

# Group Procurement Responsible Procurement Policy

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## Overview

### Policy Statement

This policy outlines requirements for our suppliers regarding key social, ethical and environmental topics.

Our vision is to be the preferred packaging partner to the world's leading brands. To achieve this vision, we are committed to focusing not only on the quality but also the origin of our products.

Procuring from suppliers whom we can wholly trust and rely on to fulfill the requirements set out in this policy, provides us with confidence that the products and services we source are not having any undue effect on individuals, communities or the environment from which they are derived. We can then confidently communicate this to our customers.

Please [click here](#) for a brief video explanation of the content of this policy.

### Scope

This policy applies to all direct and indirect suppliers who are involved with procurement related activities across Ardagh Group. It also applies to suppliers of all joint ventures, partnerships, suppliers, companies, agencies, subcontractors and other business entities in which the Group has a participating interest (to the extent Ardagh Group is able to enforce or influence its application).

All of our suppliers should be aware of this policy, and their obligation to comply with it. This policy is incorporated into contracts, through reference in Ardagh Group's General Terms and Conditions of Purchase.

When we conduct our annual supplier assessment as detailed below, we will require our suppliers to certify compliance and provide relevant policies/ documents to demonstrate implementation. In addition, from time to time we may request our suppliers certify their compliance with this policy.

## Supplier Requirements

### Overview

With the exception of suppliers who are government or state-owned entities, this section outlines our supplier requirements regarding:

- Human rights
  - » Prevention of Human Exploitation (including but not limited to Child labor, Forced labor, Human Trafficking)
  - » Right to collective bargaining
  - » Fair working conditions
  - » Discrimination and promotion of diversity
  - » Harassment and violence
- Health and safety
- Environmental management
- Food Safety
- Commercial integrity
- Responsible procurement in supply chain
- Business continuity.

Our supplier requirements are based predominantly on the Ethical Trading Initiative (ETI) Base Code principles. The ETI Base Code was founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice.

We expect our suppliers to develop control mechanisms which are truly appropriate for the size and complexity of their business. As a minimum standard our suppliers are required to:

- Adhere to local laws and regulations and
- Strive for continuous improvement.
- Monitor and act upon violations in their own operations, as well as operations of their direct suppliers

worldwide starting from the extraction of the raw materials to the delivery to Ardagh. In addition, if suppliers obtain substantiated knowledge of a possible violation of human rights or environmental standards by one of their indirect suppliers, they must immediately conduct a risk analysis for these violations and inform Ardagh.

- Conduct business in a responsible manner covering, in particular the requirements set out in this policy. All suppliers shall communicate, provide training and implement this policy to their own operations and supply chain.
- Implement due diligence and screening processes when selecting suppliers, agencies, sub-contractors and other suppliers.
- Provide an appropriate forum for all employees and workers to confidentially report concerns or breaches. Any potential or actual issues or allegations shall be managed and recorded appropriately.
- Notify Ardagh if any of the requirement set out in this policy is deemed not feasible.

We endeavor to support our direct or indirect suppliers with the implementation of requirements where feasible. We encourage our suppliers who are not meeting specified requirements to contact Ardagh Group.

For government or state-owned entities, we respect and trust each requirement stated are implemented accordingly with all local and international laws and regulations.

## Non-Adherence

Non-adherence can result in cancellation or non-renewal of contracts. We classify serious misconduct as a material breach of contract in all cases. Examples of serious misconduct include, but are not limited to:

- Employment of child under the age of local legal minimum working age or compulsory schooling age
- Worst forms of child labour for children under 18 years of age
- Inhumane working conditions
- Exhibition of dishonest or fraudulent behaviour
- Negligence of occupational, health and safety obligations which give rise to the risk of accidents or work-related health hazards
- Disregarding individuals rights to freedom of association
- Any form of discrimination
- Withholding of wages and/or failure to pay at least the minimum wage or living wage where determined by local regulations
- Intentional disregard for causing any harm to environment, e.g., water, air, noise, soil, natural resources
- Unlawful eviction or taking of land, forests, and water in the acquisition, development or other use of land, forests, and waters, which affects the security of livelihood of a person.
- Hiring or use of private or public security forces which might results in torture, cruel, degrading treatment, damages to life or limb, or impairs the right to exercise freedom of association.

