#### *Ethical behavior*

We expect our suppliers to comply with all United Nations (UN) and Organization for Economic Cooperation and Development (OECD) conventions against corruption, as well as all governing anti-corruption laws. This includes, but is not limited to, the following subject:

#### *No unfair business practices*

- Our organization is committed to conducting procurement activities with integrity and fairness. All suppliers are expected to engage in ethical business practices, ensuring that no unfair advantages are sought or obtained during the procurement process. This includes refraining from any form of bribery, coercion, or manipulation that could compromise the integrity of the procurement process.

#### *Anti-corruption and bribery*

- Our suppliers are required to ensure that their employees, subcontractors and agents do not offer, promise, or grant any advantages – such as gifts, entertainment, or hospitality – to TKH employees or related parties in order to secure contract awards or preferential treatment in business transactions. This expectation is reinforced in the TKH Code of Conduct, which applies to all TKH employees. According to the Code of Conduct, TKH employees are prohibited from accepting gifts, invitations or other benefits, valued at over € 100,-.

#### *Avoiding conflicts of interests*

- All employees involved in the procurement process must avoid situations that could create a conflict of interest, including relationships with suppliers or contractors that may affect decision-making. Employees must disclose any potential conflicts to their supervisors and recuse themselves from related decisions. Our organization is committed to making procurement decisions based on merit and in the best interest of the organization, free from personal bias.

## **5. TKH Procurement process**

We expect all our suppliers and their sources act in accordance with our Code of Supply. In addition, any supplier with an annual purchase volume of more than € 1 million must sign the Code of Supply. Within a maximum of two years after signing the Code of Supply, an assessment of the supplier in question must be carried out to review the items stipulated in the Code. Through the TKH Code of Supply, our suppliers are aware that they should follow our business ethics and strategic suppliers affirm their commitment this by signing this Code. Compliance with this code is verified during supplier audits performed by the TKH Companies. Internal Audit of TKH has included the auditing of processes related to the Code of Supply in its work program.



If a supplier fails to meet one or more of the requirements in the code, action must be taken to ensure that the supplier will become compliant in an effective and efficient way as soon as possible. If the supplier refuses to cooperate or fails to make sufficient progress toward complying with the code, TKH will reconsider its partnership with that supplier. In certain cases, local conditions may prevent the supplier from meeting particular requirements of the code. In such cases, we engage in dialogue to work towards a satisfactory solution. In such discussions, best practices are shared with the supplier in question, to help them make improvements and share ideas. The purchase manager of the TKH company has a leading role in this.

In addition, TKH is committed to implementing a comprehensive training program to ensure that all procurement personnel and relevant supply chain staff are fully equipped with the knowledge and skills necessary to uphold ethical and sustainable sourcing practices. This training program will be designed to promote ethical sourcing practices and ensure compliance with both local and international regulations.

Additional information and annual progress can be found in TKH's Annual Report.

## **6. Organization and responsibility**

The procurement policy at TKH is organized in a hierarchical structure, with clear lines of responsibility and accountability. The Executive Board, led by the CEO, is ultimately responsible for incorporating the procurement policy into the TKH Group.

### *Key Roles and Responsibilities*

- The Executive Board: responsible for incorporating the procurement policy and ensuring its implementation across the TKH Group.
- Director Sustainability: supports the Executive Board in the operational implementation of the procurement policy and works closely with other functions at the holding, such as legal, finance & control, and Internal Audit Department.
- Internal Audit Department: conducts internal audits on procurement processes and data accuracy, reporting findings to the Executive Board and Audit Committee.
- Management Team of Operating Companies: responsible for implementing the procurement policy and actions within their organization, overseen by the CEO of the operating company, who reports to the CEO of TKH Group.

### *Accountability and Oversight*

The CEO of the operating company ensures accountability at the highest levels within the operating company, while the CEO of TKH Group oversees the implementation of the procurement policy across the group. This structure ensures that the procurement policy is implemented consistently and effectively across TKH Group, with clear lines of responsibility and accountability.

## **7. Approval**

This policy will be periodically reviewed and updated where necessary.

This policy for sustainable procurement is approved by:

Derk Postma  
Member of the Management Board  
and Director Sustainability