

## Materialise OrthoView

### Supplier Policy for Materialise UK T/A Meridian Technique

Our mission is to innovate product development that results in a better and healthier world, through our software and hardware infrastructure, and an in-depth knowledge of Additive Manufacturing. With this statement as our driving force, there are a number of principles that shape us as a company and drive our supplier policy – a policy focused on sustainable procurement:

#### Innovation

We are committed to transforming the way companies do business and use sustainable procurement to stimulate innovation in our supply chains. Our aim is to not just gain greater shared value and generate new markets, but also to improve people's lives.

#### Customer co-creation with Integrity

In our interactions with our customers, we focus on building relationships of trust and mutual respect. Our customers rely on us to merge our understanding of Orthopaedic Software with their experience, creativity and requirements. And more and more, they are also expecting us to take environmental and social factors into account, all the way through our value chain, including at the supplier level. By partnering with suppliers who pay attention to sustainability issues, we build stronger relationships and together, better support our objectives and mission.

#### People

Inspiration and curiosity drive us in very real ways. We live and breathe our mission. We follow trends. We go the extra mile to find smart solutions. At Materialise, we give our people a vibrant, open environment that invests in their energy. Paying attention to sustainability issues in our procurement is essential to attract, motivate and retain talent.

#### Security of the Supply Chains

Quality lasts. It's what keeps solutions relevant over time. So our state-of-the-art software and high-quality prints and services are constantly being refined to ensure our customers get the quality and reliability they deserve. This requires the implementation of continual improvement processes by our suppliers.

For these reasons, we expect our suppliers to adopt or focus on the following principles – principles we also apply within our own operations:

- Suppliers should be accountable for both their own impact as well as the impact of their supply chains on society, the economy and the environment. Suppliers should be transparent in those decisions and

activities that impact the environment, society and the economy, as the basis for stakeholder dialogue and collaboration, and should be able to demonstrate this through their management systems.

- Suppliers should behave ethically and promote ethical behavior throughout their supply chains:
- Suppliers should encourage innovative procurement practices to promote more sustainable outcomes throughout their entire supply chains
- Suppliers should work towards continually improving their sustainability practices and outcomes and encouraging organizations in their supply chains to do the same. Among other things, this should include seeking more sustainable alternatives for existing needs. Sustainability should be integrated into all existing procurement practices to maximize sustainable outcomes, and suppliers should be able to demonstrate continual improvement through their management systems
- Suppliers should consider the costs incurred over the life cycle, value for money achieved, and the costs and benefits for society, the environment and the economy resulting from their procurement activities

Any of the above-mentioned principles must meet the following minimum Human Rights and environmental requirements. If local legislation differs from these requirements, the higher standard shall apply. If any of these requirements are not met, Materialise has the right to further assess and/or take action(s) if necessary.

## **Regulatory compliance**

The supplier shall comply with all laws applicable to its business. The supplier should support the principles of the United Nations Global Compact, the UN Universal Declaration of Human Rights, the Modern Slavery Act as well as the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights at Work, in accordance with national law and practice.

## **Employment**

- There is no forced, bonded or involuntary prison labour.
- All employees, without distinction, have the right to join or form trade unions of their own choosing and, where a significant proportion of the workforce agree, to bargain collectively.
- Employees' representatives are not discriminated against and have access to carry out their representative functions in the workplace.

## **Elimination of child labour**

- The supplier employs no children under the age of 15. If national laws or regulations allow children between the ages of 13 and 15 to perform light work, such work is not permitted under any circumstances if it would hinder a minor from the completion of compulsory schooling or training, or if the employment would be harmful to their health or development

- Suppliers should develop or participate in and contribute to policies and programmes that provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.
- Children and young persons under 18 shall not be employed at night or in hazardous conditions.

