

1. Objective

Flinders Port Holdings (FPH) and its subsidiaries (together the **FPH Group**), is committed to ensuring that a disciplined, robust, and transparent procurement approach is taken to enable competitive, reliable and ethical supply arrangements which provide best value to the Group, align to the Group's Sustainability Plan and continuously improve levels of quality, service and technology, all while mitigating risk exposure in our supply chains.

The purpose of this Procurement & Supply Group Policy is to provide direction for a comprehensive approach to the procurement of Goods, Works and Services for the FPH Group.

2. Policy Statement

2.1 Scope

This Policy applies to procurement activities undertaken on behalf of the FPH Group by any person or entity.

This Policy does not cover:

- 2.1.1 Non-Procurement expenditure such as sponsorship, donations, customer payments/refunds or employment contracts; and
- 2.1.2 The acquisition/disposal of land and other similar property assets of the Group.

2.2 Procurement Principles

The following Procurement Principles underpin procurement activities undertaken on behalf of the FPH Group:

Principle 1 – Value for Money

Delivering Value for Money is critical to the way that the FPH Group conducts its business and manages key business relationships, including when undertaking procurement activities. This may include consideration of a number of factors in addition to price/rate, including:

- Whole of Life costs;
- Quality and/or availability of goods and/or services;
- Fitness of goods and/or services for purpose;
- Specific Supplier performance and/or expertise;

Safety & Health Above All Else

- Specific legal compliance obligations; and
- Whether a Supplier is a Preferred Supplier of the Group.

Principle 2 – Ethical sourcing and business conduct

The FPH Group is committed to high standards of ethical conduct and strives to uphold human rights, fair working conditions and to engage in sustainable and environmentally sound business practices. In accordance with the expectations of our stakeholders, the community and requirements of regulatory authorities, we strive to always operate responsibly, and we expect the same from our Suppliers. Maintaining a reputation for the highest legal, moral and ethical standards in our dealings with our customers and other stakeholders is critical to our ongoing success.

The FPH Group also aims to deliver high quality services in an efficient and cost-effective manner. In today's global market, this means sourcing products from a variety of locations nationally and internationally. In recent years, concerns over poor working conditions and environmental degradation in developing countries and emerging markets have seen companies implement specific social and environmental criteria for the production facilities from which they source products.

The FPH Group is committed to ensuring it is:

- Sourcing products and services in a responsible manner;
- Working with Suppliers to improve their social and environmental practices;
- Ensuring it provides clear guidance to its buying staff;
- Protecting the Group's reputation;
- Complying with applicable laws such as the *Modern Slavery Act 2018* (Cth);
- Implementing an effective Supplier risk assessment framework; and
- Communicating its ethical sourcing intentions and achievements to all relevant stakeholders.

Principle 3 - Transparency and accountability

The FPH Group will implement processes in relation to its procurement activities that incorporate transparency, efficiency, sound financial processes, and decision making.

Principle 4 – Market Competition and Competitive Tension

The principle of open and effective competition is employed to achieve efficiency, innovation and choice and to confirm the best procurement outcome for the FPH Group. Those conducting procurement activities should ensure their knowledge of the market for that category is sound and current and that potential solutions from Suppliers and market leaders are considered fully in any procurement approach strategy.

Principle 5 - Risk Management

The FPH Group will undertake risk-based approach to Procurement activities in line with its **Group Supplier Modern Slavery Risk Management Framework** and its **Group Risk Management Framework**. This includes operating safely and applying a safety lens to all procurement activities.

Safety & Health Above All Else

Principle 6 – Sustainability

The consumption of Goods, and procurement of Services and Works, and relationships with the companies that provide these can have a significant impact on the FPH Group with respect to economic outcomes, environmental footprint, social responsibility, reputation and progress towards sustainable development. When applied to procurement, the principle of Corporate Social and Environmental Responsibility involves the ethical consideration of economic, social and environmental impacts in the acquisition of Goods, Works and Services. The procurement evaluation process should consider, where relevant, environmental, energy, resource, social and safety issues raised in each procurement activity and the resulting engagement with a Supplier, consistent with the FPH Group’s Sustainability Plan.

2.3 Application of Procurement Principles

To ensure the FPH Group’s effective and efficient operation, the Procurement Principles at Part 2.2 are to be applied with consideration of the following factors:

- The FPH Group’s overall objectives;
- Resourcing limitations;
- Supplier expertise and/or performance;
- The specific and/or specialist nature of the Goods, Works or Services;
- The existence of an incumbent and/or Preferred Supplier with proven performance and rates/prices within expected market range; and
- The availability of the Goods, Works or Services and/or in the context of the relevant geographic location and any external factors impacting on the supply chain.

3. Policy Implementation

This policy will be implemented by taking the following actions:

- ensuring that this policy is known to and understood by employees; and
- ensuring financial and physical resources are available to support procurement management strategies, processes, and defined programs.

Implementation will be supported through the policies, procedures and processes embedded in relevant management systems.

4. Policy Monitoring

Compliance with this policy will be monitored on a routine basis through processes including internal audits, policy reviews, and incident investigations or as directed by the Group Leadership Team.

Any material breach of this policy will be investigated and addressed as per the Employee Performance and Disciplinary Action Policy.

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5. Policy Review

This policy will be reviewed at least once every 2 years or in accordance with any legislative, business or other relevant changes.

6. Policy owner

This policy is owned by Group Executive Assets.



Chief Executive Officer