

FIBOX TESTED SYSTEMS SOURCING POLICY

Striving for sustainable supply chain

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1. Introduction

Fibox Tested Systems Oy (hereinafter FTS) operations are based on the assembly of control panels and junction boxes from components provided by our suppliers according to the customer's projects. To satisfy our customers, end users, employees, and other stakeholder through quality, safety, and reduced environmental impact, we strive to ensure that the components used are of the highest quality and come from sustainable sources.

We operate with over 300 business partners worldwide and place a strong emphasis on developing a sustainable supply chain through transparent practices and measurable standards. Suppliers are expected to uphold uncompromising safety practices, such as compliance with ISO 45001 standards and participation in regular third-party safety audits. Fair treatment of employees is monitored through adherence to international labour conventions, while integrity and risk management are assessed via documented anti-corruption policies and periodic risk evaluations. Sustainable use of natural resources is measured by the supplier's commitment to reducing environmental impacts, for example, through ISO 14001 environmental management certification or demonstrable waste reduction programs. We optimize our supply network by acting locally at our manufacturing locations. By sourcing materials and services locally where possible, we reduce transportation emissions and support local economies, contributing to a more resilient and sustainable supply network.

All new suppliers are required to fulfil FTS technical and commercial requirements, such as defined product quality standards and pricing policies. Additionally, suppliers must sign a non-disclosure agreement (NDA) and agree to the supplier code of conduct, which sets expectations for ethical business practices, labour standards, and responsible sourcing. Once onboarded, suppliers are continuously monitored to ensure compliance with these requirements. Compliance monitoring involves regular email communication, which focus on reviewing submitted documentation and updates; seasonal meetings, which provide an opportunity for discussion of ongoing performance, challenges, and opportunities for improvement; and on-site audits, which allow FTS to directly verify adherence to quality, safety, social and ethical standards in the suppliers' operations. If a supplier fails to meet the requirements, an action plan is created with specific follow-ups to drive corrective actions.

2. Supplier Code of Conduct

The Fibox Supplier Code of Conduct sets out clear rules, principles, and standards of behaviour that guide our employees and partner organisations in their professional and ethical conduct. These rules are founded on core ethical principles, including honesty, integrity, competence, service, respect, and responsibility. All suppliers are expected to uphold high standards of business ethics, as detailed in the Fibox Supplier Code of Conduct, which outlines expectations concerning anti-corruption measures, fair labour practices, and environmental responsibility.

3. Supplier requirements

As a contract manufacturer, FTS translates its end customers and market expectations into specific requirements for its suppliers. Accordingly, purchase operations and supplier selection are guided by both FTS's internal standards and customer needs. The following criteria are used for selecting suppliers and items to purchase:

- Product features and technical suitability (ensuring that the supplied items meet the required specifications and intended applications)
- Sustainability throughout the product life cycle (minimizing environmental impact and supporting long-term viability through eco-friendly materials and practices)
- High quality and delivery performance
- Continuous improvement program focusing on innovation and cost competitiveness (encouraging new solutions, process improvements, and competitive pricing to maintain market leadership)
- Ease of cooperation (facilitating smooth communication, flexible problem-solving, and effective partnership building)
- Compliance with Fibox Terms & Conditions (adhering to established contractual obligations, which ensures legal and operational alignment)
- Favorable payment and delivery terms (providing mutually beneficial arrangements that support efficient financial and logistical operations)
- Ability to add value for FTS and its customers (delivering benefits beyond basic supply, such as technical support, customization, or other value-added services)

By clearly outlining these criteria and providing context for each, FTS ensures that supplier partnerships and purchasing decisions are transparent, measurable, and aligned with both market demands and the company's commitment to sustainable, high-quality operations.

5. Certification and conformity requirements

FTS requires suppliers to strive to meet the standards of ISO9001, ISO14001, ISO45001 and ISO27001 certifications. In addition, suppliers must comply with the REACH, RoHS and NIS2 regulations. Suppliers are also expected to ensure their products are free from conflict minerals as defined by applicable legislation, and to comply fully with all relevant trade sanctions. These measures help guarantee quality, safety, and responsible sourcing throughout the supply chain.

5.1 ISO Certificates

ISO9001 (Mandatory)

ISO14001 (Mandatory)

ISO45001 (Compliance)

ISO27001 (Compliance)

5.2 Reach and RoHS

[The regulation \(EC\) 1907/2006 REACH SVHC \[go.assentportal.com\]](https://go.assentportal.com)

[EU RoHS 10 \[go.assentportal.com\]](https://go.assentportal.com)

5.3 NIS2

<https://digital-strategy.ec.europa.eu/en/policies/nis2-directive>

5.4 Conflict Minerals

https://policy.trade.ec.europa.eu/development-and-sustainability/conflict-minerals-regulation_en

5.5 Trade sanctions

[United Nations | Global Sanctions](#)

[European Union sanctions | EEAS](#)

[Sanctions Programs and Country Information | Office of Foreign Assets Control](#)

[Trade sanctions, arms embargoes, and other trade restrictions - GOV.UK](#)

Suppliers must also comply with any other applicable legal and regulatory requirements relevant to their operations. This includes, but is not limited to, local labour laws, anti-corruption and anti-bribery regulations, data protection statutes, and any industry-specific obligations mandated by national or international authorities.

