

SUSTAINABLE PROCUREMENT POLICY

May 2026



1. PURPOSE, SCOPE, AND AMBITION

PURPOSE

BME connects over 18,000 suppliers with more than 275,000 customers across seven European countries. This central position in the building materials value chain carries with it a distinctive responsibility: the decisions we make ripple through both directions, upstream to our supplier partners and downstream to our customers' projects.

This Sustainable Procurement Policy sets the framework for how BME select, engage with, and monitor our supply partners, ensuring that procurement decisions reflect not only commercial considerations but also commitments to environmental stewardship, respect for human rights, ethical conduct, and regulatory compliance, thereby:

- Safeguarding business continuity and supply chain resilience,
- Managing material risks across the value chain,
- Supporting BME's commitment to respect human rights, protect the environment, and operate with integrity,
- Ensuring compliance with national, European, and international laws and regulations,
- Aligning procurement with BME's ESG strategy and stakeholder expectations.

BME's Supplier Code of Conduct is how we ensure a formal commitment from our suppliers to endorse and demonstrate compliance with our guidelines.

SCOPE

This Policy establishes how BME identifies, manages, and mitigates environmental, social, and governance (ESG) risks across our supply base. It applies to all BME entities, employees, and suppliers of goods and services material to BME's operations. Supplier relationships are governed by our [Supplier Code of Conduct](#), which all commercial partners must acknowledge. Enhanced due diligence and monitoring applies to key suppliers. Key suppliers are those whose strategic importance to BME — whether through spend volume, supply criticality, single-source dependency, or involvement in major capital investments — warrants dedicated oversight and active relationship management. A risk-based approach determines the intensity of monitoring, with spend volume, geographic exposure, product category, and supplier governance maturity as the primary risk determinants.

This Policy applies to all phases of the procurement process — tender, supplier selection, contracting, ordering, performance monitoring, evaluation, and contract termination.

AMBITION

BME's signature promise is 'Together We Build'; a commitment to partnership, accessibility, and shared success. We cannot fulfill this promise while remaining indifferent to how our supply partners conduct business.

BME aims to embed sustainability and integrity into every sourcing decision alongside commercial criteria. We work with suppliers as partners in continuous improvement, using our scale and market position to drive responsible practices across the building sector. Our approach is proportional and collaborative, recognizing that sustainable improvement requires partnership.

2. BME COMMITMENTS

RISK ASSESSMENT AND DUE DILIGENCE

BME applies systematic due diligence aligned with OECD Guidelines for Multinational Enterprises, assessing suppliers for material ESG risks and requiring documented compliance with our expectations. Our approach for our risk-based supplier management:

1. **Conduct structured ESG risk assessment** on key suppliers, evaluating environmental performance, labor practices, human rights compliance, health and safety culture, and governance maturity
2. **Classify suppliers into risk tiers** (Standard, Enhanced, Intensive) based on spend volume, strategic importance, inherent sector and geographic risk, and governance maturity. Tier classification determines the intensity of requirements applied: from formal acknowledgement of our Supplier Code of Conduct at entry level, through independent third-party ESG assessments for strategic and high-spend suppliers, to sector-specific audit schemes for suppliers operating in geographies with elevated labor and human rights risk.
3. **Require key suppliers to complete a standardized ESG questionnaire**, provide relevant third-party certifications, and formally acknowledge our Supplier Code of Conduct
4. **Conduct periodic audits** of high-risk suppliers to verify compliance and identify improvement opportunities. Apply recognized sector-specific audit and certification schemes, including social compliance audits for geographies with elevated labor risk and timber/forest product certifications for relevant product categories, as part of structured supplier due diligence, with scheme selection informed by supplier risk profile and product type.
5. **Support suppliers** in improving ESG performance through knowledge sharing, technical assistance, and collaborative improvement initiatives where feasible and relevant
6. **Define clear corrective action protocols** for non-compliance, ranging from structured improvement planning through contract suspension or termination

ENVIRONMENTAL STEWARDSHIP AND CIRCULAR ECONOMY

BME is committed to reducing the environmental footprint of materials distributed through our network and supporting suppliers in sustainable resource management to:

- reduce their greenhouse gas emissions and energy consumption,
- design products for durability, repairability, and end-of-life recovery; incorporate recycled content where quality and performance standards are maintained,

- for high-impact raw materials like timber, aggregates, and mineral-based products, provide transparency on sourcing practices, third-party verification (FSC/PEFC certification for timber by 2026) and must be deforestation-free (EUDR compliance),
- comply with applicable environmental regulations and construction product standards in operating jurisdictions,
- participate in disclosure of environmental metrics of the supplied goods and services (energy use, waste, water consumption, emissions) to support BME's reporting

HUMAN RIGHTS AND LABOR STANDARDS

BME does not tolerate labor exploitation, human rights violations, or unsafe working conditions in its supply chain. Suppliers are expected to respect fundamental labor rights and human dignity, complying with ILO principles, OECD Guidelines, and UN Guiding Principles on Business and Human Rights. Other specific expectations include:

- ensuring fair payment, reasonable working hours, safe and healthy working conditions,
- respect for freedom of association, and transparent grievance mechanisms for workers,
- for suppliers operating in indigenous territories, we require documented free, prior, informed consent (FPIC) before resource extraction or development.

