

# **PRINCES GROUP BUYING POLICY**

## **1. SCOPE**

### **1.1. Introduction**

This Policy applies to the Princes Group.

The relevant business sector (which includes packaging and direct buying for the purpose of this policy) sources finished products, ingredients, packaging and indirect services and makes purchases / agrees contracts for their supply. Products are purchased against agreed specifications, from approved suppliers, at competitive prices in line with customer demand.

Contracts are agreed in line with this policy and the rules contained in the management control documents (MCD).

Reference to the MCD also includes the relevant JV or Quota holders Agreement where appropriate.

All contracts not on the Company's standard terms & conditions must be referred to Group Legal before they are entered into. It is Company policy to trade on its standard terms & conditions wherever possible.

## **General Principles**

### **1.2. Sourcing**

- 1.2.1. To source products and services only from approved suppliers.
- 1.2.2. To present a professional representation of the Company towards suppliers.

### **1.3. Purchasing**

- 1.3.1. To purchase only from approved suppliers and within approved terms.
- 1.3.2. To control elements of working capital, such as creditors and to provide on-going support where required to the stock control team in achieving targets and service levels.
- 1.3.3. To ensure where possible the business' 'bought' position covers the business' sold position appropriately in order to manage risk.
- 1.3.4. The conscious non coverage of commodities purchased for manufacturing for agreed sales contracts on a back to back basis must be approved in accordance with the authority levels set out in Section 9 below.

## **2. SOURCING**

- 2.1. Purchases of finished goods and raw materials are made only from suppliers approved by the Technical Department.
- 2.2. All suppliers must operate in accordance with the Group Ethical Trading & Human Rights Policy. All suppliers must also act in accordance with Princes Ethical Trade & Human Rights Ways of Working requirements with regards to third party ethical / social audit requirements.
- 2.3. Purchases are made in accordance with product specifications which are approved by the Technical Department and packaging guidelines/specifications which are the responsibility of the Packaging, NPD and Product Launch teams.
- 2.4. The relevant business sector investigates and evaluates new sources of supply, and continually endeavours to keep up to date with developments and market conditions that influence the Company purchasing strategy.
- 2.5. The relevant business sector maintains close contact with suppliers to evaluate the capabilities and capacities of both current and proposed suppliers; to review and resolve supplier performance issues while promoting improved rapport with suppliers and encouraging a partnership approach.
- 2.6. Overseas supplier visits must be approved in accordance with the Group Business Travel Policy. Supplier visits/meetings (including virtual meetings) must have specific objectives and an agenda and upon completion, a full report is issued within one week of the meeting date. Regular office contact should be maintained when away on business.
- 2.7. The relevant business sector buyers will utilise the support offered by local Mitsubishi Corporation offices where appropriate.
- 2.8. Visits to RLB Liverpool and Princes' manufacturing sites by suppliers and virtual meetings require a full agenda and a minuted meeting, complete with multi-level participation where appropriate, e.g. relevant business sector directors, Technical Department, Group Finance & Supply.
- 2.9. The relevant business sector buyers/ commercial managers will ensure that suppliers are kept aware of the code of conduct, ethical trade policy, Company policy and procedure for quality control, purchasing, bribery, corruption, ordering and the standard terms and condition of purchase and terms for trading, and must source product in line with these as a minimum.
- 2.10. Princes Ltd is a founder member of the International Seafood Sustainability Foundation (ISSF). ISSF agrees conservation measures aimed at enhancing fish sustainability. It is obligatory for Princes and its subsidiary companies (including PTM) to comply with these conservation measures and these must be brought to the supplier's attention and compliance checked annually.

These conservation measures are available on the website [ISS-Foundation.org](http://ISS-Foundation.org)

- 2.11. Suppliers should have access to the relevant Princes Group Company 'conditions of purchase'. Each confirmed contract issued to a supplier contains the agreed price, payment terms, incoterms, delivery period specification details and any other relevant details and makes reference to the Company's 'conditions of purchase'.

