

Group Procurement

Responsible Procurement Policy

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Policy Document

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1. Overview

Introduction

Ardagh is committed to conducting all procurement activities in adherence with regulatory requirements.

Application

This policy applies to procurement related activities across the Group. Further, it includes (to the extent the Group can enforce or influence application) joint ventures, partnerships, suppliers, companies and other business entities in which the Group has a participating interest.

Evaluation

The supplier requirements as outlined in section 2 below are to be evaluated on a frequent basis. The results of the evaluation will be reviewed by Group Procurement and Group Sustainability, and any significant performance gap to our responsible sourcing requirements will be communicated to the supplier with the aim to improve.

Health & Safety

We require contractors and hired labour working on our behalf to adhere to standards and applicable law. Those standards include, but are not limited to, provisions on personal protective equipment (PPE) and ensuring that staff is adequately trained and aware of potential risks before commencing work on our behalf. This is further regulated in our Health and Safety Policy (please refer to Appendix 9 of our Group Code of Conduct).

Sourcing from High-Risk Areas

Based on our Corporate Social Responsibility Policy (please refer to Appendix 1 of our Group Code of Conduct) and the regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1502, we do not knowingly purchase conflict mineral based tin. To ensure that no conflict tin enters our production processes, we require our suppliers to provide a declaration of conformity followed by a country of origin inquiry. If this shows that conflict based tin is in the supplier's process, we require them to provide us with a due diligence, as outlined in the Organisation for Economic Co-Operation and Development (OECD) Guidance¹, in due course.

For cassiterite sourcing, we require mines to be third party audited in adherence to the due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

¹ OECD (2013), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition, OECD Publishing. <http://dx.doi.org/10.1787/9789264185050-en>

In dealing with naturally radioactive materials, it is our policy to directly take care of the waste disposal jointly with suppliers, e.g. by agreeing the withdrawal of these materials with suppliers prior to ordering the material or by ensuring, prior to ordering the material, that an appropriate disposal is available after the specific use of the materials.

Cullet

We only undertake business with European cullet suppliers who operate cullet treatment with in-line lead sorting equipment. It is defined in our European raw material specifications that Lead glass is not accepted and requires sorting at the cullet treatment plant.

As the North American cullet supply base technology capability is lagging that in Europe, we recommended Lead glass sorting as a best practice for North American cullet suppliers until such time as the European cullet methodology has been fully implemented in North America.

Note: The North America transition is currently underway.

Energy

We commit ourselves to considering the use of renewable sources once these are available at economically viable rates.

Recycling and Waste

To take care of our waste and ensure that all types of wastes are recycled or disposed of in an acceptable way (that complies with regulatory requirements), we choose suppliers with valid operating permits for their transport, recycling, treatment or disposal operations.

We choose waste transporters and recycling, treatment and disposal companies with valid certifications, such as ISO 14001 and regulations falling under the EU Directive 75/442/EEC.

This is further regulated in our Environmental Policy (please refer to Appendix 8 of our Group Code of Conduct).

Machinery and Equipment

In order to facilitate the use of best available techniques, which will positively influence our long-term targets to reduce energy, raw material consumption etc., we commit ourselves to reasonably consider investments with a payback time of less than 2 years.

We highly encourage and support suppliers in investing in research and development in order to achieve our goals. We will refrain from using fossil fuel operated equipment provided we have an economically viable alternative.

Emissions

We commit ourselves to investing in state-of-the-art technologies (Best Available Techniques), which ensure long term compliance with permits and other regulatory requirements. In support of this goal, we will favour suppliers with an Environmental Management System and will preferably buy equipment (e.g. combustion abatement controls) that allows us to operate in compliance with permits and regulatory requirements not only today but also taking into consideration upcoming legislation and requirements.

Efficiency

We strive towards increasing efficiency in many aspects of our processes. We aim to minimise logistics costs and strengthen the local economy by using local suppliers where their products are cost-beneficial or cost-neutral. We establish that operating sustainably (in terms of environmental and social and ethical sustainability) is a key criterion for supplier selection. We therefore favour those suppliers that are acting environmentally, socially and ethically in a responsible manner.

Food Safety and Quality

To ensure that we provide food and non-food packaging that is consistent in quality and safe, we require our suppliers to comply with relevant Food Safety and Quality Standards to meet our customers' and end users' need (as per product specification). We will buy from approved suppliers to ensure we maintain a robust supply chain ensuring traceability and due diligence. We operate clear and comprehensive complaint and review procedures with our suppliers and suppliers are obliged to inform Ardagh Group on any food safety and quality issues in a timely manner.

2. Supplier Requirements

We expect our suppliers to adhere to the provisions outlined below. We also expect our suppliers to strive for continuous improvement.

Non-adherence may result in cancellation or non-renewal of contracts.

Survey

Environmental

1. Environmental Management System – such as ISO 14001 or Eco-Management and Audit Scheme (EMAS)
2. Reduction Programme – CO₂ (e.g. participation in CDP), water, waste

Social and Ethical

We expect our prospective suppliers to take reasonable steps to have implemented effective controls for the core CSR issues in any part of their businesses or supply chains. In particular, we require any organisation

submitting formal tender responses via our procurement team to disclose about the implemented control mechanisms in the following areas:

1. Human rights;
2. Right to collective bargaining;
3. Child labour, slavery, forced or compulsory labour and human trafficking;
4. Discrimination and diversity;
5. Harassment and violence;
6. Anti-corruption;
7. Workplace conditions; and
8. Health and safety

Ardagh is committed to upholding social and ethical standards in the countries in which it operates, and ensuring that no modern slavery takes place in our organisation. We also want to prevent workers from being subjected to modern slavery in our supply chains and to ensure compliance with legal, social and ethical standards. Our local supplier requirements reflect this.

3. Added-Value Creation

In order to adhere to this policy and to achieve the goals outlined, it is imperative for us to establish and maintain a close relationship and work jointly on programmes and activities with our suppliers. By that, we strive to create added-value not only for us, but also for our suppliers and the respective communities in which we both operate.

4. Contact

For any questions relating to this policy, please contact:
sustainability@ardaghgroup.com

