

A glowing globe of the Earth is the central focus, resting on a mossy rock. The globe is illuminated from within, casting a soft blue and green glow. The background is a blurred forest scene with green foliage and a blue sky with soft, out-of-focus light spots. A semi-transparent white banner is overlaid across the middle of the image, containing the text.

Procure Responsibly, Sustainably, and Ethically
Our Promise to the Planet

Responsible Procurement

Responsible Procurement and Supply Chain Management is a critical component of ESG Sustainability. It drives efficiency, reduces costs, and ensures customer satisfaction by streamlining operations and optimizing resources. Furthermore, it plays a crucial role in risk mitigation, supporting business continuity in challenging times. When aligned with strategic goals, it fosters innovation and resilience through collaboration with suppliers.

In 2023, Grede initiated a comprehensive review and redesign of its supply chain management. A roadmap is currently being developed for implementation in 2024. In today's competitive, globalized landscape, supply chain management is not merely a function; it's a strategic imperative for business success.

Supply Chain Structure

Optimizes operations by ensuring the efficient flow of goods, information, and finances throughout the supply chain. This efficiency translates into cost savings, reduced waste, and improved resource allocation

Critical for meeting customer demands by ensuring that products are available when and where we need them, it enhances customer satisfaction, fosters loyalty, and ultimately drives revenue.

Managing risk is essential in an increasingly complex and globalized world; supply chain disruptions can arise from various sources. Effective supply chain management helps identify, assess, and mitigate risks, ensuring business continuity.

Adapt to changing market conditions because an agile supply chain can quickly respond to shifts in demand, emerging opportunities, diversification or challenges, allowing businesses to maintain a competitive edge.

Aligns with strategic objectives to support business growth and profitability by ensuring that operational goals, strategic imperatives and values are in sync with broader Grede strategic imperatives.

Collaboration with Suppliers to foster strong relationships with suppliers to maximize supply chain value. This involves encouraging innovation, ensuring accountability through audits and scorecards, and promoting continuous performance improvement.



Responsible Procurement Commitments

We are dedicated to sustainable and responsible sourcing within our supply chain to ensure that our business operations adhere to the highest standards of environmental sustainability, social responsibility, and ethical governance.

Our commitment to responsible procurement in the supply chain encompasses several key components, all of which are integral to our Supply Chain Management redesign in 2024.



- 1. Ethical Practices:** We commit to sourcing products and materials exclusively from suppliers who uphold ethical labor practices and human rights in their operations.
- 2. Conflict Minerals:** We will undertake comprehensive due diligence to ensure that our supply chain is free from conflict minerals, thereby contributing to global efforts to mitigate conflict-related issues.
- 3. Environmental Stewardship:** We are dedicated to reducing our environmental impact by partnering with suppliers who share our commitment to reducing carbon emissions, conserving resources, and adopting sustainable production methods.
- 4. Compliance:** We will rigorously adhere to all laws and regulations related to responsible sourcing, labor practices, environmental standards, and ethical governance.
- 5. Supplier Collaboration:** We will actively collaborate with our suppliers to improve their sustainability practices. This includes providing guidance, sharing best practices, and offering support to enhance their ESG performance.
- 6. Stakeholder Engagement:** We highly value input from our stakeholders, which includes customers, employees, and investors, in shaping our responsible sourcing practices.
- 7. Communication:** We will actively communicate our unwavering commitment to ESG supply chain responsible sourcing to our shareholders. We will provide transparent reporting of our progress, successes, and challenges.
- 8. Risk Mitigation:** We will implement comprehensive risk mitigation strategies throughout our supply chain to identify, assess, and address potential risks that may arise.
- 9. Scorecards:** We will employ scorecards to assess and monitor supplier quality, delivery, performance, financial status, and relationships, ensuring that they meet our requirements and standards.
- 10. Continuous Improvement:** We acknowledge that responsible sourcing is an ongoing journey. We commit to continually monitoring and assessing our supply chain to identify opportunities for enhancing our ESG performance.
- 11. Transparency:** We are dedicated to proactively nurturing transparency and accountability throughout our supply chain, ensuring that all stakeholders are not only well-informed but also actively engaged, including the reporting of measurable metrics and scorecards.
- 12. Audits:** Regular audits will be conducted to assess compliance with our policy and to identify areas for improvement. Both internal and external third-party audits will be carried out by qualified professionals to ensure accuracy and objectivity.
- 13. Consequences of Non-Compliance:** In the event of non-compliance, appropriate actions will be taken, which may include suspension or termination of supplier relationships, contingent upon the severity and persistence of non-compliance.
- 14. Employee Training & Awareness:** We will implement training and awareness initiatives to educate our employees on the significance of responsible sourcing and sustainability practices, nurturing a culture of accountability and responsibility.

Responsible Procurement Policies

Grede is committed to the ethical, sustainable, and socially responsible sourcing of raw materials and products within our supply chain. Strong policies pertaining to conflict minerals and raw material sourcing are foundational pillars of our responsible procurement and supply chain management. These policies serve as guiding principles that empower us to navigate intricate global supply chains while upholding unwavering ethical standards and mitigating potential risks.

