

Sustainable procurement policy



§ 1 DEFINITIONS

1. **Mueller Fabryka Świec S.A.** referred to herein also as "Company", „Enterprise”.
2. **Suppliers** – shall be understood as a natural or legal person, or an organizational unit without legal personality that is a party conducting a delivery, sale or performing a service for Mueller Fabryka Świec S.A.
3. **Corruption** – means a demand, proposal, giving or accepting, directly or indirectly, any undue material, personal, or other benefit, or a promise of such benefits in exchange for an action or a failure to act connected with performing professional obligations. An action can (does not have to) cause a material damage to the Company or constitute the act of unfair competition, disclosing information that is the Enterprise’s secret or inadmissible preferential action to the benefit of the acquirer or recipient of the goods, service, or benefit against the Company’s interests.
4. **Managerial corruption** – shall be understood as actions, consisting in accepting or giving material or personal benefit, or a promise thereof to the benefit of and by the managerial staff of Mueller Fabryka Świec S.A in exchange for abuse of granted authorizations or failure to fulfil the recipient’s obligation, which may lead to causing damage to Mueller Fabryka Świec S.A; moreover, such actions may constitute the act of unfair competition to the benefit of Contractors.
5. **Policy** – shall be understood as this document of Sustainable Procurement Policy.
6. **Employee** – shall be understood as each natural person performing work in Mueller Fabryka Świec S.A irrespective of the type of signed contract and the position occupied.

§ 2 GOALS OF THE POLICY

1. Procurement Policy has been created to determine principles and guidelines used by Mueller Fabryka Świec S.A. in their procurement processes. It is supposed to ensure transparency, integrity, and effectiveness in relations between the Company and Suppliers.
2. Moreover, the goal of the Policy is to ensure a dynamic, sustainable growth and maintain high standards of cooperation with suppliers, while mutually aiming to maintain competitiveness and improve the quality and timeliness of deliveries or performed services.
3. Procurement policy obligates all parties of the procurement process to observe labor law and minimize the negative impact on the environment.
4. Achieving goals is possible thanks to cooperation, based on the main values of Mueller Fabryka Świec S.A, i.e.:

- a. teamwork
- b. focus on long-term actions
- c. continuous development
- d. quality
- e. credibility and transparency, which Mueller Fabryka Świec also requests from their Suppliers.

§ 3 SCOPE AND OPERATING AREA OF THE PROCUREMENT POLICY

1. Procurement policy covers all procurement areas in Mueller Fabryka Świec S.A., including specifically purchases of products, goods, and services, and it determines the direction of action for Suppliers.
2. Employees taking part in procurement processes are responsible for implementing the Policy, and specifically the Employees responsible for placing purchase orders and entering into contracts with Suppliers.

§ 4 IMPLEMENTING THE PROCUREMENT POLICY

1. Each supplier is obliged to familiarize themselves with the contents of the Procurement Policy and to observe it.
2. The company may monitor adherence to the Procurement Policy of Suppliers and take relevant actions in case of violations, including ending the cooperation.

§ 5 PRINCIPLES OF THE PROCUREMENT POLICY

1. Principles of cooperation, including aspects concerning deliveries, proofs of delivery, invoices, date of payment, quality, complaints, warranties, and security in the delivery chain are described in a separate document of General principles of cooperation with Suppliers.
2. The principle of environmental responsibility.

Suppliers aim to minimize the impact of their activities on the environment and oblige themselves to:

- a. Continuously improve their system of environmental management with respect to the environment's natural resources,

- b. Reduce use of water and electricity, and reduce greenhouse gases emissions,
- c. Reduce emissions of air, water, waste pollution,
- d. Reduce the volume of pollution and waste that are created as a result of production and consumption activity, and recycling or reusing it,
- e. Comply with legal requirements and any other in terms of the environment,
- f. Not create a threat of serious environmental pollution.

3. The principle of observing employee rights.

Suppliers obligate themselves to:

- a. Not use forced, bonded, child, or prison labor,
- b. Overtime is voluntary and the employees that reject working overtime will not be punished,
- c. Respect dignity and personal rights of the employee,
- d. Pay equitable remuneration and treat everyone equally,
- e. Give employees a chance to develop their competences.