### **3. PURCHASING**

- 3.1. The relevant business sector must purchase finished products / raw materials / packaging at the lowest cost for the quantity, quality and delivery required by the Company.
- 3.2. Full documentation for each price quoted and accepted by the customer must be retained for the period specified in the Document Retention Policy.
- 3.3 All purchases are confirmed by the issuing of a confirmation of contract on the day of purchase by the responsible business sector manager and for PTM by a PO for purchasing and sundries after confirmation by the PTM Managing Director.
- 3.4 All purchases must comply with the rules and authorisation levels set out in Section 8. Any purchases made when on business travel must be advised to the office immediately. Relevant business sector managers must also check that suppliers do not impose their terms and conditions by referring to them in email footnotes etc. Advice should be taken from Group Legal.
- 3.5. Contracts, purchase records and purchase orders are made using the Company procedures through SAP (or using local Company procedure where SAP is unavailable).
- 3.6. Purchases are made on the standard credit terms as outlined in the Management Control Documents.
- 3.7. All purchases made in foreign currency must be in accordance with the Princes Group Currency Management Policy.
- 3.8. Payments are made once product has moved into the 'unrestricted' product category, i.e., where there are no quality problems and payments are made on minimum standard payment terms of 45 days or different payment terms if properly approved in accordance with the MCD.
- 3.9. Settlements are negotiated in a timely manner with suppliers in respect of any problems that could result in financial losses to the Company e.g.
- goods that are not in accordance with product or packaging specification
  - consumer or customer complaints
  - regulatory action.

- 3.10. Claims are made against suppliers, shippers and, as appropriate, insurers for shortages and damages as follows:-

**Princes Ltd & Princes Foods BV**

- a) For traded products: claims are raised by Supply Chain with settlement supported by the relevant business sector manager;
- b) For manufactured products: ingredients or packaging; claims are made and settled by the relevant business sector manager. For indirects: claims are raised by the appropriate department / individual.

**PIA**

- a) For traded products claims are raised by Planning and Supply Chain with settlement supported by the relevant business sector team
- b) For manufactured products; ingredients or packaging; claims are made and settled by the relevant business sector team
- c) For indirects claims are raised by the appropriate department / individual

**PTM**

- a) Purchase of fish: claims are raised locally with support from RLB where required
- b) Other Ingredients and packaging: claims are also raised locally
- c) For indirects: claims are raised by the appropriate department / individual

- 3.11. The relevant business sector buyer is responsible for monitoring and controlling packaging stocks at suppliers where there is a known liability/problem.

- 3.12. The relevant business sector buyer maintains market intelligence and report changes in pricing levels and potential problem areas or conditions which could adversely affect the Company's competitive position.

- 3.13. Confirmation in writing or via the ESRM system is required from each supplier acknowledging adherence to Company product and packaging specifications (where applicable).

- 3.14 Buyers must ensure that regular reviews of major supplier credit worthiness and financial strength are undertaken at the appropriate intervals.

**4. STOCK CONTROL POLICIES**

- 4.1 These policies must be followed in order:-

- 4.1.1 To assist the stock control team, where required, to manage stock levels to budget weeks of stock or other targets in the

case of strategic purchase agreements through the required approval process as outlined in the MCD.

4.1.2 To support the stock control team to deliver the business targets for outbound customer service levels and also inbound service levels from the supply base.

4.2 Raw material and packaging purchases, stock holding levels and call off, are the responsibility of site material schedulers. However, business sector managers must provide the appropriate level of support to ensure that stocks are maintained within budget and any deviation from this is authorised under the rules set out in the MCD.

## **5. CURRENCY PURCHASING**

5.1. For all goods purchased in foreign currency, foreign exchange cover must be put in place in accordance with the Princes Group Currency Management Policy and the appropriate procedures.

5.2. All relevant business sector directors and managers (or for PTM and its subsidiaries, the Head of Finance & IT) must be fully conversant with the Princes Group Currency Management Policy and the appropriate procedures.

5.3 All foreign currency cover will be undertaken by Group Treasury in accordance with the approved mandate.

## **6. INDIRECTS PURCHASING**

6.1. Business sector managers responsible for the purchase of services/ capital operate under the same general principles/policy and authorisation levels as finished product/raw material/and packaging buyers but apply the relevant Company terms & conditions for the purchase of goods and/or services.

