

## Introduction

### Purpose

LC Packaging International B.V.'s most significant impact on the environment, society, and economy occurs in our supply chain. We believe that by working together, Production Partners, buyers, and governments can collaborate to improve the impact of business on people, the planet and economies around the world. A sustainable supply chain is the integration of social, ethical, and environmental performance factors into the process of selecting suppliers, producing products, and delivering to customers. As an international company, we feel we have to take responsibility for our Production Partner's environmental, social, and ethical practices. To understand and manage the risks in the supply chain, we make sustainable sourcing an integral part of our procurement and supply chain management process.

### Scope

The contents of this policy are intended for all employees, part time workers, interns, contractors of LC Packaging International B.V, its affiliates and FIBC production sites.

## Policy objectives

LC Packaging International B.V. aims to:

- Comply with international standards such as:
  - ISO 9001
  - ISO 14001;
  - SA 8000 in our main production site;
  - OHSAS 18001;
  - FSC;
- Comply with the OECD Guidelines for Multinational Enterprises in the areas of procurement of raw materials;
- Develop steps to action toward the UN Sustainable Development Goals;
- Comply with all other applicable laws and regulations;
- Set industry leading standards for responsible and sustainable supplier selection to deliver commitment to sustainable growth;
- Develop an effective integrated quality management system to ensure consistent quality and safe products are manufactured;
- Effectively manage and control the supply chain in as many elements as possible to influence sustainable practices within;
- Procure raw materials from the most sustainable and eco-friendly sources;
- Raise awareness with trainings on the topic of Sustainable Procurement to relevant stakeholders;
- Reach our Sustainability Vision 2022 Targets:
  - By 2022 we will have undertaken important steps to significantly improve the sustainability of our in-house FIBC manufacturing;
  - By 2022, 100% of our production partners will have signed our Supplier Code of Conduct and will act accordingly;
  - By 2022 we will have increased and strengthened our sustainable partnerships with our stakeholders and together will have made a significant contribution to achieving our goals.

## Policy measures

LC Packaging International B.V. strives to achieve its sustainable procurement objectives with the following measures:

### Sustainability Vision 2022

- LC Packaging International B.V. conducts environmental impact research, including the calculation of energy, greenhouse gasses, and waste footprint;
- LC Packaging International B.V. creates a 'Sustainable Production Plan' for our FIBC production locations in Bangladesh and South Africa;
- LC Packaging International B.V. identifies sustainable manufacturing targets for the involved individuals/departments/entities;
- LC Packaging International B.V. communicates messages, tasks and responsibilities to all those involved within the company;
- LC Packaging International B.V. educates our employees and integrating our ethical sourcing principles and values into our supplier selection process and buying practices;
- LC Packaging International B.V. clearly communicates our expectations to Production Partners;
- LC Packaging International B.V. educates and supports Production Partners in setting their own business standards;
- LC Packaging International B.V. evaluates Production Partners that do not comply with the Global Supplier Code of Conduct. Based on the degree of non-compliance, either requiring adjustments or ending the partnership;
- LC Packaging International B.V. sets-up and implements monitoring tool/process to measure Production Partner performance on Code of Conduct principles, resulting in yearly audits by our dedicated Quality Department;
- LC Packaging International B.V. identifies and categorises stakeholders and existing partnerships;
- LC Packaging International B.V. intensifies existing sustainable partnerships and identifies and initiates desired sustainable partnerships;

- LC Packaging International B.V. contacts key Production Partners to identify how we can contribute together to global goals, such as: development of sustainable packaging solutions, community support initiatives or goal awareness creation activities within the supply chain;
- LC Packaging International B.V. involves key stakeholders in our sustainable activities and practices;
- LC Packaging International B.V. sets-up stakeholder communications and events on sustainable partnership topics and initiatives;
- LC Packaging International B.V. reports the progress made on a yearly basis with an evaluation and preparation for next steps.