## Human Rights

Suppliers must respect the rights of individuals within their direct organisation and throughout their supply chain, including the rights of local communities, minorities, indigenous people and other vulnerable groups and strive to avoid any negative impact.

Suppliers with SA8000 certification or a comparable practices are deemed to satisfy our requirements.

### No human exploitation

Our suppliers must adhere to local employment laws and prohibit any form of human exploitation either directly or indirectly.

Examples of human exploitation include, but are not limited to:

- Employment of child under the age of compulsory schooling
- Worst forms of child labour for children under 18 years of age
- Trafficking in persons
- All forms of forced labour or slavery practices described by ILO indicators of Forced Labour, including abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding wages, debt bondage, abusive working and living conditions, excessive working time, recruitment fees borne by workers, etc. To find out more about these indicators, please visit [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_203832.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_203832.pdf)

Above and beyond adherence to local laws, please apply the following requirements if applicable to your organisation:

- **Transport Sector;** Our suppliers operating on supply routes into the United Kingdom are required to adhere to Ardagh Group's Haulier Security booklet, which will be provided via your key procurement contact.
- **Agency Labour or Subcontractor:** Our suppliers who rely on the use of agency labour or subcontractors are required to perform due diligence to ensure that the agencies or subcontractors conduct their business in an ethical manner prior to commencing business. Ardagh Group reserve the right to request a list of the agencies or **subcontractors** used by your organisation.

We encourage all of our suppliers to review the risk of human exploitation across their operations and supply chain and to implement sufficient mitigation controls where applicable.

### Right to Collective Bargaining

We encourage and where there is a legal requirement to do so, we expect all suppliers to provide a platform for employees to collectively negotiate labour issues such as wages and working condition.

Our suppliers who allow workers to join a worker's union are deemed to satisfy this requirement. In cases where a worker union is not supported, the supplier must be able to demonstrate evidence of communication on how employees can collectively bargain without repercussion.

Our suppliers are advised to refer the requirement stated in International Labour Organization Conventions No. 87 Freedom of Association and Protection of the Right to Organise and No. 98 Right to Organize and Collective Bargaining.

### Fair Working Conditions

We expect our suppliers to promote fair working conditions and comply with the applicable provisions of law for ensuring fair working conditions, including those for fair remuneration, working hours, social benefits, working hours and protection of privacy.

At a minimum, our suppliers are required to implement sufficient control mechanisms, in particular taking care to:

- Workers do not work over the legal limits for regular or overtime hours. Workers are given one day off in seven.
- Legally required breaks are provided to workers during their working day.
- Workers are paid a premium for their overtime hours, which should be in line with legal requirements

or higher.

- Overtime is voluntary and undertaken with the agreement of workers.
- Workers' hours are accurately recorded, preventing underpayment of wages.
- Where employment contracts or agreements exist, they should specify regular hours, rest days, overtime hours and overtime pay.
- Any agencies or business partners recruiting and managing workers on your behalf (such as contract or agency workers) must follow all of your policies on working hours.

#### **No discrimination and Promotion of Diversity**

We expect all places of work to be free of any form of discrimination and to promote diversity, equality and inclusion. Any discrimination of non-job related factors such as civil and political, economic, social, cultural, gender, minority, vulnerable groups, national origin, religion, ancestry, age, disability, marital status or sexual orientation shall not be tolerated.

#### **At a minimum we expect our suppliers to document their stance regarding no discrimination and promotion of diversity in the workplace via a policy, procedure or declaration. No Harassment and Violence**

We expect all places of employment to be free of harassment and violence. At a minimum, our suppliers are to document their stance regarding harassment and violence in the workplace via a policy, procedure or declaration.

