

Responsible Sourcing Guidelines

Aspiration and Purpose

Sustainability is a strategic goal for METTLER TOLEDO and responsible sourcing is one of five pillars in the GreenMT Strategy. Responsible sourcing refers to our efforts to make sure we only work with reputable suppliers who follow appropriate global standards relating to social, environmental, and ethical business practices. Responsible sourcing is key to reducing risk to our brand and is important to building strong relationships with customers, suppliers, and other stakeholder groups.

GreenMT defined the following guidelines to help integrate responsible sourcing practices in our supply chain. Global Procurement shall address these guidelines when defining category strategies and choosing and managing suppliers. Global Procurement shall integrate these guidelines as appropriate into existing processes and tools, such as the supplier management process.

1. Sustainability Topics of General Interest Relevant for All Suppliers

Category and purchasing managers shall consider the following topics when defining sourcing strategies and selecting and managing suppliers, in particular when contracting, adopting policies, practices, and performance standards:

1.1. Environment

(Supplier's management and targets related to energy consumption, emissions and waste)

1.2. Labor and Human Rights

(Treatment of employees and employee rights)

1.3. Health and Safety

(Employee safety and wellbeing)

1.4. Suppliers, Red Flags and Bad Actors

(Information sharing and transparency about partners. How our supplier deals with indications that one of its suppliers may be supporting human rights violations, violating laws, or is a sanctioned party)

1.5. Sustainable Supply Chain Initiatives

(Membership in Sustainable Business Alliance, Sedex, EcoVadis or similar)

2. **Specific Questions Relevant for Preferred Suppliers**

Category and purchasing managers shall at a minimum address the following topics and questions in dialogue with all preferred suppliers, either upon initial qualification, periodic assessment, or otherwise. The target should be to obtain feedback on the questions below from each preferred supplier at least once every three years. Relevant managers shall report annually to GreenMT feedback relating to the questions under Section 2.1 in respect of those suppliers who have provided information.

2.1. **Environment** (see Appendix for a detailed description of the terms below)

- Do you use renewable power in your production sites, warehouses or offices? If yes, briefly describe.
- Do you track and publically report on your Scope 1 and 2 emissions? If yes, describe where reported and provide link as appropriate.
- Have you established any energy or emission reduction targets? If so, please provide.
- Have you set emission reduction targets in line with [Science Based Targets initiative \(SBTi\)](#)? If yes, please describe.
- Are you able to attribute a percentage of your Scope 1 & 2 emissions to products sold to MT? If yes, provide emissions attributed to MT for most recent completed calendar year.
- Have you committed to any waste reduction goals (e.g. total waste, waste to landfill, increased recycling rate)? If yes, please describe.

2.2. **Labor and Human Rights:**

- Do you comply with all the labor laws and regulations in the countries where you have operations?

2.3. **Health and Safety:**

- Do you follow a health and safety standard? If so, which one?

2.4. **Suppliers, Red Flags and Bad Actors**

- How do you ensure your own suppliers comply with relevant labor and environmental laws and regulations?
- Can you identify with specificity all your suppliers that contribute to the products you sell us?
- Do you train your personnel on expectations for conduct and protocols for addressing red flags and bad actors, and how to identify suppliers that do not meet those expectations?
- What steps do you take to ensure your suppliers comply with expectations?

2.5. **Sustainable Supply Chain Initiatives:**

- Is your company a member in any sustainable sourcing initiative like Responsible Business Alliance, Sedex, EcoVadis, or other?

It is helpful to have preferred suppliers formally acknowledge our Business Partner Code of Conduct, and a best practice is to include a written acknowledgement.

Appendix – Why is the environmental performance of our suppliers relevant to us?

Our suppliers' carbon footprint impacts METTLER TOLEDO's carbon footprint because we take into account the CO₂ relating to goods and services we purchase. It is thus in our interest to reduce emissions in our supply chain and work with suppliers that have implemented sound environmental management principles and established energy, waste, and emission reduction targets.

Apart from contributing to pollution, waste generation is translated into emissions and environmental impact when linked with the appropriate disposal practice. As an example, a high rate of recycling or incineration (waste-to-energy) leads to lower emissions whereas waste sent to landfill has a negative impact on both human health and the environment over a prolonged time.

Explanation of Terms Used in Environmental Questions in Section 2.1

- **Renewable power:** Consumption of green-certified district heating or electricity generated from renewable sources, such as wind, solar, hydro, biomass, or nuclear. These sources generally do not generate CO₂ emissions.
- **Scope 1 emissions:** Referred to as an organization's direct emissions. These emissions come from sources owned or controlled by an organization. They include on-site fuel combustion, fuel for fleet vehicles, and loss of coolant from air-conditioning.
- **Scope 2 emissions:** Referred to as an organization's indirect emissions. These include emissions from the generation of purchased energy. The emissions created during the production of the energy occur at the utility. However, as a user of the energy, organizations are still indirectly responsible for the emissions.
- **Reduction targets:** Energy and emissions reduction targets are usually based on absolute numbers or intensity ratios related to revenue, employees, or production output. Companies may express their targets as becoming carbon neutral, carbon positive, net zero, or net positive.
- **Science Based Targets:** Emission reduction targets in line with the Paris agreement goals to limit global warming to well below 2 °C / 1.5 °C. To achieve this, global GHG emissions must halve by 2030 – and drop to net-zero by 2050. See <https://sciencebasedtargets.org>
- **Can supplier attribute a percentage of its Scope 1 & 2 emissions to products sourced to MT:** This data allows us more accurately report on the total emissions we are responsible for as a company as it relates to goods and services we purchase.
- **Waste reduction goals:** These can include reducing total waste and reducing waste that is sent to landfill. Waste goals may relate to increasing the share of waste that is sent to incineration (waste to energy) or recycling (materials re-used).