## **7. AUTHORITY LEVELS**

### **Princes Ltd**

| <b>Contract Value<br/>In £ sterling (or local<br/>equivalent currency)</b> | <b>Raised by (First<br/>Signatory)</b> | <b>Authorised<br/>By</b>                                     |
|----------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------|
| <b>Below<br/>£0.5m</b>                                                     | Business sector Buyer /<br>Controller  | Independent Business<br>sector<br>Business sector Controller |
| <b>£0.5m –<br/>£1.0m</b>                                                   | Business sector Buyer /<br>Controller  | Relevant commercial<br>Director                              |
| <b>Above<br/>£1.0m - £5.0m</b>                                             | Business sector Buyer /<br>Controller  | Business sector Group<br>Director                            |

|                    |                                       |                                  |
|--------------------|---------------------------------------|----------------------------------|
| <b>Above £5.0m</b> | Business sector Buyer /<br>Controller | Business sector Chief<br>Officer |
|--------------------|---------------------------------------|----------------------------------|

## **Princes Foods BV**

| <b>Contract Value<br/>In £ sterling (or local<br/>equivalent currency)</b> | <b>Raised by (First<br/>Signatory)</b>                   | <b>Authorised<br/>By</b>        |
|----------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------|
| <b>Below<br/>£0.5m</b>                                                     | Commercial Manager                                       | Senior Commercial<br>Manager    |
| <b>£0.5m –<br/>£1.0m</b>                                                   | Commercial Manager                                       | Relevant Commercial<br>Director |
| <b>Above<br/>£1.0m - £5.0m</b>                                             | Commercial Manager<br>or<br>Senior Commercial<br>Manager | Group Director                  |
| <b>Above £5.0m</b>                                                         | Group Director                                           | Relevant Chief Officer          |

### **Mauritius**

#### **Contracts on standard terms and conditions only**

Authority levels are set out in the PTM Joint Venture Agreement.

Schedule 1 contains matters requiring Princes Ltd (as shareholder) consent.

Schedule 2 contains the matters requiring PTM majority Board approval – all matters below this level are within the authority of the PTM Managing Director.

### **Italy**

#### **Contracts on standard terms and conditions only**

| <b>Contract<br/>Value</b>      | <b>Tin Plate / Tomato</b>                  |                                       | <b>Other</b>                               |                                     |
|--------------------------------|--------------------------------------------|---------------------------------------|--------------------------------------------|-------------------------------------|
|                                | <b>Raised by<br/>(First<br/>Signatory)</b> | <b>Authorised<br/>By</b>              | <b>Raised by<br/>(First<br/>Signatory)</b> | <b>Authorised<br/>By</b>            |
| <b>Below<br/>€0.5m</b>         | Raw Material<br>Manager                    | PIA Head of<br>Procurement            | Senior<br>Purchasing<br>Manager            | PIA Head of<br>Procurement          |
| <b>€0.5m –<br/>€1.0m</b>       | Raw Material<br>Manager                    | PIA Head of<br>Procurement            | Senior<br>Purchasing<br>Manager            | PIA Head of<br>Procurement          |
| <b>Above<br/>€1.0m - £5.0m</b> | PIA Head of<br>Procurement                 | Managing<br>Director (PIA)            | PIA Head of<br>Procurement                 | Managing<br>Director PIA            |
| <b>Above<br/>€£5.0m</b>        | Managing<br>Director (PIA)                 | Business<br>sector Chief<br>Executive | Managing<br>Director (PIA)                 | Business<br>sector Chief<br>Officer |

9 **Approval of Risk in relation to the conscious non coverage of commodities purchased for manufacturing for agreed sales contracts on a back to back basis.**

| <b>Value of Risk in £sterling (or local equivalent currency)</b> | <b>Authorised By</b>           |
|------------------------------------------------------------------|--------------------------------|
| Below £0.5m                                                      | Business sector Group Director |
| £0.5m - £1m                                                      | Business sector Chief Officer, |
| Above £1m                                                        | SDSB                           |

Note

Full appropriate supporting documentation is required.