#### Partner selection

- LC Packaging International B.V. is requesting 100% of Production Partners to have signed and comply with the updated Global Supplier Code of Conduct by 2022;
- LC Packaging International B.V. creates partnerships with like-minded Production Partners with whom to develop long-term relationships;
- LC Packaging International B.V. scores Production Partners in terms of risk based on the geographical location of the site and the type of product. There are specific parameters and scoring outcomes to align the outcomes of the scoring. When risk is low, no control measures are required; with medium risk, we require up-to-date certification; with high-risk, we require to conduct SMETA audits and strict corrective actions plans;
- LC Packaging International B.V. keeps records of all Production Partners, including the signed Global Supplier Code of Conduct;
- LC Packaging International B.V. requests all Production Partners to become members of SEDEX and complete the SEDEX Self-Assessment Questionnaire (SAQ);

- LC Packaging International B.V. requests Production Partners to conduct a SMETA audit, completed by certified independent auditors, if unable to provide satisfactory evidence of compliance;
- LC Packaging International B.V. requests Production Partners to provide proof of compliance to Sustainable Business Practices in the form of certifications (e.g. SA 8000, ISO 14001), memberships (UN Global Compact, EcoVadis – min bronze), and company policies (Human Rights and Labour, Internal Code of Conduct);
- LC Packaging International B.V. conduct visits on an annual basis of all key Production Partners by an experienced team of Product Managers and Quality Managers. The primary purpose of this visit is to perform an internal audit report to measure the product quality and compliance for the Global Supplier Code of Conduct;
- LC Packaging International B.V. does not conduct business with unknown Production Partners. Meaning, if we do business with traders, then we require information such as where they are purchasing from, and also visit the locations.

#### Product testing and quality management

- LC Packaging International B.V. requires our Production Partners to conduct tests to ensure compliance to applicable safety regulations such as the REACH Regulation;
- LC Packaging International B.V request our Production Partners to provide Declaration of Compliance documents to ensure they are actively complying with applicable safety regulations;
- LC Packaging International B.V. has a set procedure to inspect whether products meet quality and compliance specifications;
- LC Packaging International B.V. at its main production site, tests raw materials which have been supplied by our Partners to ensure they are up to par and approved by the Quality team, who follow the Quality Control Routine Work Schedule;

- LC Packaging International B.V. has flowcharts to communicate clearly to the Quality Team, visually all the steps necessary to maintain quality controls;
- LC Packaging International B.V. ensure to conduct strict quality controls in the following situation:
  - 1<sup>st</sup> delivery from new Production Partner;
  - 1<sup>st</sup> delivery for new client;
  - 1<sup>st</sup> delivery of new product;
  - 1<sup>st</sup> delivery after a complaint;
  - Sampling.

### Supply chain

- LC Packaging International B.V. visualises its supply chain to highlight areas of the supply chain which we have control over and can ensure compliance towards sustainable practices can be met. In the areas we can control, we endeavour to form partnerships with sustainable Partners such as those who can provide efficient logistics and have the technology to emit less greenhouse gases;
- LC Packaging International B.V. have a set procedure on processing orders to ensure consistent and appropriate actions are taken during the payment, storage and delivery phases of an order.

### Sustainable products

- LC Packaging International B.V. endeavours to distribute sustainable products such as those made from recycled materials;
- LC Packaging International B.V. strives to procure raw materials from sustainable sources for the production of our products;
- LC Packaging International B.V. obtains eco-friendly materials such as jute, which is 100% biodegradable, and cardboard;

- LC Packaging International B.V. has multiple certifications of FSC Chain of Custody. This indicates that our cardboard packaging, and corrugated paper packaging are in compliance with the standards of the FSC and have been checked in each stage of processing;
- LC Packaging International B.V. is continually sourcing and monitoring alternative and innovative sources of different materials;
- LC Packaging International B.V. has specification sheets for each product manufactured by the company which indicates dimensions, certification data, technical data, and fabrics/materials used. This information is critical to monitor what materials are entering our supply chain and in turn where changes can be made to opt for more sustainable and/or less dangerous materials.

#### Training

- LC Packaging International B.V. has created a training to raise awareness for our employees on the importance, benefits and overall company targets on Sustainable Procurement;
- LC Packaging International B.V. maintains a record of the employees who receive training on various aspects of Sustainable Procurement, such as Supplier Selection.

**Approval of policy**

**Name:** Lucas Lammers, CEO LC Packaging

**Date:** 22 February 2019

**Signature:**

A handwritten signature in blue ink, consisting of a large, stylized 'L' followed by a horizontal stroke and a small upward tick at the end.