In 2024, Grede will leverage supply chain mapping, a visual representation of the flow of products and services from suppliers to customers. This strategic tool will aid us in comprehending and enhancing our supply chains by identifying critical components, dependencies, and potential risks. Through this innovative approach, we strive to ensure the utmost transparency and efficiency in our supply chain operations, further reinforcing our commitment to responsible sourcing and sustainable practices.

Conflict Minerals

Conflict minerals are sourced from regions characterized by armed conflict and human rights abuses, particularly in Central Africa. These minerals are essential components in electronics, automotive, aerospace, and other industries. Their extraction and trade in conflict-affected areas have often fueled violence, funded armed groups, and led to human rights abuses, including forced labor and child labor. These minerals, also known as the '3TG minerals,' include

- Tantalum – Used to make capacitors in devices like smartphones, laptops, and tablets.
- Tin – Used in soldering electronic components and the production of food packaging.
- Tungsten – Used in aerospace and defense due to its high melting point and strength.
- Gold – Used widely, from jewelry to electronics, due to its conductivity and malleability."



Conflict-Free Mineral Policy Statement

Grede is committed to ethical and responsible sourcing practices that contribute to the well-being of communities and uphold human rights globally. This Conflict Minerals Policy outlines our dedication to avoiding the use of minerals sourced from regions such as the Democratic Republic of Congo (DRC) and adjoining countries, which have been associated with conflict, human rights abuses, and environmental degradation. It encompasses the sourcing, procurement, manufacturing, and distribution of products that may contain conflict minerals. This policy is compliant with the Dodd-Frank Wall Street Reform and Consumer Protection Act, and it applies to all employees, contractors, suppliers, and partners associated with Grede.



Raw Material Sourcing Policy Statement

Grede's commitment to responsible sourcing of raw materials is unwavering. We prioritize ethical standards, environmental responsibility, and collaboration throughout our supply chain. We work closely with our suppliers to ensure fair labor practices and sustainable production methods, fostering transparency and continuous improvement. Our dedication extends to our stakeholders, including customers, employees, investors, and communities. We strictly adhere to regulations and take decisive action against non-compliance.

Supply Quality Manual

Grede's Supplier Quality Manual incorporates ESG sustainability criteria, affirming responsible product sourcing. It is widely accessible to all suppliers, available on the Grede website or upon request. The manual undergoes regular review and updates, at a minimum annually but more frequently as required.

The Manual encompasses sections defining its Purpose, Scope, Supplier Groups, Quality System Requirements, Changes and Deviations, Packaging and Shipping, Nonconforming Material, Production Part Approval Process (PPAP), Evaluation of Suppliers, and Right of Entry and Verification.

This comprehensive manual demonstrates Grede's commitment to responsible and sustainable sourcing practices throughout its supply chain.



Supplier Quality Manual Key Elements

POLICY

Grede's supplier policy emphasizes quality, confidentiality, punctuality, continuous improvement, responsive service, and safety. Suppliers must also notify Grede in advance of any proposed material or process changes, covering product design, materials, manufacturing processes, location, and sub-supplier sourcing.

PURPOSE

Grede's supplier requirements and expectations emphasize that the Supplier Quality Manual isn't the sole guideline source and highlight the importance of change notifications and approvals.

SCOPE

Grede categorizes suppliers as Key, Non-Key, or Inspection, with Exhibit 1 specifying their requirements. Changing these group assignments necessitates approval from Grede Plant Purchasing and Quality.

SUPPLIER GROUPS

Grede's supplier classification system includes key suppliers crucial for production and material changes. Key suppliers meet specific criteria and provide certificates of compliance. Non-key suppliers support manufacturing, and inspection suppliers are external entities like sorting companies and labs. Purchase orders detail additional requirements and deviations.

QUALITY SYSTEM REQUIREMENTS

Key suppliers must be ISO 9001 or IATF16949 registered, with audit rights. Exceptions need approvals from managers and possibly Grede customers. Non-key suppliers require Grede-approved self-surveys, while calibration and PPAP service providers must be ISO/IEC17025 accredited. Product traceability is essential for safety-critical castings.

CHANGES AND DEVIATIONS

Change notification guidelines, following the AIAG Production Part Approval Process (PPAP). All process and product changes need written approval from Grede. Communication of change control requirements is done in writing, and shipments with changes are contingent on written approval from Grede Purchasing. Deviation requests must also be submitted in writing and approved before shipping non-standard material.

PACKAGING AND SHIPPING

Containers, whether returnable or new, must bear correct labeling in the appropriate location. Before using these containers for shipping new products, any previous labels on the containers, pallets, and top caps must be removed.

NONCONFORMING MATERIAL

These rules underscore the supplier's responsibility for covering expenses related to non-conforming material, requiring them to formally request deviations in writing to Purchasing and Quality. Shipping non-conforming material is strictly prohibited without written approval from Quality.

PRODUCTION PART APPROVAL PROCESS (PPAP)

PPAP is required based on the Purchase Order, typically at Level three, unless stated otherwise. Suppliers adding value, such as machining or painting, must provide annual Certificates of Compliance. Heat-treated parts require an annual Certificate of Compliance report with hardness results.

EVALUATION OF SUPPLIERS

Grede maintains the right to inspect supplier facilities to ensure compliance with purchase order and specification requirements, covering all aspects of parts, processes, and quality systems.