

# Supply Chain Policy

## Contents

I.	Intro	2
II.	Innovation	2
III.	Customer co-creation with integrity	2
IV.	People	2
V.	Security of supply chains	2
VI.	Risk assessment matrix	4
	A. Regional risk	4
	B. Activity risk	4
	C. Total supplier risk	4
	D. Actions related to total supplier risk	4
VII.	Conflict minerals policy	5

## I. Intro

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.

## II. 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.

## III. 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 3D Printing 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.

## IV. 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.

## V. Security of 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.

- 1. Freely chosen employment**
  - 1.1. There shall be no forced, bonded or involuntary prison labor.
  - 1.2. Workers shall not be required to lodge “deposits” or identity papers with their employer and shall be free to leave their employer after reasonable notice.
- 2. Freedom of association and the right to collective bargaining**
  - 2.1. Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively.
  - 2.2. Workers representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.
  - 2.3. Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.
- 3. No child labor**
  - 3.1. Children and young persons under the age of 18 shall not be engaged in labor that is hazardous to their health or safety, including night work.
  - 3.2. Children under the age of 15 (14 or 16 in certain countries) shall not be engaged in labor that is detrimental to their education.
  - 3.3. New recruitment of child labor violating the above-mentioned conventions is unacceptable. If child labor, as described above, is already in existence, sustained efforts shall be made to redress the situation as quickly as possible. However, the children concerned shall be given the possibility of earning a livelihood, as well as acquiring an education until they are no longer of compulsory school age.
- 4. No discrimination**
  - 4.1. There shall be no discrimination at the workplace based on ethnic background, religion, age, disability (e.g. long term health issues or physical conditions), gender, marital status, sexual orientation, union membership or political affiliation.
  - 4.2. Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behavior, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood.
- 5. No harsh or inhumane treatment**
  - 5.1. Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, shall be prohibited.
- 6. Safe and hygienic working conditions**
  - 6.1. The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazard. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
  - 6.2. Workers shall receive regular and documented health and safety training, and such training shall be repeated for new workers.
  - 6.3. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
  - 6.4. Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water.
- 7. Adequate wages**
  - 7.1. Wages and benefits paid for a standard working week shall meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs.
  - 7.2. All workers shall be provided with a written and comprehensive contract outlining their wage conditions and method for payments before entering employment.
  - 7.3. Deductions from wages as a disciplinary measure shall not be permitted.

**8. No excessive working hours**

- 8.1. Working hours shall comply with national laws and benchmark industry standards, whichever affords greater protection. It is recommended that working hours do not exceed 48 hours per week (8 hours per day).
- 8.2. Workers shall be provided with at least one day off for every 7-day period.
- 8.3. Overtime shall be limited. Recommended maximum overtime is 12 hours per week.
- 8.4. Workers shall always receive overtime pay, minimum in accordance with current legislation.

**9. Protection of the environment**

- 9.1. Environmental measures shall be taken into consideration throughout the production and distribution chain ranging from the production of raw materials to the consumer sale. Local, regional and global environmental aspects shall be considered. The local environment at the production site shall not be exploited or degraded by pollution.
- 9.2. National and international environmental legislation and regulations shall be respected.
- 9.3. Relevant discharge permits shall be obtained where required.
- 9.4. Hazardous chemicals and other substances shall be carefully managed.

## VI. 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.

**A. Regional risk**

Based on their region, suppliers will get a preliminary risk score, low, medium or high, for the different requirements mentioned in section V. These risks are based on information from ILO, UNICEF and the WHO.

**B. Activity risk**

Suppliers will receive a second, risk score based on their primary activity: low, medium or high. Materialise uses nine activity categories. 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.

**C. 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. Three total supplier risks are possible: low, medium and high. A list of actions required based on the total supplier risk is listed below in section D.

**D. 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 (1) the Supplier Evaluation questionnaire or Business Partner Evaluation questionnaire and (2) the Elaborate CSR questionnaire. Regular contact and communication between the supplier and Materialise on CSR topics is recommended.
- *High total supplier risk:* Suppliers need to fill in (1) the Supplier Evaluation questionnaire or Business Partner Evaluation questionnaire and (2) the Elaborate CSR questionnaire. Based on (1) and (2) Materialise can request evidence of high-risk topics and frequent contact and communication between the supplier and Materialise on CSR topics is recommended.

## VII. Conflict minerals policy

Materialise is conscious of the fact that a limited number of its products may contain tin, tantalum, tungsten or gold. Products that may contain one or more of these elements include consumer products printed through our i.materialise online 3D printing services.

Materialise is working towards ensuring that such products do not contain Conflict Minerals that have been sourced from mines that support or fund conflict within the Democratic Republic of Congo or adjoining countries. Therefore, it is our policy:

- ▶ Not to purchase products and materials containing conflict minerals directly from mines or smelters.
- ▶ To undertake a due diligence to ensure our suppliers have the same commitment to their own products and their own supply chains.
- ▶ To give preference to suppliers that guarantee their products to be free of conflict minerals.