## Health and Safety

Our suppliers must adhere to all relevant health and safety laws and regulations. We expect our suppliers to implement sufficient control mechanisms, in particular taking care to:

- Establish a robust risk assessment procedure for high risk work environments
- Implement an investigation and corrective action system for all health and safety incidents
- Embed health and safety continuous improvement into standard work
- Provide routine health and safety training for all relevant employees
- Have processes which allow and encourage employees to input into health and safety management.

Our suppliers with OHSAS18001 / ISO45001 or MSHA (where applicable) certification or a comparable certification are deemed to satisfy our requirements.

## Environmental Management

Our suppliers must adhere to all relevant environmental laws and regulations. We expect our suppliers to demonstrate an adequate level of environmental awareness, in particular taking care to:

- Implement an investigation and corrective action system for all environmental incidents
- Complete an environmental risk assessment, at minimum on an annual basis
- Provide routine environmental training for all relevant employees
- Understand the organisation's environmental footprint and establish a programme for prevention of pollution: e.g. water use, CO2 emissions.
- Ensure sustainable use of resources, including through increased use of recycled content,
- Protect biodiversity and restore natural habitat
- Not impede any access to safe drinking water
- Participate in setting Science-Based Targets

Our suppliers with ISO14001 certification, or a comparable certification are deemed to satisfy our requirements regarding Environmental Management.

## Recycling & Waste Management

Our suppliers are required to have waste management infrastructure inclusive of recycling facilities where applicable. The collection and disposal of all waste must be managed through authorised service providers. Waste management shall be based on the hierarchy of avoidance, reuse, material or substitute energy recovery and disposal.

All handling, collection, storage and disposal of waste shall be in accordance with all local regulations and the Basel Convention on the Control of Transboundary Movement of Hazardous Waste and Their Disposal.

Ardagh Group reserves the right to request evidence of waste disposal documentation.

## Energy Use

We encourage our suppliers to move away from non-renewable energy sources when feasible and economically viable. In the interim, we expect our suppliers to identify and implement energy saving initiatives where applicable.

Ardagh Group continuously assesses energy saving opportunities and we encourage our suppliers to contact us if they have any suggestions for collaborative projects.

## Chemical Management

We require our suppliers to manage all chemicals responsibly, including their supply chain. We expect our suppliers to:

- Identify, evaluate, and control exposure of human and environment to hazardous chemical, biological, and physical agents and ensure their safe handling, movement, storage, recycling, reuse and disposal.
- Eliminate all carcinogenic, mutagenic, or toxic for reproduction (CMR substances) or EU/UK Substances of Very High Concern (SVHC) delivered to Ardagh where possible. Any absolute necessary exemption has to be approved by Ardagh.
- Ensure that the product(s) supplied, and all substances contained therein, are registered, notified and approved in accordance with the requirements of Regulation (EU) No. 1907/2006 ("REACH") and all other relevant legal requirements.
- Provide Material Safety Data Sheets, keep those up to date and inform downstream users about any changes or updates to [sds\\_vendor@chemwatch.net](mailto:sds_vendor@chemwatch.net).

## Food Safety

It is a key requirement for Ardagh that all its products are safe for our customers and consumers. We expect our supplier to have Good Hygiene and Manufacturing Practices in place to comply with this requirement.

Where it is possible that the goods supplied will come into contact with food, or the services provided could have an impact on food contact products, our suppliers must adhere to all relevant food safety laws and regulations. We expect our suppliers to implement sufficient control mechanisms to have Good Hygiene and Manufacturing practices, in particular taking care to:

- Monitor and address issues related to food safety and their potential impact during all stages of production process
- Maintain appropriate records containing all information necessary to ensure food safety of the products or services delivered
- Inform Ardagh about any information or suspicion related to food safety.
- Comply with Ardagh's food safety requirements and specifications in all operations and where applicable.
- Conduct a vulnerability assessment for critical product or critical path.
- Take appropriate measure along the entire supply chain to prevent any manipulation of products, where specific intrinsic values may lead to fraud preventive measures and defence activities should be implemented.
- The place of work must be clean, hygienic and safe. We expect our suppliers to have robust cleaning and maintenance plans in place. Where products for intended or unintended food contact are manufactured the premises have to be suitable.

