

# Group Procurement Responsible Procurement Policy

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# Overview

## Introduction

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, it is important to focus 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.

## Application

This policy applies to all procurement related activities across Ardagh Group. It also applies to all joint ventures, partnerships, suppliers, companies 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).

Our suppliers should be aware of this policy, and their obligation to comply with it, through the incorporation of this policy in Ardagh Group's General Terms and Conditions of Purchase.

When we conduct our annual supplier questionnaire 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

This section outlines our supplier requirements regarding:

- Human rights
  - » Modern slavery
  - » Right to collective bargaining
  - » Discrimination and diversity and
  - » Harassment and violence
- Business integrity
- Workplace conditions
- Health and safety
- Environmental management
- Responsible procurement
- 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 we expect our suppliers to:

- Conduct business in a responsible manner covering, in particular the requirements set out in this policy

- Adhere to local laws and regulations and
- Strive for continuous improvement.

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

## 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:

- The use of child labour
- Inhumane working conditions
- Negligence of health and safety requirements
- Exhibition of dishonest or fraudulent behaviour
- Intentional disregard for the environment causing harm.

## Human Rights

Suppliers are expected to respect the rights of individuals within their direct organisation and throughout their supply chain. We expect our suppliers to provide an appropriate forum for all employees to confidentially report concerns or breaches regarding human rights.

Suppliers with SA8000 certification are deemed to satisfy expectations.

## Modern Slavery

Our suppliers must adhere to local employment laws and must not support any form of modern slavery either directly or indirectly. 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;** Our suppliers who rely on the use of agency labour are to ensure that the agencies conduct their business in an ethical manner prior to commencing business. Ardagh Group reserve the right to request a list of the agencies used by your organisation.

We encourage all other of our suppliers to review the risk of modern slavery abuses across their operations and supply chain and to implement sufficient mitigation controls where applicable.

## Right to Collective Bargaining

Where required to do so (by law), 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 how employees can collectively bargain without repercussion.

## **Discrimination and Diversity**

We expect all places of work to be free of any form of discrimination and to promote diversity. At a minimum we expect our suppliers to document their stance regarding discrimination and diversity in the workplace via a policy, procedure or declaration. We also expect our suppliers to be able to demonstrate that they have communicated this document to relevant employees. Ardagh Group can provide a suitable declaration on request.

## **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. We also expect our suppliers to be able to demonstrate that they have communicated this document to relevant employees. Ardagh Group can provide a suitable declaration on request.

## **Business Integrity**

Our suppliers must abide by all applicable anti-corruption, anti-bribery and anti-trust laws and regulations. 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.

We expect our suppliers to provide an appropriate forum for all employees to confidentially report concerns or breaches regarding anti-corruption, anti-bribery and anti-trust laws and regulations.

Ardagh Group is an ethical business which expects all its employees to act with integrity. This is clearly communicated to employees within our Code of Conduct, which can be found at <https://www.ardaghgroup.com/corporate/media-centre>.

## **Workplace Conditions**

The place of work must be clean, hygienic and safe. We expect our suppliers to have robust cleaning and maintenance plans in place.

## **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 reduction programme for one or more environmental impacts: e.g. water use, CO2 emissions.

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

## Responsible Procurement

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. This assessment can vary in detail depending on the complexity of the supply chain.

## Conflict Minerals

Ardagh Group is committed to ensuring conflict free tin sourcing in order to comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act on Conflict Minerals. As part of our reporting obligation under this act, we require our suppliers providing products containing tin (tinplate and tinplate component suppliers as well as tinplate 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 review [www.responsiblemineralsinitiative.org/about/faq/general-questions/what-are-conflict-minerals/](http://www.responsiblemineralsinitiative.org/about/faq/general-questions/what-are-conflict-minerals/).

