

PROCUREMENT POLICY Adapteo Group

Preamble

Adapteo Procurement Policy is one of the governing documents describing how Adapteo is sourcing suppliers and purchasing goods and services.

The below described governance, principles and guidelines are to be followed and applied in all subsidiaries in Adapteo Group.

1 Main Procurement Principles

- We always keep our customers' needs and requirements in mind
- We ensure that our suppliers constantly are compliant with Adapteo Supplier Code of Conduct
- We strive to find economies of scale in order to realize savings
- We always consider local requirements when making sourcing decisions
- We aim to constantly improve quality, safety and environmental performance of products, services, and suppliers
- We are always making sourcing decisions based on Total Cost of Ownership (TCO)
- We think strategically in all our sourcing activities and when approving suppliers
- We constantly strive to optimize our supplier base and limit number of suppliers
- We consider our strategic suppliers to be long-term partners
- We strive to use suppliers which contribute to Adapteo's overall strategy and target fulfilment

2 Governance

- Strategic Sourcing is responsible for managing following spend categories in Adapteo Group:
 - Modules
 - Direct material (e.g. assembly material, production material)
 - Subcontracting services
 - Transportation
- Strategic Sourcing is responsible for supporting the organization in managing spend for following spend categories:
 - Indirect material (e.g. leasing cars, marketing material, consultancy services, temporary labour)
- Strategic Sourcing is responsible to increase Adapteo's profitability through active spend management.
- Strategic Sourcing is responsible for supplier performance and supplier relationship development.
- Spend management and responsibility for supplier performance and relationship development can for local suppliers be delegated to Local Sourcing Managers or MDs.
- Spend in Adapteo is categorized in two parts:
 - CAPEX – Spend that is used to acquire products and is accounted as assets on the balance sheet.
 - OPEX – All other spend that is not directly related to acquire products.
- CAPEX and OPEX spend are further divided and managed in spend categories and for each category there is an appointed specific Sourcing Manager:
 - Group Sourcing Managers are responsible for suppliers and spend across Adapteo Group for purchases that are centrally managed from group level;
 - Local Sourcing Managers in respective OPCO are responsible for local suppliers and spend for the respective OPCO in which they operate;

- All Sourcing Managers are responsible for alignment of procurement processes and implementation of Procurement Policy guidelines.
- The approved suppliers per specific category / sub-category must be used unless other sources of supply has been agreed by responsible Sourcing Manager.
- Approved suppliers for certain categories are activated in ERP system. MDs are responsible to ensure compliance for using approved suppliers only, unless other source of supply has been approved separately.

3 Procurement Process

The procurement process is part of Adapteo Group Management System (AGMS) and describes how Adapteo manages sourcing, purchasing as well as invoice payments. The procurement process and related sub-processes are visualized and described in AGMS platform on SharePoint.

Head of Strategic Sourcing is owner of the procurement process.

Head of Strategic Sourcing is responsible for managing, developing and implementing the procurement process and related sub-processes in all Adapteo Group.

The procurement process describes the supplier selection process including category management, supplier assessment, tendering (requests for quotation), negotiations and agreement signing.

The procurement process shall be conducted in a professional and fair manner towards our suppliers / partners and in accordance with Adapteo Supplier Code of Conduct and this Procurement Policy.

Target is that a minimum of three (3) suppliers shall be invited to submit quotations in every tender process. This target is valid for following spend categories and for addressed spend > 10 000 EUR:

- Direct material
- Subcontracting services
- Transportation

Exceptions may be approved for certain categories / sub-categories after decision by respective Sourcing Manager and approval by Head of Strategic Sourcing.

Group Sourcing Managers are responsible for creating strategies for categories / sub-categories that are managed on group level. Local Sourcing Managers are responsible for creating strategies for categories/sub-categories that are managed on local level only. Strategies shall be documented according to guidelines and templates (*Segment overview*) and communicated to relevant stakeholders.