

## Corporate Social Responsibility

**Fareva's relationship with its suppliers imply the compliance with the business's key principles, which both fulfill its requirements for quality, cost, time scale and reliability, and commit to enhancing respect for people and the environment.**

**They also stress equity and loyalty principles.**

**Our objective is to contribute to the competitiveness of the Group's affiliates, while remaining true to the fundamental values of Fareva's Code of Ethics.**

**Each of us undertakes to respect them.**

### OUR POLICY FOR CSR, PERFORMANCE AND RESPONSIBLE PROCUREMENT

Fareva's Corporate Social Responsibility (CSR) for procurement is implicated in its relationships with its suppliers and their sub-contractors.

We have followed a responsible-procurement approach with our suppliers since 2013, by adopting principles of sustainable development and translating them into operational terms.

In order to establish mutually beneficial relationships with our suppliers, we expect them both to comply with the following principles in our sustainable-development policy, and to ensure they are applied in their own supply chain.

#### SELECTING SUPPLIERS

**This stage applies mainly to new suppliers.**

When taking on a new supplier, the Group's teams follow a structured process aimed at validating the supplier's potential and its capacity to satisfy Fareva's commercial and technical requirements, and its requirements relating to quality, time scale and sustainable development. Suppliers selected by the Group must endorse the values quoted earlier in this document.

**This phase takes the form of a preliminary evaluation.**

The initial evaluation uses a **Quality-Assurance questionnaire**, in order to:

- Analyse the business's financial and economic position,
- Assess its quality approach,
- Measure its technical capacity to respond to Fareva's requirements specification,
- Assess its commitment and its approach to sustainable development.

This preliminary evaluation may be supplemented by an on-site meeting with the supplier. The meeting is used to confirm and if necessary supplement the preliminary evaluation.

It may take the form of:

- A supplier audit,
- A visit to one or more supplier sites,
- A trial at a Fareva site.

To be selected, the supplier must undertake to:

- Answer the evaluation questionnaire satisfactorily,
- Respect the principles and requirements set out in this document,
- Implement a quality-management system that meets the requirements of the **ISO 9001** standard currently in force. **ISO 9001, ISO 14001 and TS 16949 certifications** are an advantage,
- Receive a team from Fareva on site for an audit or a technical visit,
- Ensure its sub-contractors comply with these principles and requirements,
- Inform Fareva before any change to:
  - Its manufacturing process, its quality system or its sub-contracting,
  - The structure of its business (*e.g. to the manufacturing site, or a merger, acquisition or affiliation*).

If the supplier is selected, it can then be included in Fareva's competitive tenders.

#### FAIR COMPETITION

A supplier or sub-contractor of goods and services must be selected **transparently**, based on **criteria that are entirely objective**.

As regards competitive tendering, the following rules and principles are followed:

- The invitation to tender is sent simultaneously to the various suppliers approached and the date for submitting tenders is the same for all of them.
- The list of suppliers approached remains confidential, even after the contract has been awarded, notably to avoid cartels between suppliers.
- The suppliers approached receive strictly the same documents at the same time.
- Proposals including variations or options running parallel to the main solution must be encouraged.
- The invitation-to-tender documents are confidential. The supplier must therefore not communicate them to a third party without Fareva's written authorization.
- Prices, terms & conditions and other technical details from one of the suppliers taking part must not be communicated to the other candidates.
- Fareva does not undertake to choose the lowest price, but the solution that best serves its interests.
- Suppliers not selected must be thanked in a manner appropriate to the nature of their response.
- The Procurement function must be able to describe and justify all the choices it makes.

#### EVALUATING PERFORMANCE

Fareva organizes periodic performance-review meetings with its principal suppliers. The frequency and content of these meetings are defined in agreement with the supplier.

# Fareva Purchasing Group policy

## The objective of the meetings is to take stock and agree on:

- A full and factual assessment of the supplier's performance (e.g. quality, whether it meets commitments, the competitiveness of its products and services, the dynamism of its progress, innovation and value creation, its Social and Environmental Responsibility),
- The **continuous-improvement plan**, including defining and planning improvement objectives,
- The supplier's assessment of the **quality of its relationship with Fareva**, in terms of payment terms & conditions, relationship management, supply-chain management, etc.