4. The principle of safe working conditions.

Suppliers obligate themselves to:

- a. Systematically improve their qualifications in terms of OHS of all employees, including performing obligatory and voluntary trainings,
- b. Engage their employees and actions for occupational health and safety to provide safe and healthy working conditions,
- c. Take preventive actions aimed at eliminating threats, reducing risk, preventing occupational accidents, near-miss incidents, and occupational diseases,
- d. Continuously control the condition of work environment, including exposure to noise, vibrations, dangerous chemicals, and taking actions that reduce the exposure,
- e. Take actions aimed at continuous improvement of OHS and treating care for employees' safety as a superior value,

5. When working with suppliers, Employer base their actions on good cooperation practices, and specifically on:

- a. Partnership, which specifically concerns aiming for cooperation that is beneficial for both parties,

- b. Principles of ensuring fair competition,
 - c. Preventing corruption and managerial corruption
 - d. Principles of equal treatment of contractors,
 - e. Principles of impartiality and objectivism,
 - f. Transparency of agreed principles of cooperation,
 - g. Information security, including personal data.
6. Sustainable purchases reducing the acquisition of raw materials from non-renewable and primary sources:
- a. Employees of Mueller Fabryka Świec S.A. replace non-renewable raw materials, such as paraffin with alternate renewable raw materials, e.g. raw materials based on palm oil or rapeseed oil,
 - b. We acquire palm oil only from the sources with the RSPO SG certificate, which in practice means that this raw material comes from plantations where: there are good working conditions, and employees are fairly paid, no child labor is used, from plantations, where bonded labor is forbidden, and palm oil from these plantations does not impact protected species and their ecosystem, no forest is destroyed or grubbed up, and farms, and plantations are subject to regular audits, performed by independent auditors,
 - c. The main criterion for choosing packaging materials is the FSC certificate and recycled goods. We pay great attention for our business partners to choose FSC-certified materials that are recycled to the maximum extent, and if it is not possible, we encourage suppliers to look further. It allows to maximally use economic and ecological capabilities on the market.
7. Employees of Mueller Fabryka Świec S.A. apply objective criteria of assessing offers and conditions of participation in the procurement process, at the same time supporting the model based on mutual trust in business.
8. Employees of the Company regularly perform the assessment of suppliers, which specifically entails taking the following actions:
- a. Performing the assessment of Suppliers' verification according to the agreed procedures, i.a. conformity with the Standard of accepting goods to the Packaging Warehouse,
 - b. Verifying the timeliness of performing deliveries of products or services,

- c. Verifying quantity differences of ordered goods,
- d. Verifying the quantity of returned goods, expressed in percent, in relation to turnover obtained with the Supplier,
- e. Assessment of strategic alignment with business relations, connecting Mueller Fabryka Świec S.A. with the Supplier on the basis of five aspects: sustainability, openness, proactiveness, communication, and taking initiative,
- f. Performing the assessment of quality of products or services supplied by the Supplier,
- g. Assessment of stability and competitiveness of pricing conditions.

§ 6 VERIFICATION OF ADHERENCE TO THE SUSTAINABLE PROCUREMENT POLICY

1. Mueller Fabryka Świec S.A. verifies the mode of Suppliers' adherence to the Sustainable Procurement Policy by performing relevant audits in the form of visits or document-based, including online meetings or exchanging electronical correspondence.
2. Supplier Audit Questionnaire is the basis of the audit.
3. The audit is conducted by the authorized employees of Mueller Fabryka Świec S.A., with respect to security of Supplier's confidential information and provisions on personal data.
4. The supplier is each time informed about the results of the conducted audit and recommendations indicated in the audit report.
5. If, as a result of the audit, it turns out that the Supplier grossly neglects the provisions of the Procurement Policy, Mueller Fabryka Świec S.A. may end the cooperation with this Supplier or depend further cooperation on implementing the recommendations of Mueller Fabryka Świec S.A. by the Supplier

§ 7 FINAL PROVISIONS

1. Detailed procedures for relations with suppliers are defined by separate procedures binding in Mueller Fabryka Świec S.A..
2. Suppliers will be informed about each significant change in the Sustainable Procurement Policy.