6. Sustainability

FTS prioritizes sustainability alongside quality, delivery performance, cost competitiveness, and financial stability as essential criteria in its supplier onboarding and evaluation processes. Every supplier is required to have a legally compliant ESG program (a framework that adheres to all relevant environmental, social, and governance laws and regulations). FTS's minimum expectations for such ESG programs include:

- Setting and reporting on CO2 reduction targets
- HR policy: fair treatment of employees, comprehensive training, safety measures and protocols, regular personnel satisfaction surveys, and a whistleblower channel for reporting concerns (principles available in Fibox Supplier Code of Conduct)
- Social responsibility: fair engagement with society, participation in charitable activities, and collaboration with educational institutions
- An Ecovadis silver rating (an external sustainability assessment indicating above-average ESG performance) or another recognized external grading

FTS actively monitors supplier compliance with these ESG requirements through annual reviews, which include on-line assessments, seasonal meetings, site visits and audits to ensure ongoing adherence to standards. Should a supplier fail to meet these ESG requirements, FTS may initiate corrective action plans or, if necessary, disqualify the supplier. This transparent approach ensures a shared commitment to responsible, sustainable business practices throughout the supply chain.

7. Risk management

To ensure supplier reliability and resilience, FTS requires each supplier to establish a robust risk management policy that addresses several key components. This policy must include a comprehensive business continuity plan. The plan should outline clear procedures for disaster recovery and operational resilience to minimize disruptions.

Suppliers are also expected to maintain business liability insurance. The coverage should be appropriate for the potential risks identified in their risk assessment. This helps safeguard both parties against unforeseen events.

The risk assessment should evaluate a range of risks, including environmental aspects, health and safety, sustainability, strategic, reputational (e.g. corruption and bribery, operational, compliance, IT, cyber security, and financial risks).

In the area of cyber security, suppliers must implement strong practices that comply with NIS2 regulations, such as conducting regular vulnerability assessments and

establishing incident response protocols. Furthermore, financial stability is essential; suppliers should hold a sustainable financial rating from a recognized credit rating agency, such as D&B, Moody's, or S&B. By addressing these interconnected elements, suppliers can better meet FTS's standards for ongoing reliability and compliance.

8. Preferred supplier program

In 2024 FTS launched preferred supplier program. The criteria of the program include top of the line performance in quality, delivery accuracy, cost-competitiveness, sustainability and other requirements set by FTS. The program aims to develop strategic, mutually beneficial relationships with suppliers. By aligning on performance and sustainability goals, FTS and its preferred suppliers pursue joint business development initiatives and continuous improvement.

Benefits of the program for supplier include:

- Regular business review meetings, providing direct feedback and opportunities for open dialogue.
- Comprehensive scorecard evaluations to highlight strengths and identify improvement areas.
- Prioritized access to new business opportunities, including early invitations to participate in major project bids.

Selection criteria:

- A limited number of suppliers are selected based on rigorous evaluation against the criteria.
- FTS regularly updates the program criteria to reflect end-customer needs and market trends.
- All program participants are reviewed annually to ensure ongoing compliance and continuous improvement.

Limited number of suppliers will be selected in the program. FTS updates the Preferred Supplier Program criteria regularly based on the end customers and market expectations and accordingly, re-considers suppliers in the program. This structured and transparent approach helps ensure that only the most qualified and committed suppliers gain preferred status within FTS's supply chain.

9. Sustainability KPIs

FTS Sourcing's sustainability KPIs include ISO14001, ISO45001, Code of Conduct, ESG program, and CO2 monitoring. These KPIs were selected based on their alignment with international best practices for environmental management (ISO14001), occupational health and safety (ISO45001), and ethical conduct. They help ensure that FTS suppliers operate responsibly and sustainably, supporting FTS's overall commitment to ethical and environmentally sound business practices.

FTS controlled suppliers are those with active purchase agreements managed directly by FTS, which means their procurement activities, contract terms, and spend are overseen and tracked by FTS. In contrast, Customer controlled suppliers are managed by end customers and are not part of FTS's direct procurement process, so they are excluded from the KPI monitoring. The term "spend under FTS price agreement" refers to the portion of supplier expenditure governed by these FTS-managed contracts.

Currently, FTS tracks its top 50 suppliers, who collectively account for over 80% of total supplier spend; of these, 30 are FTS controlled suppliers subject to KPI monitoring, representing nearly 60% of the total supplier spend. Focusing on FTS controlled suppliers is important because it allows FTS to directly monitor and influence sustainability performance across most of its supply base, ensuring more effective management and progress against key targets.

Table 1: Sustainability KPIs

| KPI | Target by 2030 | Target by 2027 | 2025 status | 2024 status |
|---------------------|-----------------------|-----------------------|--------------------|--------------------|
| ESG program | 90% | 80% | 64% | 39% |
| Code of Conduct | 100% | 90% | 77% | 45% |
| ISO14001 | 90% | 80% | 73% | 58% |
| ISO45001 compliance | 90% | 50% | 45% | 39% |
| CO2 monitoring | 90% | 80% | 64% | 39% |

To increase compliance rates, FTS is making regular follow ups with suppliers and integrating KPI requirements into new supplier contracts. Progress will be reviewed annually to ensure that targets remain on track.