## MANAGING THE SUPPLIER RELATIONSHIP

To establish an active and good-quality cooperation with its suppliers, in order to construct a procurement strategy that addresses the Group's needs and challenges.

Central to this are **dialogue** and **cooperation, transparency, the will** to shape the future together, flexibility and a responsible attitude in directing our current and future initiatives.

## ESTABLISHING UNIFIED RELATIONSHIPS WITH OUR SUPPLIERS

We establish unified relationships with our industrial and commercial partners, particularly our suppliers. We base them on fair contract terms and aim at the optimum balance between improving our results and founding long-term partnerships.

Fareva wants to maintain unified relationships with all its suppliers.

We ask them:

- To work entirely transparently and to comply with the competition laws,
- To combat any form of corruption,
- To agree to protect intellectual property,
- To guarantee the confidentiality of information they receive.

## RESPECTING PEOPLE

We expect our suppliers and their sub-contractors to respect:

- **International standards**, in particular the Universal Declaration of Human Rights, the United Nations Global Compact and the OECD Guidelines,
- The **legal and regulatory provisions on labour law** in force in the country (remuneration level, working hours and freedom of association, etc.),
- The fundamental conventions of the **International Labour Organization** (ILO), in particular on child labour, forced labour and non-discrimination,
- Human dignity, by providing **acceptable working conditions**,
- The **safety, health and hygiene** rules, so as to limit the impact of their activity on the health and safety of their staff and of communities adjacent to their sites,
- The safety rules that apply in Fareva Group sites that they visit.

## RESPECTING LAWS AND REGULATIONS

The Procurement Department of the Fareva Group and its suppliers undertake to comply fully with the laws and regulations applicable to all activities that they carry out.

We hope to avoid any conflicts of interest occurring. To do so, we require our

associates to refrain from financial, commercial or other personal activities that might be contrary to the Group's legitimate interests or that, because of their responsibilities within the business, could create a mixed perception.

In general terms, if a conflict of interest arises, the buyer is required to act with maximum transparency as regards his/her manager.

## GIFTS AND INVITATIONS

Gifts and invitations are occasionally offered, and these can affect independence of judgement in relationships with suppliers or sub-contractors.

Accepting gifts from suppliers or sub-contractors, whether in the form of money, material goods, services, entertainment, travel, or any other form of present, is therefore not permitted.

At the same time, corporate gifts of low value may be accepted, for instance a promotional item, an occasional meal, an invitation to a social event or participation in an event sponsored by the supplier or sub-contractor.

Accepting such a gift must under no circumstances influence the buyer's or requisitioner's ability to make a decision regarding the supplier.

If a gift or an invitation must be accepted in order to respect local customs, the buyer shall inform his/her manager, who will decide what further action, if any, to take.

## CONFIDENTIALITY

The Fareva purchasing teams may hold information about the Group which must remain confidential, because disclosing it or releasing it early could harm the Group.

Such information could, for instance, relate to products, studies, technical know-how, industrial or commercial projects, financial data, or to future strategic, tactical, budgetary or other plans of the Fareva Group, which are not yet in the public domain.

Each employee must ensure that such information is neither disseminated directly or indirectly outside the Business, nor communicated to people who are not authorized to receive it.

Similarly, the confidentiality of all information received during a tendering process that relates to a supplier is strictly respected as regards the other companies approached.

Confidentiality contracts may be agreed between Fareva and its suppliers at the dialogue stage.

## CONTINUOUS IMPROVEMENT

The Group assists its suppliers in defining plans to **improve the value of their products and services**. Fareva monitors regularly the suppliers with which it works by assessing their performance. Our key suppliers must undertake to define quantified objectives in these areas, to provide the information necessary to assess them and to implement any corrective action plans required; they also authorize Fareva or its authorized service providers to carry out on-site audits.

**Group Procurement Division**