

Sustainable Procurement Policy

Purpose

At LOWENCO, we believe that sustainable procurement is part of our business. Increased responsibility for security, anti-corruption and making sure working conditions, of the factories of our suppliers, are lawful, are essential positive elements for the benefit of us and our stakeholders. We strive for sustainability in everything we do.

This means that, in practice, wherever we operate in the world, LOWENCO follows and supports, as a minimum applicable legislation. This Policy – LOWENCO's Sustainable Procurement Policy – focuses on our business partners and the market advantages they get with us.

Applicability

This Policy applies to LOWENCO's procurement team. The Policy applies in all areas where LOWENCO carries out procurement. LOWENCO wants supplier, including subcontractors, to align with our values in regarding sustainability. We review legal risks for all new or modified business activities to ensure compliance with applicable laws in our facilities, products, services, and operations.

To ensure statutory CO₂ taxes, on relevant materials (CBAM), are handled correctly, it is not allowed to purchase from suppliers outside the EU, without approval from CSCO. In general, new suppliers, who are not already listed on LOWENCO's B-022-supplier list, must be approved in advance by the CSCO (purchase responsible).

Smaller local suppliers sign our supplier handbook, which refers to our environmental policy and our code of conduct. While medium and large suppliers, are required to document their accountability in relation to Conflict Minerals Reporting, CMRT or other relevant documentation, for example the organization that secures against inappropriate mining.

We reduce, where possible, the use and application of toxic/hazardous materials and avoid pollution. We expect the same from our suppliers.

We are continuously working to improve our policies so that we support and develop the world's transformation in being sustainable.

Annual Supplier Sustainability Survey – Overview

Starting in 2024, we introduced an annual survey to systematically evaluate our suppliers' progress in sustainability. This initiative is designed to assess the extent of their awareness and actions related to key environmental, social, and governance (ESG) indicators. The survey focuses on:

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- **Carbon Footprint and Energy Use**

We assess whether suppliers have a clear understanding of their carbon footprint, their energy consumption, and whether they utilize renewable energy sources.

- **Adoption of International Standards**

The survey identifies which international standards suppliers have implemented to improve their operations, including:

- **ISO 9001** – Quality Management
- **ISO 14001** – Environmental Management
- **ISO 45001** – Occupational Health and Safety
- **ISO 27001** – Information Security
- Any additional standards relevant to due diligence or sector-specific compliance

- **Ethical Code of Conduct**

We evaluate whether suppliers have established transparency in their ethical code of conduct. If not yet in place, we gather information on when this is expected to be implemented.

- **Science-Based Targets (SBTi)**

The survey investigates whether suppliers are considering or have committed to Science-Based Targets for emissions reduction.

- **Circularity and Material Reuse**

Suppliers are asked about practices related to the reuse and recycling of materials within their products, contributing to circular economy goals.

This comprehensive approach enables us to track year-over-year progress, identify support needs, and strategically engage with suppliers to enhance sustainability across our value chain.

Supplier Engagement and ESG Progress Update – 2025

In 2025, we achieved a response rate of over two-thirds from our invited main suppliers, exceeding our initial expectation of a 40% response rate.

Scope 1 and 2 Emissions Awareness

The 2024 objective was for 60% of our suppliers to be aware of their Scope 1 and 2 emissions. Encouragingly, this target was nearly achieved in 2025. Consequently, we have raised our objective to 75% for 2026, aiming to further deepen supplier awareness and reporting capabilities.

Systematic Approach to the Share of Suppliers Certified to Standards:

In 2025: 63% are certified according to ISO 9001, 56% are certified according to ISO 14001, 37% are certified according to ISO 45001, and 5% are certified according to ISO 27001. Additionally, 1% have other certifications (for example ISO 50001).

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We require that all suppliers of components used in our products must, at a minimum, be certified according to ISO 9001. This certification ensures that the supplier has an effective quality management system that supports our own standards for quality and reliability.

We also encourage certification according to the following standards:

ISO 14001 – which demonstrates that the supplier works systematically with environmental management and has established environmental objectives and improvement initiatives.

ISO 45001 – which supports a proactive approach to occupational health and safety, contributing to a safe and healthy working environment for all employees.

These certifications are not mandatory, but we regard them as indicators of responsible and future-proof business practices.

Code of Conduct (Ethics)

Our goal was to have 90% of all suppliers with transparency on their ethical code of conduct in 2024 and 100% in 2025. The 2025 result shows 85% implementation, prompting us to adjust the 2026 objective to 95%, with continued efforts to close the gap.

Science-Based Targets (SBTi)

Our original objective was for at least 80% of our main suppliers to have approved Science-Based Targets (SBTi) by the end of 2025. However, results show that only one-third of our suppliers have approved SBTi as of 2025. In response, we have adjusted the target to 50% by 2026 to reflect current progress and focus on realistic, yet ambitious, improvements.

ESG Evaluation Platforms

Approximately 40% of our suppliers currently do not use a platform for ESG evaluation or rating. To address this, we have encouraged two of our main suppliers to adopt such platforms and have connected them with EcoVadis. This engagement is intended to facilitate ongoing performance monitoring and support enhancements across our value chain.

Responsibility

All LOWENCO employees are responsible for ensuring that our Sustainability Procurement Policy is followed. At LOWENCO the procurement team refers to the CSCO. Anyone who believes there is a violation or concern about the possibility of having suppliers, including subcontractors, not aligning our values must contact CSCO.

The manager's responsibility: LOWENCO managers must monitor compliance with the Policy and take action if anything needs to be changed/corrected.

Management must:

- Develop procedures and monitor compliance
- Set annual targets for the Sustainability Procurement Policy

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- Ensure thorough research of suppliers before launching new/redesigned products
- Ensure open and responsible communication with employees, customers, and authorities

This policy is:

Reviewed when needed or at least annually.

Approved and hereby signed of LOWENCO's CSCO:

Stefan Hørlyck

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