## 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:

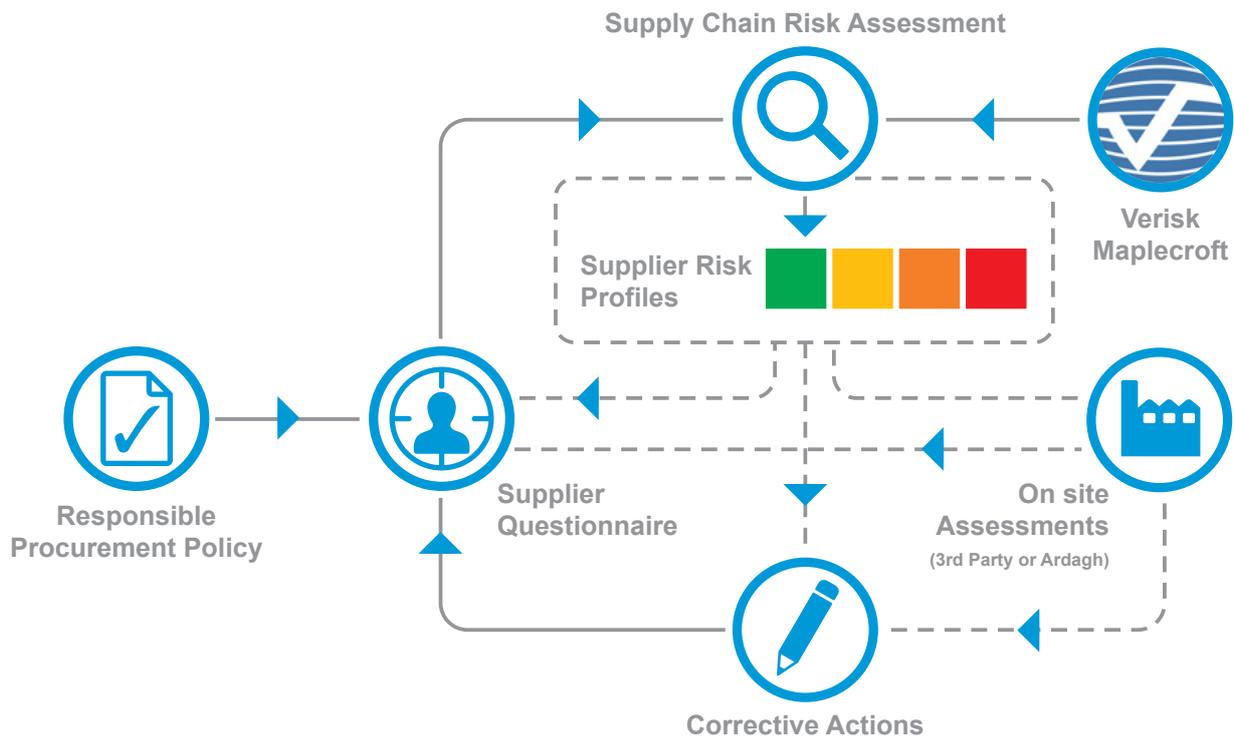
- A robust risk assessment procedure for the identification of operational vulnerabilities that can cause loss of supply to customers
- An established and practiced emergency response process
- A customer notification process
- Clearly defined continuity contingency plans.

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

## 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 questionnaire:** Each year Ardagh Group distributes a 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 sources and allows us to categorise a supplier into one of four risk profiles. A critical input into the risk assessment is information from Verisk Maplecroft risk indices. Verisk Maplecroft provides country level and industry specific insights.
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.



**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.

## New Suppliers

New suppliers should be aware of this policy, and their obligation to comply with it, through the incorporation of this policy in Ardagh Group’s General Terms and conditions of purchase. All new suppliers will be integrated into the annual assessment cycle, as outlined above.

## Policy Review

This policy is to be reviewed annually by Group Risk in conjunction with Group Procurement and Group Legal, and sign off must comply with any applicable policies process.

## Contact Information

For further information please contact [Responsible-Sourcing@ardaghgroup.com](mailto:Responsible-Sourcing@ardaghgroup.com).

