

# Froneri Group Supplier Management Policy

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Approval:	Froneri International Ltd Board
Policy Audience:	All colleagues
Version:	1.0
Effective date:	12 February 2024
Next review date:	12 February 2025
Policy number:	LGPOL010

## 1. Purpose and Objective

- 1.1 It is Froneri's policy to act professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We expect the same standards from the third parties that we work with.
- 1.2 We have a wide range of suppliers across our business some of whom may significantly impact our ability to operate as a business including raw and pack suppliers, logistics suppliers, IT suppliers, HR/Payroll suppliers and professional service suppliers.
- 1.3 The purpose of this Policy is to set out minimum responsibilities and requirements of Froneri businesses and colleagues in observing and upholding our position on supplier management.
- 1.4 This Policy is an internal document and cannot be shared without prior authorisation from Group Legal.
- 1.5 Where there are differences between these Policy requirements and the local law, you must apply whichever sets the highest standard of behaviour.
- 1.6 We reserve the right to change this Policy at any time and the updated Policy will be published to Country Managers and made available on the Froneri intranet.

## 2. Policy Requirements

- 2.1 Each Froneri Group business must implement their own local Supplier Management Policy which incorporates these minimum Policy requirements. Copies of such policies must be available for inspection by Group Legal at any time. Related policies and guidelines as well as template documents referenced in this Policy are available from Group Legal to help Froneri businesses to implement their own local policies.
- 2.2 Country Managers and local Heads of Department are responsible for implementing their own local policies including appropriate practices, processes, controls, and training.

## 3. Tenders and NDAs

- 3.1 Each Froneri business must have written criteria to inform when a tender is required and the procedure to follow depending on the purchase type (i.e. raw materials, marketing, operating expenses, etc). As per the Finance Manual, a tender should be carried out for any Capex expenditure exceeding EUR 100k (subject to any applicable exceptions).
- 3.2 Each local business must create a list of preferred suppliers with a choice of at least two suppliers for each key purchasing item as required by the *Froneri Finance Manual*.

- 3.3** Before starting discussions with any potential supplier, it is necessary to check whether a Non-Disclosure Agreement (NDA) is needed. An NDA will be needed wherever Froneri needs to disclose confidential information to a supplier, or prospective supplier and there isn't a contract in place for the relevant goods/services yet. The NDA protects the information Froneri discloses. NDA templates are available from Group Legal or your local legal counsel.

#### **4. Onboarding and Due Diligence (Minimum Requirements)**

- 4.1** Each Froneri business is responsible for conducting appropriate due diligence on its suppliers before they are onboarded and periodically during the lifecycle of the relationship (every 2-3 years is recommended, or whenever there is a significant change to the supplier's business or our relationship with them). The Finance Manual and Froneri Group Policies establish minimum due diligence checks that each Froneri business needs to undertake (see *Froneri Group Good Manufacturing Practices (GMP) Policy (and associated SharePoint)*, *Froneri Group Anti-Bribery and Corruption Policy*, *Froneri Group Anti-Facilitation of Tax Evasion Policy*, *Froneri Group Data Protection Policy* and *Froneri Group Sanctions Policy*). Appendix 1 sets out a list of mandatory minimum checks and enhanced checks that may also be required, broken down by supplier category.
- 4.2** The checks in Appendix 1 are the minimum standard required of all Froneri businesses. Froneri businesses should also conduct any additional due diligence checks that are required by local law or business practice in that country.
- 4.3** The enhanced checks are designed to provide more detailed information about suppliers that are strategic to the business, or that present a higher risk. Each local Supplier Management Policy should have clear written criteria for when those enhanced checks are required. Factors may include annual spend, supplier location, presence of other 'red flags' and the different types of goods/services involved (for 'red flags' please see *Froneri Group Anti-Bribery and Corruption Policy* and *Froneri Group Anti-Facilitation of Tax Evasion Policy*). A copy of those criteria should be available to Group Legal on request.
- 4.4** The following template due diligence questionnaires are available from Group Legal and can be used to gather information from suppliers to complete the due diligence process:
- Raw and pack questionnaire
  - Third Party Due Diligence Questionnaire
  - Data Processor Questionnaire
  - Data Security Assessment

Details on when each questionnaire should be used is given in Appendix 1.

