



Sustainable Procurement Policy

Algol Chemicals strives to build long-term relations with our suppliers based on the principles of mutual trust and confidence. We work together with reliable suppliers and expect them to act according to the Algol Group Code of Business Conduct. Yearly target is to receive 90% of signed Code of Business Conduct per number of existing suppliers to whom the request was sent.

We work actively to have more sustainable products in our portfolio. We are actively mapping greener, circular economy, lower carbon footprint products with our suppliers and encouraging them to provide more sustainable product options. We encourage our suppliers to measure and manage their CO₂ emissions. Carbon footprint data are requested for our main products from our suppliers. Besides selling external supplier products, we also produce our own products. Algol Chemicals aims to achieve 95% coverage of primary data by 2030. An evidence-based approach helps target impactful climate action to real sources of emissions, enabling us to support our customers in achieving their carbon neutrality targets.

We are also training our employees related to sustainable procurement. Target in 2026 is that 100% of all Algol Chemicals buyers are trained in sustainable procurement including supplier evaluation process and human rights.

SUPPLIER APPROVAL

Supplier evaluation process will be applied both in the selection of new suppliers and in the evaluation of existing suppliers. Our target is that all new suppliers go through the supplier evaluation process where supplier basic information, corporate responsibility, quality certifications and qualifications are reviewed and supplier's compliance to Algol Group Code of Business Conduct is required. The yearly target is to evaluate ≥ 20 of existing suppliers.

The supplier's risk category is evaluated by using a risk assessment. Based on the risk assessment, the need for a re-evaluation and an audit of the supplier is evaluated. Yearly targets of audits are set based on the performed risk assessments. Target in 2026 is that all new suppliers are evaluated with risk assessment. Follow-up is conducted to ensure that suppliers who have been audited take corrective actions where necessary.

SUPPLIER MONITORING

Algol Chemicals suppliers are classified and divided into four different groups based on profit impact and difficulty to replace. This grouping is utilised in supplier relationship management and mapping strategic and critical suppliers.

Supplier performance is evaluated with qualitative and quantitative measurements to be able to monitor and improve supplier performance. Supplier on time deliveries, number of deviations, rating customer experience/service and CO₂ statistics availability are monitored and evaluated for main Strategic and Leverage suppliers.

Supplier deviations are handled according to Deviation handling procedure, which defines deviation owner, timelines for handling and categorization from minor to critical depending on the severity of the case. Suppliers are requested to provide root cause analysis and corrective actions concerning the deviations promptly to improve performance and avoid further deviations. Supplier response times are monitored with KPIs on response times.

Supplier audits are part of Algol Chemicals supplier monitoring and improvement actions.

PURCHASE ORDERS

Direct purchases purchase orders are done via ERP system. High value direct purchase orders are approved by the Sourcing director, with back up of Business Unit directors. ERP system is blocking high value purchase orders for Sourcing director approval. There are approval limits for prepayments to suppliers.

Indirect purchases are approved according to internal approval limits.

The Sustainable Procurement policy is reviewed and evaluated by Algol Chemicals Sustainability Director on a yearly basis. It is applicable to the whole Algol Chemicals group.

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Kalle Kettunen
CEO of Algol Chemicals