### **Right to a living wage**

- The supplier shall comply with the respective national laws and regulations regarding working hours, wages and benefits.
- In any event, wages should not be paid in kind and should be enough to meet basic needs.
- All workers should be provided with written and comprehensible information about their employment conditions in respect to wages before they enter employment and the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure should not be permitted. Deductions from wages not provided for by national law should only be permitted with the expressed permission (without duress) of the worker concerned. All disciplinary measures should be recorded.

### **Avoidance of excessive working hours**

- Standard working hours must comply with national laws and national benchmark industry standards; whichever affords greater protection to the employee.
- All employees should not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every 7-day period on average. Overtime requested by the employer must be voluntary and must not be requested on a regular basis.

### **No discrimination**

- A policy of equality for all should be in place and there should be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, religious beliefs, union membership or political affiliation.

### **Provision of regular employment**

- To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship should not be avoided.
- Examples include the abuse of labour-only contracting, sub-contracting, or home-working arrangements, through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, or the excessive use of fixed-term contracts of employment.

## **No harsh or inhumane treatment**

- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse of other forms of intimidation shall be prohibited.

## **Working in partnership**

- We will seek out organisations that share our commitment to sound ethical performance and improvement. Where applicable, we will offer assistance to our suppliers in raising their awareness and social accountability. We will develop partnerships with our suppliers and contractors and work together to minimise the social impacts of our supply chain.
- Sustainability requirements will be considered and where appropriate will be specified in initial tender documentation for both suppliers and contractors, to ensure suppliers and contractors are aware of our social criteria at an early stage in the tender process.
- Small firms, voluntary and community organisations, social enterprises and ethnic minority businesses are considered members of our supply chain as they play an important role in the local economy and contribute to social cohesion.

## **Procurement process**

- We will use our purchasing power, where practicable, to influence and encourage suppliers in order to create a more reliable market for ethically produced products and services.
- Social factors shall be considered in the purchasing process. Specifically this includes considering where the product is made and by whom and whether the organisation complies with local laws and regulations.
- We will add ethical compliance into the procurement cycle: identifying needs; appraising options; design and specification; supplier selection; tender evaluation; contract management and supplier development.
- Ethical concepts will be embedded into purchasing functions within our organisation.

## **Monitoring and measuring**

- We will seek to establish key performance indicators for ethical procurement where appropriate and monitor and measure the performance of our supply chain against them.

## **Safe and Healthy Working Conditions**

### **We expect our suppliers:**

- To provide a safe and healthy working environment bearing in mind international standards, the prevailing knowledge of the industry and of any specific hazards.
- To take adequate steps to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working practice and environment.
- Provide workers with suitable and sufficient health and safety training, in order that they fully understand the hazards associated with the work activity and environment and the correct practices required to minimise the risks.

- Provide suitable and adequate welfare facilities including toilet facilities, drinking water and food storage where required. Accommodation, where provided, shall be clean, safe and meet the needs of the workers.
- To assign responsibility for health and safety to a senior management representative.

## Risk assessment matrix

To ensure quality and transparency throughout our supply chain, all suppliers (new and existing) are assessed based on the combination of the risks associated with their activity region (A) and their activity type (B). Depending on the total risk (C) based on (A) and (B), suppliers can be subject to different and/or additional controls on a CSR level. For the next sections, the following color code applies:

CSR RISK	
color	risk definition
	Low risk
	Medium risk
	High risk

Figure 1: CSR Risk color code

## Regional risk

Based on their region, suppliers will get a preliminary risk score, low, medium or high, for the different requirements mentioned below. These risks are based on information from ILO, UNICEF and the WHO. The list of countries mentioned in figure 2 is non-exhaustive. Suppliers located in a country that is not mentioned will be assessed and given their own regional risk score.