## 5. System Onboarding

- 5.1 Before a new supplier is onboarded, the requesting stakeholder will need to complete the Due Diligence Summary Form set out in Appendix 3. This form should be submitted alongside the Master Data upload request (or local equivalent, e.g. SAP). Suppliers will not be added to Froneri systems without this form being completed.
- 5.2 The Due Diligence Summary Form must be signed by the requesting stakeholder and their line manager or Head of Department.

## 6. Supplier Contracts

- 6.1 Before a supplier starts working with any Froneri business, a written contract should be in place. Froneri standard templates should be used wherever possible. If a supplier is insisting on using their own terms, the local business must make sure the Froneri Mandatory Clauses are added to the contract (available from Group Legal).
- 6.2 All suppliers should sign up to the *Froneri Supplier Code*. Each country must have a process in place to make sure the Supplier Code is properly implemented with all suppliers (e.g. by incorporation into standard terms).

## 7. Relationship Management and Audit

- 7.1 After a supplier has been appointed, the relationship must be kept under review. Each local *Supplier Management Policy* should include a process for making sure due diligence is refreshed periodically (every 2-3 years is recommended), or whenever there is a significant change to the supplier's business or our relationship with them.
- 7.2 Each Froneri business must have a documented approach for auditing its suppliers, that sets criteria based on the criticality and the risk profile of the supplier. For Raw and Pack suppliers, these criteria must comply with the standard Vendor Approval & Quality Management process set out in the *Froneri Good Manufacturing Processes (GMP)*. Countries may request a central audit of a Raw and Pack supplier by contacting the Group Quality Team.
- 7.3 In person and on-site audits should be utilised proportionately. If there is an urgent or special reason for requiring an audit (e.g. a contamination event at a raw materials supplier, or a cyber incident affecting a critical supplier), then this should be discussed with the relevant Group function first.
- 7.4 From time-to-time Froneri businesses will be asked to contribute to supplier audits led by Group. To minimise duplication, countries may refrain from auditing existing suppliers within 6 months of a Group audit. New suppliers should still be reviewed in accordance with this Policy.

- 7.5** Any issues with Raw and Pack Suppliers, such as contamination of materials, materials being out of specification, and other performance issues should be reported to the Group using the Supplier Issues Log which can be found on the Froneri Intranet: <http://web-groupsupplierissues.froneri.local/>

## **8. Supplier Termination and Offboarding**

- 8.1** Each Froneri business must take an informed approach to supplier termination. Considerations include:
- managing supplier replacement efficiently, ensuring continuity of service and minimal interruption to our operations;
  - requesting the return/destruction of Froneri's confidential information;
  - ensuring supplier confidential information is securely destroyed / managed in accordance with any contractual requirements;
  - reviewing termination/expiry provisions in contracts to ensure full compliance e.g. providing correct termination notice periods to avoid creating risk for Froneri; and
  - compliance with any post termination obligations such as non-solicitation (non-poaching) clauses.
- 8.2** If a supplier is one of the top 25 suppliers by annual spend to the local business, local legal counsel or, if no local legal counsel in country, Group Legal, should be consulted before the relationship is terminated.

## **9. Scope and Exceptions**

- 9.1** This Policy applies to all Froneri businesses and colleagues.
- 9.2** This Policy does not override any applicable laws in countries where Froneri operates. If a local Froneri business is subject to more stringent local laws, the higher standard will apply.
- 9.3** Any local variations to or derogations from this Policy are only permitted with the prior written approval of the Group General Counsel.

## **10. Roles and Responsibilities**

- 10.1** Country Managers and Heads of Department are responsible for ensuring local business compliance with this Policy.
- 10.2** Local business colleagues are responsible for complying with any Froneri policies and procedures implemented to ensure compliance with this Policy.
- 10.3** Group Legal is responsible for providing advice and guidance on compliance with this Policy and applicable laws.

## 11. Froneri Delegation of Authority References (DOA)

Policy Section	DOA section reference
3, 4, 6, 7, 8	4 – Purchases 9 – Legal and Other Matters

## 12. Consequences for Non-Compliance

- 12.1** Failure to comply with this policy may give rise to legal action, fines, reputational damage for Froneri (please see the Related Documents listed below for more details).
- 12.2** Given the potential consequences outlined above, failure to comply with this Policy may result in disciplinary action.

## 13. Contacts

Should you have any questions about the content of this Policy, please contact Group Legal