

Nouryon statement on sustainable procurement

Effective July 1, 2021

Suppliers play a critical role in the sustainable and safe delivery of Nouryon's high-quality products and services, and supplier engagement has been identified as a key sustainability topic in our materiality assessment. This document sets out how we will source responsibly at Nouryon, and how we will measure and improve the sustainability of suppliers to continue to achieve our sustainability objectives and deliver value to our customers.

1. Scope

All externally sourced goods and services and all external suppliers within the scope of procurement.

2. Structure

The sustainability framework of procurement relies on

- a. Requirement of compliance to our Business Partner Code of conduct (BPCoC) which can be found [here](#).

Nouryon's BPCoC sets out expectations for suppliers regarding:

- i. Compliance with laws and regulations
- ii. Standards for ethical and responsible business conduct and anti-bribery
- iii. Fair competition
- iv. Respect for human rights
- v. Environmental protection and local communities
- vi. Responsible sourcing standards (incl. conflict minerals and palm oil)
- vii. Protecting information
- viii. Reporting concerns

Through the BPCoC, Nouryon only does business with suppliers sharing and supporting our own standards. All suppliers are required to comply with the BPCoC, and this requirement is included in all new contracts and in all purchase order terms and conditions, which can be found [here](#).

- b. CSR risk assessment

CSR risk is assessed using the EcoVadis IQ tool. Suppliers comprising 95% of our external spend are assessed for criticality to Nouryon's business, country risk, industry risk and segment EcoVadis scores. The criticality and risk assessment is used to prioritize our supplier assessments and our dialog with suppliers for improvement of CSR performance.

c. Supplier Sustainability Assessment

Scope

The scope of supplier sustainability assessment is all external suppliers within the scope of procurement, including all supplier segments and spend areas. Actions are prioritized on the basis of criticality and risk measured in the EcoVadis IQ tool

Process & Objectives

Nouryon will measure and track the Sustainability performance of suppliers by means of the EcoVadis [<https://ecovadis.com>] assessment with the goal to measure the quality of the supplier's sustainability system through its policies, actions and results.

All suppliers having an EcoVadis score are invited to share the result and all other suppliers are invited to make a self-assessment to obtain a score.

All results will be tracked in the EcoVadis dashboard.

Improvement process

Suppliers scoring 45 or lower may be required to provide improvement plans to demonstrate continuous improvement. Suppliers declining to make a self-assessment will be informed that such refusal will be considered as part of supplier selection decisions.

Suppliers scoring 45 or lower or with no score who are assessed as high risk and either critical or strategic in IQ will be required to improve within 12 months.

Such suppliers failing to show improvement will be placed in the 'Phase Out' segment of Nouryon's supplier segmentation and Nouryon will reduce business as far as is consistent with business objectives including where possible exit from the supplier.

3. Targets

Targets for number of suppliers and corresponding spend assessed through an EcoVadis score are set in the Procurement Balanced Scorecard and tracked monthly.

Individual buyers have targets in personal objectives for follow up with non-compliant suppliers.

4. Training

All procurement personnel are trained in sustainability and CSR topics annually. This training also forms part of the new employee onboarding within procurement.

5. RASCI

Sustainable Procurement	Main Activities	(PR) PLT	Category Manager	Procurement Sustainability Lead	Procurement Sustainability Coordinator	EcoVadis	Supplier	Sustainability Team
Overall Accountability Process : CPO								
Set Sustainable Procurement Policy	Identify / Specify business need	A		R	S			C
Review activities & results	Policy & Actions	A		R	S			C
	Results	A		R	S			I
CSR assessment	EcoVadis Campaign Organisation & Execution	A	R	C	R	R	R	I
	Follow -up with Suppliers (Refusals, low scores)	A	R	C	R	I	R	I
Provide Evidence for Nouryon Self assessments	Provide documentary evidence	A		R	R			I
Ensure all new contracts require BPCoC compliance	Contractual requirement to comply with BPCoC	A	R				R	
RASCI								
R = Responsible A = Accountable S = Support C = Consulted I = Informative		Person who owns and controls the task and ensures The one ultimately answerable for the completion of the task and the one who delegates the execution of the task to those 'responsible' Person who provides support to execute the task Those that have information and / or capability required to complete the work and with whom there is a two-way communication Should be informed and kept up-to-date on progress. Must be notified through one-way communication.						
Revision:	0							
Date:	Sept 10 2020							
Owner:	Barry Cottrell							
Latest Change:	First issue							

RASCI Sustainable Procurement

6. Review

Review of sustainable procurement activities and results will be done by the Procurement Leadership Team (PLT) in collaboration with the Chief Sustainability and Communications Officer. Sustainability is a standing item at PLT meetings. In addition, a member of the Procurement Leadership team sits on the global Sustainability Network.