Our suppliers with Global Food Safety Initiative (GFSI) recognised prerequisite program or comparable practices are deemed to satisfy our requirements.

## Commercial Integrity

Ardagh Group is an ethical business which expects all its suppliers to act with integrity. This is clearly communicated within our Code of Conduct, which can be found at <https://www.ardaghgroup.com/corporate/media-centre>. Specifically, our suppliers must abide by all applicable laws and regulations, including those related to anti bribery and corruption, competition/anti-trust, and sanctions compliance. We require our suppliers to have clear internal policies or guidance documents regarding compliance with these laws and regulations, and the ability to demonstrate that they have communicated them to relevant employees.

## Responsible Procurement in Your Direct and Indirect Supply Chain

We require our suppliers to manage their supply chain responsibly; taking care to identify and mitigate potential social, ethical and environmental risk. Ardagh Group require that each of our suppliers conduct a suitable supply chain risk assessment and implement sufficient controls where applicable on their own supply chain. This assessment can vary in detail depending on the complexity of the supply chain.

### Conflict Minerals

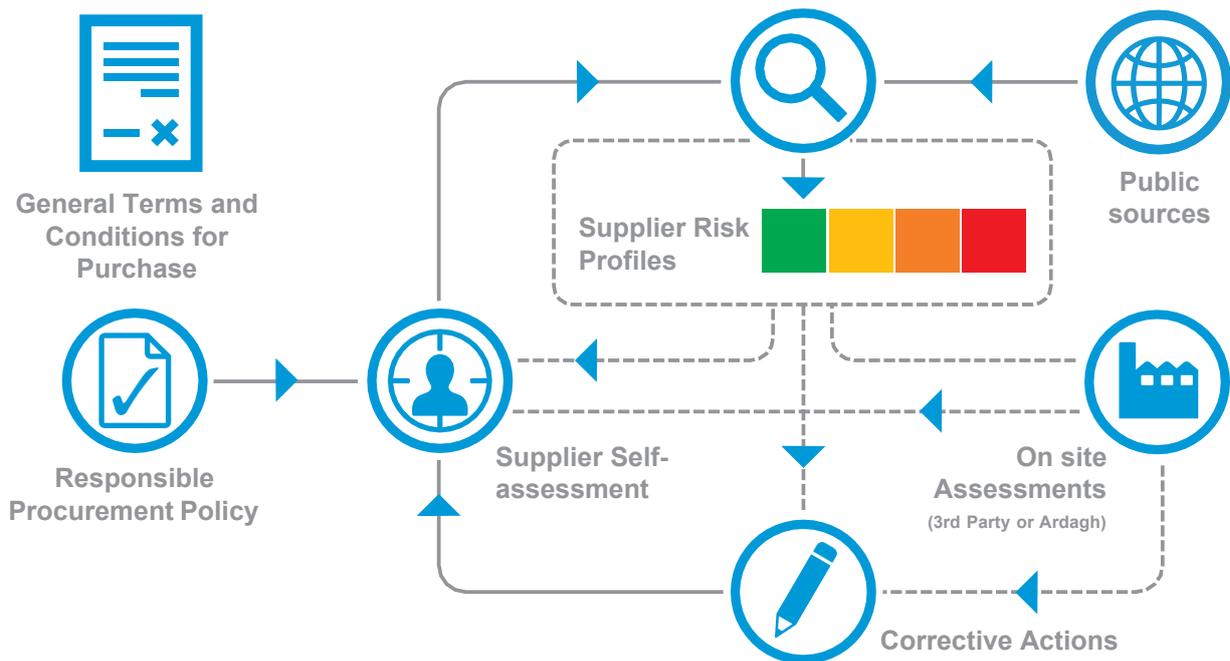
Ardagh Group is committed to ensuring conflict free sourcing in order to comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act on Conflict Minerals and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. As part of our reporting obligation under this act, we require our suppliers providing products containing conflict mineral (Tungsten, Tantalum, Tinplate and Gold component suppliers as well as traders) to demonstrate traceability and accountability of the raw materials they deliver to us. The preferred reporting approach for our suppliers to disclose to us their respective smelter base is by using the Conflict Minerals Reporting Template from the Responsible Minerals Initiative. For more information, please see Appendix: Conflict Mineral Policy

