

## **Policy on procurement**

The Group Procurement Policy defines governing principles of procurement and establishes framework for decision-making. The Policy describes requirements for implementation, monitoring and reporting of compliance with these principles.

The Policy shall ensure best value for money in procurement of goods and services by applying a clear and consistent approach.

The policy applies in its entirety to all Mowi procurement related activities, unless in conflict with applicable laws and regulations. If so, Policy Owner shall be notified immediately.

The Group Policy applies to Mowi including subsidiaries, fully or majority owned by Mowi, in all countries with operations.

### **Main Principles**

- Group Procurement is owner of all procurement related activities in the Group
- The procurement process shall ensure secure and timely deliveries of goods and services to best prices and conditions
- Purchasing and call offs shall only be executed through process and system approved by Group Procurement
- Procurement Systems are M3 and Opus Capital
- Group Procurement has exclusive mandate to approve suppliers
- All Mowi employees shall search for improvements in decisions and activities related to 4 guiding Ps. This in own operations and in supply chains. Profit, Product, People, Planet
- Mowi shall exploit economies of scale when relevant. Mowi shall ensure suppliers competitive, with sustainable, cost effective and innovative goods and services
- Purchases by Mowi shall satisfy relevant obligations for quality, environment, health and safety, QEHS
- Purchasing commitments shall be done per authority structure defined in Group and local authority matrices
- Procurement contracts shall be based on Mowi templates or standard industry contracts if acceptable
- Mowi shall not use its buying power in conflict with international anti-trust or competition laws
- Mowi's procurement activities shall be handled in accordance with Code of Conduct, Policy on Human Rights, Anti-Fraud and Anti-Corruption Policy
- Procurement's activities shall comply with food safety standards, Mowi's sustainability strategy and quality requirements set by Mowi

### **Principles for control with expenditures - spend visibility**

- All BUs/legal reporting entities shall have control over their spend per supplier and/or category
- Business Units/Legal Reporting Entities shall have a register of appointed spend owners for key categories
- Procurement and controlling shall have a joint systematic approach to spend analysis to identify areas for improvement



**Principles for category management & strategic sourcing**

- Mowi Group's key categories includes a commercial strategy and an action plan
- Strategies contain actions to secure best possible conditions from supply market
- Category manager is responsible ensuring a plan in place
- Mowi Group's key category groups represent key stakeholders, technical experts and relevant functions
- Mowi Group shall use competitive bidding in all key categories unless not beneficial
- Category Manager is responsible for purchasing within their category, including supplier approval
- Spend owner shall approve category mandate, including strategy
- Mowi Group shall have a robust sourcing process supporting local procurement, responsible to detect and prevent fraud
- This also to detect opportunity for cost reductions by identifying and developing alternatives of supply

**Principles for ordering and receipt of goods and services**

- Obtain 3 offers from different suppliers, unless contracts are in place, for all purchases exceeding EUR 25 000, -
- Suppliers shall be approved and contracts in place for all key categories
- Place orders at approved contracted suppliers only
- A written PO is required for purchases and call-offs
- BUs/Legal Reporting Entities shall complete goods inspection according to instructions when goods arrive at site
- BUs/Legal Reporting Entities shall document inspections and audit findings and for follow-up of claims and invoice processing

**Principles for inventory control**

The local inventory responsible shall ensure

- Inventory is secured to maintain value
- Good inventory practices are in place
- All sites keep an updated, record on inventory
- Identified impairment losses reported continuously, at least quarterly, if above set threshold level

**Principles for contract management**

- Every Business Units/Legal Reporting Entity shall upload its contracts to global contract database on Procurement's global SharePoint site

The register shall include

- Category
- Short description of scope of work, options, start and end
- Supplier, supplier daily issues and contract responsible
- Mowi daily issues and contract responsible
- Evaluate annually supplier performance in key categories and by major or strategic suppliers



### The main purposes are

- Ensure contract compliance and measure turnover
- Secure continuous improvement in all areas
- Measure Key Performance Indicators, KPIs
- Quality Environment Health and Safety, QEHS
- Compliance with Code of Conduct
- Identify cost savings and reduce risk
- Performance assessment shall evaluate if a sourcing process shall be initiated or contracts continued

### **Implementation**

#### Policy Owner

Group Procurement Director is owner of the Procurement Policy in the Group.

The Policy Owner is responsible for distribution of Group Procurement Policy to Business Units. He shall provide necessary instructions and training to ensure Business Units familiar with and understand content of Group Procurement Policy.

The Group Procurement Policy shall be made easily available for BUs. The Policy Owner shall upon request support local implementation of and compliance with Group policy and procedures.

#### Business Area

The Business Area management shall facilitate implementation of Group policies and procedures. They shall raise areas of concern to Policy Owner, if needed.

#### Business Unit/Legal Reporting Entity

The local procurement responsible shall implement and ensure compliance with Group Policy and Group procedures. He shall ensure employees aware of and understanding main principles and procedural action steps in Policy and related procedures. This includes necessary information and training.

Each employee involved in procurement is responsible for knowing and following the Group Procurement Policy.

### **Monitoring of compliance**

#### Objective

The objective of monitoring is to ensure compliance with main principles in Group policy and procedural action steps in accompanying procedures.

#### Policy Owner

The Policy Owner is responsible for overseeing policy compliance. The Policy Owner may use information from group-wide monitoring activities, deviation handling, on-going support activities and results from local monitoring activities.



### Business Unit/Legal Reporting Entity

The local procurement responsible is responsible for local monitoring activities. He shall perform an annual assessment of compliance with the main principles and procedural action steps. He shall report results to Policy Owner and, if applicable, to finance function in the BUs.

### **Deviation Handling**

Deviation from main principles and/or procedural steps can be

- Permitted, considered an exception
- Not permitted, considered a breach

### Exception request

Exceptions shall not be granted, unless under exceptional conditions. The local procurement responsible shall address requests for exception in writing to the Policy Owner. The Policy Owner shall assess and decide on each request individually. The resolution and related documentation shall be archived locally and by Policy Owner.

### Policy breaches

The local procurement responsible shall immediately report any significant breach to Policy Owner. The Policy Owner shall initiate appropriate actions and/or decide whether sanctions required.

All employees and external parties are encouraged to raise concerns about misconduct and non-compliance with this policy. This to line management, union representative, Group management, Human Resources or directly to Mowi Whistle blower channel. Find this described in detail in Code of Conduct and Whistle blower procedures.

