	<u>Document Title:</u>	Document Number:	CCE_HR_0223
	Sustainable Procurement & Supplier Due Diligence Policy	Process Owner:	Human Resources Manager
		Revision Number:	001
		Revision Date:	12/20/2025

Sustainable Procurement & Supplier Due Diligence Policy

Purpose - This Policy defines minimum supplier requirements and a risk-based due diligence approach to ensure compliance with Markdom expectations, applicable laws, IATF 16949 principles, ISO 14001 principles, UN Global Compact principles, and EcoVadis requirements.

Scope - Applies to all suppliers, sub-suppliers, contractors, service providers, and logistics partners supplying goods or services to Markdom, as well as to Markdom employees involved in supplier selection and purchasing. Suppliers are expected to cascade these requirements to their supply chains.


Policy Statement - Markdom will select, monitor, and evaluate suppliers using a risk-based process. Suppliers are expected to meet or exceed Markdom Supplier Performance Expectations and the Markdom Supplier Code of Conduct. Failure to comply may result in corrective action, suspension, or termination of the supplier relationship.

Supplier Due Diligence Framework - Markdom applies a risk-based due diligence lifecycle:

- a) **Supplier Onboarding** - Before approval, suppliers may be required to:
 - ✓ Complete a sustainability and ethics self-assessment.
 - ✓ Sign the Markdom Supplier Code of Conduct.
 - ✓ Provide certifications (e.g., IATF 16949, ISO 14001, or equivalent).
- b) **Risk Assessment** - Suppliers are categorized by risk considering:
 - ✓ Country and regional risk.
 - ✓ Product criticality.
 - ✓ Use of hazardous materials.
 - ✓ Labour-intensive processes.
 - ✓ Prior performance and audit results.
- c) **Monitoring & Verification** - Markdom may conduct:
 - ✓ Desktop reviews and questionnaires.
 - ✓ On-site audits or third-party audits.
 - ✓ Performance scorecards.
 - ✓ Documentation reviews (PPAP, APQP, PFMEA, Control Plans, certifications).
- d) **Corrective Action & Remediation** - Where non-conformance is identified:
 - ✓ A corrective action plan with defined timelines is required.
 - ✓ Progress will be monitored.
 - ✓ Failure to remediate may result in suspension or termination of the business relationship.

Minimum Supplier Requirements: Suppliers must comply with all applicable laws and Markdom requirements, including:

- 1) Health, Safety & Environmental
 - ✓ Inform Markdom of changes affecting product HSE impacts.
 - ✓ Provide current SDS/MSDS prior to new product shipment and keep updated.
 - ✓ Support carbon reduction (energy, water, hazardous materials, air pollution, waste, and GHG reductions).
- 2) Ethical Business Conduct

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- ✓ Zero tolerance for bribery, corruption, kickbacks, facilitation payments, and improper gifts.
- ✓ Comply with fair competition/antitrust and applicable regulations in production/sales regions.
- ✓ Support Markdom Conflict Minerals requirements.
- ✓ Fair competition and compliance with antitrust laws.
- ✓ Respect for intellectual property.
- ✓ Compliance with applicable laws

3) Social & Human Rights

- ✓ Support and respect internationally recognized human rights.
- ✓ Eliminate forced labour, child labour, and human trafficking.
- ✓ • Treat workers fairly and without discrimination.
- ✓ Provide equal opportunity regardless of race, gender, sexual orientation, disability, age, nationality, religion, or health condition.
- ✓ Respect freedom of association and collective bargaining.
- ✓ Provide safe and healthy working conditions.

4) Quality & Delivery Performance

- ✓ 100% defect-free product expectation; used for non-conforming product; supplier responsible for replacement stock and chargebacks per Supplier Manual.
- ✓ Maintain 100% on-time delivery expectation; communicate shortages immediately; plan per releases and maintain reasonable flexibility/safety stock.

Reporting & Non-Retaliation - Suppliers and stakeholders may report concerns via:

- ✓ [MARKDOM SPEAK UP / REPORTING FORM – Fill out form](#)
- ✓ By email at hr@markdom.com
- ✓ Supplier can use the QR



Responsibilities


- ✓ **Procurement/Supply Chain:** Supplier due diligence, monitoring, corrective actions.
- ✓ **Quality:** Supplier quality performance and NCR/MDR management.
- ✓ **HR/Compliance:** Ethics and human rights alignment.
- ✓ **Suppliers:** Compliance and cascading requirements to sub-suppliers.

Objectives and Targets

Objective	Target / KPI	Timeframe	Responsible
Supplier acknowledgment	100% sign-off	By 2026	Procurement / HR
Supplier screening	100% new suppliers screened	Ongoing	Procurement
Supplier accountability	100 % of supplier contracts include non-retaliation clause	Annual	HR / Procurement
High-risk suppliers	100% assessed/audited as needed	Annual	HR / Procurement

Monitoring and Review

A yearly review will be conducted to ensure alignment with Markdom and (UNGC) guidelines, best practices, and standards

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RECORD OF REVIEWS

Date	Revision Description	Approved By	Revision Level
Dec 20, 2025	Released Policy	HR Manager - Johanna Agaton	001