Any credible report of labor exploitation triggers immediate investigation and contract suspension pending comprehensive remediation. More details on human rights and labor standards can be found in BME's [Human Rights, Labor Rights, Health, Safety, Health, and Well-being Policy](#).

INTEGRITY AND TRANSPARENCY

We maintain transparent, merit-based sourcing processes. We have zero tolerance for corruption, bribery. Our governance standards:

- ensure procurement decisions are made through transparent processes, supported by clear evaluation criteria,
- evaluate suppliers from an ethical perspective,
- immediately terminate relationships upon confirmation of fraud, corruption, or serious integrity breaches,
- for raw materials at risk of conflict financing or human rights violations, we require suppliers to document origin and chain of custody, providing assurance that materials do not finance conflict or support abuse.

GRIEVANCE MECHANISM AND WHISTLEBLOWER SYSTEM

BME is committed to investigating and addressing concerns raised by workers, communities, customers, or other stakeholders regarding supply chain practices, by providing a BME Speak Up Hotline and an online anonymous reporting tool – supported 24/7. Whistle blowers are invited to report the violations following BME's Whistleblower Policy.

Reports are managed in an incident management system, which is managed by BME Legal for assessment and further distribution, safeguarding confidentiality.

3. IMPLEMENTATION, MONITORING, AND REPORTING

Clear accountability for supply chain governance is embedded in BME's organizational structure:

ACCOUNTABILITY AND MANDATE

At BME, the accountability for the sustainable procurement Policy lies with the Management Board and the Executive Management Team. The Ethics and Compliance Committee and the ESG Committee provide strategic direction and oversight of supply chain ESG governance. The Management Board and Executive Management Team receive annual reports on material supply chain incidents, remediation status, and Policy effectiveness.

OPERATIONAL GOVERNANCE

BME ensures implementation of this Policy through cooperation between the ESG Committee, and local operating company management. They meet quarterly to:

- ensure ESG criteria are embedded into sourcing,
- review supplier risk assessments and due diligence outcomes,
- monitor audit findings and corrective action progress based on KPIs,
- maintain traceable records of reports, corrective action plans and progress,
- investigate and escalate material incidents,
- recommend Policy adjustments and resource allocation,
- report to the Management Board and Executive Management Team on governance effectiveness.

RISK, OPPORTUNITY AND IMPACT MONITORING

BME systematically tracks supplier compliance with this Policy through periodic review cycles. Assessment encompasses both commercial metrics (delivery, quality, cost) and ESG performance across environmental practices, labor standards, human rights respect, and business conduct. Results inform decisions on contract continuation, volume allocation, and supplier relationship management.

BME maintains records of identified supply chain risks, incidents, and remediation actions. This documentation supports both internal governance and external disclosure requirements.

PERFORMANCE MONITORING AND EVALUATION

BME continuously monitors relevant developments, including changes in legislation, evolving stakeholder expectations and sector-specific risk trends, to ensure that its risk picture remains current and this Policy effective and relevant.

ACTION PLANS AND RESPONSIBILITIES

Findings from performance assessments trigger adjustments to supplier engagement strategies and internal procedures. Where gaps are identified, BME either collaborates with suppliers on improvement initiatives or escalates through the corrective action process.

Supplier remediation progress is monitored against agreed timelines with clear accountability.

REPORTING AND TRANSPARENCY

BME maintains transparent communication with internal stakeholders (management, board, local operating teams) on supply chain governance progress, material challenges, and strategic decisions. This ensures alignment and accountability across the organization.

Externally, BME discloses supply chain practices and performance through annual sustainability reporting aligned with CSRD requirements. Public reporting covers identified ESG risks, actions taken to address them, and progress on sustainability commitments. Disclosure includes governance structure, board oversight mechanisms, and third-party audit involvement.

POLICY REVIEW

This Policy is reviewed and updated minimum every three years to reflect evolving regulatory landscape, emerging best practices, stakeholder input, and operational learning. The review assesses whether current approaches effectively manage identified risks and remain aligned with market expectations and legal obligations.

4. DEFINITIONS

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES	<p>These are far-reaching recommendations addressed by governments to multinational enterprises operating in or from adhering countries.</p> <p>Scope: They cover areas such as disclosure, human rights, employment relations, environment, anti-bribery, and taxation.</p> <p>Mechanism: Unlike the UNGPs, these have a unique grievance mechanism called National Contact Points (NCPs), where individuals or NGOs can file complaints against companies for non-compliance.</p>
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5. DOCUMENT MANAGEMENT – INFORMATION SHEET

Owner	Group ESG Committee
Reviewer(s)	Group ESG Director
Approver(s)- accountable	Group CEO
First date of issue	28/2/2025
Issuing Department	Group Operations
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