CSR REGIONAL RISK																	
chapter		Regional risks* per sub chapter**															
		EU + other <sup>2</sup>				USA				Asia + S-America <sup>3</sup>				Africa			
1	Freely chosen employment	1.1	1.2			1.1	1.2			1.1	1.2			1.1	1.2		
2	Freedom of association and the right of collective bargaining	2.1	2.2	2.3		2.1	2.2	2.3		2.1	2.2	2.3		2.1	2.2	2.3	
3	No child labor	3.1	3.2	3.3		3.1	3.2	3.3		3.1	3.2	3.3		3.1	3.2	3.3	
4	No discrimination	4.1	4.2			4.1	4.2			4.1	4.2			4.1	4.2		
5	No harsh or inhumane treatment	5.1				5.1				5.1				5.1			
6	safe and hygienic working conditions	6.1	6.2	6.3	6.4	6.1	6.2	6.3	6.4	6.1	6.2	6.3	6.4	6.1	6.2	6.3	6.4

7	adequate wages	7.1	7.2	7.3		7.1	7.2	7.3		7.1	7.2	7.3		7.1	7.2	7.3	
8	no excessive working hours	8.1	8.2	8.3	8.4	8.1	8.2	8.3	8.4	8.1	8.2	8.3	8.4	8.1	8.2	8.3	8.4
9	protection of the environment	9.1	9.2	9.3	9.4	9.1	9.2	9.3	9.4	9.1	9.2	9.3	9.4	9.1	9.2	9.3	9.4
total regional risk		Low				Low				Medium				High			
<div>* Risks based on information from ILO, Unicef and WHO</div> <div>** As listed in the Supply Chain Policy</div> <div><sup>2</sup> Australia, New Zealand, Hong Kong, Taiwan, Singapore, Japan, South Korea, UAE, Canada</div> <div><sup>3</sup> Except Asian countries listed in <sup>2</sup></div>																	

Figure 2: CSR regional risk

## Activity risk

Suppliers will receive a second, risk score based on their primary activity: low, medium or high. Materialise uses nine activity categories, listed in figure 3 below. Any supplier that does not fit in one of these nine categories will be assessed separately and given its own risk score for its specific activity.

CSR ACTIVITY RISK		
Risk	Activity	Category definition
	Regulatory	Regulatory suppliers
	Distributor	Distribution centers for goods (Not OEM)
	Low risk services	Low risk services: consultancy, training, HR, software distribution, pest control
	Maintenance and calibration	Services Maintenance and calibration
	Sterilization	Sterilization suppliers
	Industrial	Industrial suppliers (e.g. 3D printing subcontracting, milling, injection molding, machines OEM's, paper industry for packaging, label printing, selling of electric/electronics devices, water supply ...)
	Transport	Transport suppliers
	Lab testing and cleaning	Services: Lab testing and cleaning
	Chemical	Suppliers of Chemical substances (eg. Powders-Resins, waste collection, gasses supply)

Figure 3: CSR activity risk

## Total supplier risk

Based on the risk scores given in section A and B, a total supplier risk will be calculated based on the possible combinations listed below in figure 4. Three total supplier risks are possible: low, medium and high. A list of actions required based on the total supplier risk is listed below.

CSR Total Risk Calculation			
Total risk	A - Region		
B - Activity	Low	Medium	High
Low	Low	Low	medium
Medium	Low	medium	High
High	medium	High	High

Figure 3: CSR total risk calculation

## Actions related to total supplier risk

**Low total supplier risk:** Suppliers need to fill in the Supplier Evaluation questionnaire or Business Partner Evaluation questionnaire.

**Medium total supplier risk:** Suppliers need to fill in the Supplier Evaluation questionnaire or Business Partner Evaluation questionnaire. Regular contact and communication between the supplier and Materialise on CSR topics is recommended.

**High total supplier risk:** Suppliers need to fill in the Supplier Evaluation questionnaire or Business Partner Evaluation questionnaire and a full justification for using the supplier is required. Based Materialise can request evidence of high-risk topics and frequent contact and communication between the supplier and Materialise on CSR topics is recommended.

## External Monitoring

Materialise UK will seek, obtain and maintain third party certification against a nationally or internationally recognised standard, such as LSAS.