



**SERVICE
FOODS**

BEHIND EVERY
GREAT CHEF

Procurement Policy

Service Foods Limited

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INTRODUCTION

- 1.1 Procurement plays a vital role in the business model of Service Foods Limited (Supplier). This document outlines the Supplier's policy (Policy) for procuring goods and is designed to:
 - 1.1.1 inform employees of the appropriate behaviours and principles for conducting procurement;
 - 1.1.2 ensure that procurement is conducted within a clearly defined internal control framework;
 - 1.1.3 promote transparency and accountability in how the Supplier manages its procurement;
 - 1.1.4 encourage consistent practice across all the Supplier's locations to realise procurement-related benefits; and
 - 1.1.5 ensure procurement practices comply with New Zealand law.

SCOPE

- 2.1 This Policy applies to the acquisition of all goods made by the Supplier for onward supply and allows employees to make well considered value and risk decisions by working to the Policy guidelines. Value includes but is not limited to price, quality and sustainability.

OBJECTIVES

- 3.1 The objectives of this Policy are to provide clear direction to employees in relation to the performance of procurement activities and to establish a decision framework that ensures:
 - 3.1.1 Openness - all procurement is carried out in an open and transparent manner.
 - 3.1.2 Accountability - the Supplier and its employees are accountable for their performance.
 - 3.1.3 Fairness - all procurement is carried out in a fair manner and decisions are made impartially and without bias.
 - 3.1.4 Integrity - all employees undertaking procurement do so ethically, equitably and with high behavioural standards.
 - 3.1.5 Value for Money - all procurement delivers best value through the most appropriate supplier.
 - 3.1.6 Risk - all procurement appropriately manages risk (contractual, financial and sustainability risks).
 - 3.1.7 Sustainability - all procurement supports sustainability, environmental and ethical practices.
 - 3.1.8 Lawfulness - all procurement is undertaken in accordance with the Supplier's legal obligations.

THRESHOLDS

- 4.1 The Supplier's procurement processes are as follows:
 - 4.1.1 Common product (where brand is not the focus): three quotations.
 - 4.1.2 Significant category or item (as determined by the Head of Categories or the Managing Director): request for proposal or tender.
 - 4.1.3 Major expenses (as determined by the Executive team): request for proposal or tender.
- 4.2 If a product or service is critical to satisfy the needs of a particular customer, subject to the approval of the relevant General Manager, the procurement processes set out in paragraphs 4.1.1 to 4.1.3 may be deviated from.

ETHICS, TRANSPARENCY AND ACCOUNTABILITY

- 5.1 All procurement will be conducted in a fair, consistent, accurate and unbiased manner, acting in good faith.
- 5.2 The Supplier must comply with its internal financial delegations when it procures goods. Procurement Team Buyers, General Manager's or Executives may place orders on behalf of the Supplier. Orders must be made using a Purchase Order or expense requisition form:
 - 5.2.1 Purchase Orders between \$75,000 to \$299,000 require the approval of the General Manager of the division.
 - 5.2.2 Purchase Orders over \$300,000 require the approval of the Managing Director.
- 5.3 All employees involved in the procurement process are required to declare any personal interest they have that may affect (or could be perceived to affect) their impartiality (Conflicts of interest are circumstances where the exercise of an employee's duties or responsibilities to the Supplier with regards to their dealings with suppliers, could be, or might be perceived to be, influenced by some other interest that the employee may have).
- 5.4 Gifts, hospitality or other incentives from suppliers over NZD\$100.00 in value cannot be accepted by employees without prior written disclosure and approval from management.
- 5.5 All gifts, hospitality, or other incentives over NZD\$50.00 must be recorded in a Gift Register, which will be reported quarterly to the board.

FAIRNESS AND LAWFULNESS

- 6.1 The Supplier must act fairly and reasonably and in keeping with the law.
- 6.2 The Supplier is committed to fair and ethical business practices that encourage competition and enhance its supplier relationships. Central to this, is maintaining the confidentiality of all supplier proposals, quotations, prices, contracts and other proprietary materials.

- 6.3 The Supplier recognises that the development of competitive supply markets will ensure sustainable sources of supply.
- 6.4 All qualified suppliers will have a reasonable opportunity to participate in the Supplier's procurements.

FRAUD AND IMPROPRIETY

- 7.1 Conducting procurement in a fair and transparent manner should reduce the risk of fraud and impropriety. Following this Policy and having appropriate internal controls in place should also assist. Discovery of fraud, bribery, or corruption must be reported to the Police or, where appropriate, the Serious Fraud Office.
- 7.2 The Supplier is committed to preventing fraud, bribery and corruption and has appropriate internal control measures to ensure that:
 - 7.2.1 all employees with conflicts of interest are required to declare their personal interest to their immediate manager (Conflicts of interest are described at paragraph 5.3 and include circumstances where the employee has a friend or family member working for a supplier). Depending on the conflict, employees may be excluded from the procurement process;
 - 7.2.2 when undertaking procurement, employees will not demand or accept (either for him or herself or any third party) any benefit which the person is not legally entitled to;
 - 7.2.3 all prospective suppliers are treated with equity; and
 - 7.2.4 no prospective supplier will be provided with confidential and/or additional information through which that supplier could obtain an advantage in the procurement process.

VALUE FOR MONEY

- 8.1 The Supplier will seek the best possible outcome and will achieve this by:
 - 8.1.1 basing procurement decisions on a range of factors and not just consideration of the lowest price; and
 - 8.1.2 subjecting proposals, quotations and tenders to a robust evaluation process including comparison of value.
- 8.2 The Supplier will base its procurement decision on a combination of the factors set out above, as well as customer preference as to brand and type of product. Personal preferences will not inform any procurement decisions.

SUSTAINABILITY

- 9.1 It is becoming more important to work in ways which take into account long-term sustainability. Sustainability involves thinking broadly about long-term as well as short-term effects, and assessing indirect as well as direct effects, while considering economic, social and environmental aspects.
- 9.2 Please refer to the Supplier's Environmental Sustainability Policy for further guidance.

VALUE OF RELATIONSHIPS

- 10.1 The Supplier recognises the value of effective and honest relationships with its suppliers. Developing long term and mutually beneficial relationships will support the Supplier in achieving best value. The Supplier will actively manage contracts and relationships to sustain and increase supplier performance.

THINKING STRATEGICALLY

- 11.1 When making procurement decisions, the Supplier will consider long term benefits, economic impacts, consequences and implications on the environment and community.
- 11.2 The various locations of the Supplier are expected to act collaboratively, to leverage supply requirements and achieve best value.

KEEPING RECORDS

- 12.1 The value and risk of the procurement will determine the nature and amount of the documentation required, but the Supplier will at a minimum keep adequate records to:
 - 12.1.1 show that it observed the objectives outlined in paragraph 3; and
 - 12.1.2 establish that it identified and appropriately managed potential conflict of interest issues.
- 12.2 The Supplier will keep records in a manner that facilitates audit and other normal processes of accountability.