

MORE SUSTAINABILITY IN THE SUPPLY CHAINS

Sustainability = Strategic Goal

Sustainability in our business processes is a key strategic goal at WACKER and is defined in our corporate policy guidelines as one of our ethical principles. We support the UN Global Compact initiative for responsible company management and the principles of the chemical industry's global Responsible Care® initiative. And we expect our suppliers also to observe these principles. This is part of our General Terms and Conditions of Procurement.

Customers Require Evidence

Our customers demand evidence from us that we observe environmental and ethical principles throughout the supply chain. These requirements were created after well-known companies, principally manufacturers of consumer goods, repeatedly came into disrepute because their subcontractors were not observing accepted sustainability principles - in some cases with serious consequences.

Suppliers Play a Key Role

In order to ensure sustainable business practices and collaboration with the right suppliers, WACKER places great emphasis on sustainable supply-chain management. Since our company has sites in Europe, North, Central and South America and Asia, we work together with suppliers globally. The risks that this entails must be identified, evaluated and monitored. Potential critical issues include, for example, working conditions, ethical standards, safety standards (particularly when handling hazardous materials) as

well as the use of local resources (e.g. use of water and energy consumption). To limit such risks, we must ensure that we procure our raw materials, as well as technical goods and services, from responsible suppliers. To avoid every supplier needing to fill out different questionnaires or undergo different audits for different customers, we joined the "Together for Sustainability" (TfS) initiative in 2015.

"Together for Sustainability" (TfS) Initiative

Together for Sustainability (TfS) is a joint initiative by chemical companies which was established in 2011. It has developed and implemented a global program for assessing, testing and improving sustainability practices in the chemical industry supply chains.

The underlying principles of the initiative are:

- individualized questionnaires, adapted to the company's size and industry, in the fields of environment, labor law and human rights, ethics and sustainable procurement
- sharing the results of a sustainability audit with all the participating TfS members

It is thus ensured that the work for obtaining evidence of sustainability for each supplier is kept within limits and the supplier can invest more resources in sustainability improvements. Our WACKER goal: by 2030, all our key suppliers should meet required sustainability standards.

Two Stages

Our suppliers provide evidence of their sustainability performance by means of an assessment performed by EcoVadis. Selected critical suppliers are in addition encouraged to perform a site-related social audit. TfS assessments and audits are performed according to specified criteria and then made available to all TfS members.

TfS as Part of the Supplier Assessment

The rating by EcoVadis and the sustainability audit report provide us with a very efficient tool for taking stock of our suppliers' performance and identifying the areas where there is still room for improvement in sustainability practices.

The results of the assessment and/or TfS audit are used directly in the annual supplier evaluation, in the category of sustainability, and thereby have a significant influence on the overall evaluation.

Links

- [Initiative „Together for Sustainability“ \(TfS\)](#)
- [Sustainability Report / Supply Chain Management](#)