## Business Continuity

We expect our suppliers to have a robust business continuity plan (BCP) in place which is to be reviewed and tested annually. The BCP must include, but should not be limited to:

- A robust risk assessment procedure for the identification of operational vulnerabilities that can cause loss of supply to customers
- An established and practiced emergency response process
- A customer notification process
- Clearly defined continuity contingency plans.

Our suppliers with ISO22301 certification or a comparable certification are deemed to satisfy our requirements.



**Image 1: Ardagh Group’s responsible procurement annual assessment cycle.**

We engage with our Selected Suppliers throughout the annual assessment cycle, typically to provide feedback, clarify or request further information, and implement improvement plans or corrective actions where applicable. It is imperative for us to establish and maintain a close relationship with our suppliers.

## Ongoing Monitoring: The annual assessment cycle

We evaluate a subgroup of our suppliers each year. Our overall approach is divided into four steps:

1. **Supplier selection:** Each year Ardagh Group chooses a selection of our suppliers to conduct an in-depth risk assessment on (“Selected Suppliers”). Once a supplier has been through the assessment process they will be re-assessed on a rotational basis determined by their profile.
2. **Supplier self-assessment:** Each year Ardagh Group distributes a self-assessment questionnaire to the Selected Suppliers. This questionnaire is designed to obtain information regarding the social, ethical and environmental performance and management systems of those Selected Suppliers.
3. **Risk assessment:** Ardagh Group conducts an in-depth risk assessment on each Selected Supplier. This risk assessment combines information from multiple open sources and allows us to categorise a supplier into one of four risk profiles. A critical input into the risk assessment is information from open sources risk indices, which provides country level and commodity specific insights. Any potential or actual allegations that arise might affect the results of the risk assessment.
4. **On site assessment:** Depending on the outcome of the risk assessment, Ardagh Group may request that a supplier undergoes a 4-pillar ethical audit conducted by a 3rd party, or an onsite sustainability assessment conducted by Ardagh Group. Our sustainability assessment is based on the 4-pillar audit principle. Suppliers are expected to cover the cost of a 3rd party audit.

## Raising concerns

Ardagh is committed to ensuring compliance within its own business and supply chain.

If any person, whether within Ardagh, a direct supplier or indirect supplier, becomes aware of or suspect any concerns or violation of: human rights, environment-related matters, or general ethics or any other compliance matters, these may be reported via Ardagh's websites (click here: <https://www.ardaghgroup.com/corporate/contact> or <https://www.ardaghmetalpackaging.com/corporate/contact>) or by emailing Ardagh's Group Legal & Compliance department at [compliance@ardaghgroup.com](mailto:compliance@ardaghgroup.com).

All concerns will be investigated and handled confidentially. Further details are available via Ardagh's Ethics & Compliance - Third Party Complaints Procedure (also available on our website). Ardagh is committed to complying with all applicable European and national laws, including in relation to whistleblowing and data protection, and we expect the same from all of our suppliers.

## Contact Information

For further information please contact [SustainableSupplyChain@ardaghgroup.com](mailto:SustainableSupplyChain@ardaghgroup.com).

