

## SUPPLIER GUIDELINES

### GENERAL

Simplot Australia in the conduct of its business activities requires a commitment to the procurement of goods and services in a manner which :

- Is conducive to good corporate citizenship;
- Will enhance Simplot Australia's reputation and image of its brands
- Will ensure the achievement of Simplot Australia's commercial success.

This Guideline sets out the required standards and defines the level of service applicable to the Supply of Products and/or Services to be provided to Simplot Australia. The primary objective is to define an operational framework for the Supplier to provide efficient, high quality goods and services in line with Simplot Australia's expectations of ethical and legal standards. It includes components of performance measures, Supplier level review, changes to procedures, customer feed back process, issue/problem management, procedure and audit procedures.

### Objectives

Simplot Australia's objective is to utilise the Company's purchasing power to influence those from whom it procures goods and/or services to:

- Embrace high standards of ethical behaviour
- Comply with all applicable laws and regulations
- Treat employees fairly and with dignity and respect to as to promote their welfare and improve their quality of life and
- Be socially responsible corporate citizens in the countries and communities in which they operate.

The following guidelines set out Simplot Australia's expectations and requirements from Suppliers in the business relationship. Simplot Australia operating management are charged with the responsibility for conducting investigation and audit of Suppliers' compliance.

### Ethical Standards

Simplot Australia will only do business with Suppliers who embrace high standards of ethical business behaviour and who demonstrate commitment to those standards through rigorous practices.

### Legal Requirements

Simplot Australia is committed to full compliance with all laws and regulations in the locations where the Supplier operates and Simplot Australia conducts business and will not knowingly violate any such law or regulation. Simplot Australia will not use Suppliers who are in violation of applicable laws and regulations.



## **Environmental Requirements**

Simplot Australia will do business only with those Suppliers who share its commitment to the environment and pursue practices which conform to applicable environmental standards. Simplot Australia expects Suppliers to have in place and implement plans and programs to correct any non compliant practices.

## **Employment Practices**

### **A. WORKING HOURS**

Simplot Australia will not knowingly use Suppliers who fail to comply with the legal maximum working hours specified by laws.

### **B. CHILD LABOUR**

Simplot Australia will not knowingly use Suppliers who employ workers in violation of the local mandatory school age, or under the legal employment age. In no cases will Simplot Australia procure goods or services from Suppliers employing persons under the age of 15. In addition, Simplot Australia will favour those Supplier who are pro-active in contributing to the continued education and betterment of its employees.

### **C. DISCRIMINATION**

Simplot Australia believes that people should be employed on the basis of ability to do the job rather than the basis of personal characteristics and/or beliefs. Simplot Australia will favour those Suppliers who act in accordance with this principle.

### **D. HEALTH AND SAFETY**

Simplot Australia believes in doing business with those Suppliers who have demonstrated concern for and commitment to the health and safety of their employees.

## **SERVICE LEVELS**

The following guidelines set out Simplot Australia's expected service levels from a Supplier

### **Supplier Responsibility**

- Deliver the goods and/or services in accordance with the Supply Agreement;
- Where applicable, provide application and process training to relevant Simplot personnel to ensure maximum benefit is gained from products and/or services;
- Deliver the goods in accordance with time frame and Vendor schedules;
- Ensure that goods and/or services at all times meet specifications;
- Deliver goods and/or services in accordance with performance measures;
- Provide Early Warning of any organisational, functional or technical changes that may affect the ability to deliver goods and/or services



in a timely and efficient manner;

- Provide timely issue/problem resolution;
- Demonstrate a pro-active approach to the introduction of World Best Practices in Innovation and Technological advancements.
- Resolve industrial disputes and issues which impact performance and ability to supply
- Develop contingency plans

#### **Simplot Australia Responsibilities**

- To provide accurate and timely Vendor schedules for the goods and/or services;
- To raise issues or problems of concern in a timely manner to ensure issue/problem resolution;
- To co-ordinate new or unusual transactions with the Supplier to ensure efficient and timely introduction;
- To provide accurate and timely performance data to the Supplier in accordance with performance measurement procedure and customer feedback process.

#### **Expectation of Service Levels to be provided by the Supplier**

- On time deliveries in full;
- Quality standards and specifications are met;
- Continuity of Supply;
- Notification of any issue effecting supply and/or delivery;
- Continuous quality improvement and process rationalisation through joint discovery program;
- Administrative support and integration, evidenced by consolidation of accounts, prompt monthly payment of rebates and monthly statements;
- Improvement of efficiencies in supply chain management;
- Waste minimisation
- Participation and accreditation in Simplot Australia's Supplier Development Program.

#### **Performance Measures**

- The parties will establish appropriate performance measures and performance will be tracked and reported upon during the term of the Supply Agreement;
- The expectation is that the Supplier will provide high quality, efficient, cost effective and timely goods and/or services to Simplot Australia.
- Performance measures will be tracked and reports sent on a monthly basis and discussed in Supplier meetings.
- If performance falls below agreed levels, the Supplier and Simplot Australia agree to meet in accordance with the issues/problem management procedure to identify the causes and develop improvement actions.
- The Supplier will be required to respond to identified problems and implement corrective actions.

#### **Supplier Reviews**

- Simplot Australia and the Supplier will meet at appropriate times to discuss ongoing relationship;

#### **Supplier innovation and market benchmarking**

- The Supplier is required to provide Simplot Australia with reports on the following:-
  - Development of a market report on price movements for base raw materials;
  - Standing against competitors on quality, innovation and price;
  - Market commodity reports (where applicable);
  - Presentation of new products and applications;
  - Innovative technology, if any, and improved processes;
  - Product application improvement

#### **Issue/Problem Management Procedure**

- Simplot Australia and the Supplier agree to maintain an Issue Resolution Process to identify, track, prioritise and report on issues which impact on service levels comprising the following three components:
  - Identification being recognition that an issue exists. Any concerns raised by Simplot Australia are to be made to the relevant Supplier representative;
  - Processing – Accurate classification and timely resolution of the issues/problem. The issue/problem will be documented and the two parties should agree on a resolution and appropriate time frame for completion of the issue. If the issue cannot be resolved during this phase then subsequent Supplier Agreement will be reviewed or terminated if the dispute cannot be resolved;
  - Prevention being the proactive management of the issues/problem and effort to reduce the likelihood of recurrence.

#### **Audit of Premises**

- The Supplier will co-operate with Simplot Australia in its request to audit manufacturing and/or distribution sites. For quality control purposes regular audits are conducted by Simplot Australia internal quality auditors and reports provided to the Supplier specifying areas of concern and/or need for improvement.

#### **Financial Delivery**

- Supplier agrees to provide market information on cost drivers and to have programs in place to achieve effective cost downs.
- At all times its pricing strategy will be competitive with other industry players.
- Supplier agrees to automatically pass on cost downs and provide clear visibility of any cost increases.

