

SUSTAINABILITY AUDIT POLICY FOR SUPPLIERS

Objective

Define the criteria and action framework of the Sustainability Audits for the Nutresa Business Group suppliers.

Scope

This Policy is for all procurement and service suppliers of the Nutresa Business Grupo that are negotiated from Servicios Nutresa or from each business unit.

The prioritization criteria for audit scheduling and execution shall be based on risk assessment, the purchase value and the commercial conditions of the categories provided by the supplier. The audit will have gradual coverage and will not take into consideration suppliers with less than 2% of the annual category purchase of supplies or services or with at least 3 orders a year.

Grupo Nutresa has declared its commitment to sustainability throughout the Supply Chain, assuring among others the compliance of practices and ethical behavior in its operations and stakeholders. In accordance, a code of conduct has been defined to regulate stakeholder engagement and define a common framework for compliance verification of the standards, conditions and inherent relations when engaging with suppliers of goods, services and clients in our operations.

To monitor the compliance of the code of conduct, Grupo Nutresa has established a sustainability audit program which allows measuring and assessing stakeholder performance in the different sustainability components and proposing strengthening measures in regards to corporate social responsibility. The sustainability audits are focused on the verification of the social and environmental performance, in everything concerning: production practices, labor practices, human talent management, supplier engagement, legal compliance, human rights, community interactions and environmental considerations, among other sustainability associated risks.



Considerations and general criteria

Sustainability audits shall be conducted by an independent organism other than the commercially related parties (Second Part Audit – carried out by a third party) in order to assure the assessment independence.

For the sustainability audits, previous communication to suppliers or clients will be sent informing the auditing entity, scope and shared form of payment.

Supplier reassessment in time shall not exceed a 5 year period from the last assessment, as long as there is commercial ties, in order to validate supplier practices and measure sustainability.

Suppliers whose audit results are under 80% or in non-compliance in fundamental variables shall generate and deliver a remedial/improvement action plan which shall be then monitored by an auditor.

Commercial relation continuity with suppliers will be determined according to the improvement of fundamental variables where needed and the suspension decision of all commercial relations during the improvement period shall be determined by the hiring management.

Responsibles

AUTHOR
CHIEF PROCUREMENT MANAGER
SERVICIOS NUTRESA

APPROVED BY
VICEPRESIDENT
OF SUSTAINABILITY

Dates

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CLASSIFICATION AND FREQUENCY FOR RE-ASSESSMENT OF SUPPLIERS OF RAW MATERIALS, FINISHED PRODUCTS AND PACKAGING MATERIALS BASED ON RISK ASSESSMENT

Objective

In order to determine supplier risk, this procedure, provides the methodology to carry out the supplier classification according to risk assessment aligned to the Grupo Nutresa Management Systems.

Scope

This procedure applies to all raw materials, finished products for commercialization and packaging materials supplied to the Grupo Nutresa companies, and is executed in each business once a year by the Quality and/or Research and Development Teams.

Process steps

1. RISK IDENTIFICATION

Risk identification is carried out according to the Grupo Nutresa methodology for the procurement of raw materials, finished products and packaging materials. See attached document. Chemical, physical and biological material risks shall be considered, according to the implemented management systems of each plant, risk identification may include: Allergens; Substitution and Fraud.

2. MATERIAL RISK VALUATION

Risks are valued taking into consideration the probability and severity of the material by supplier, later to be included into the corresponding risk matrix. Total Score =Probability x Severity

In accordance, a primary material risk matrix is carried out locating the material according to the total risk score:

- **Materials with High or Significant Risk: Type A (Intolerable, Significant, Important).**
- **Materiales with Low or Non-significant Risk:** Type B (Moderate, Tolerable Risk) and Type C (Acceptable Risk).
- In accordance to these classifications, there are different approved assessment options which are stated in the supplier assessment procedure.

3. SUPPLIER RELIABILITY ASSESSMENT

Supplier reliability is measured in the case of re-assessment, taking into consideration the previous assessment score thus defining the supplier's degree of control.

According to total score classification and the Integral Management System results, the following supplier concept is issued being conditional the lowest of the two.

CONCEPT	SCORE	DEGREE OF CONTROL
● More Favorable	Greater or equal 91%	1
● Favorable	Between 81% and 90%	2
● Favorable but conditioned	Between 61% and 80%	3
● Unfavorable To be developed	Between 41% and 60%	4
● Unfavorable	Lower than 40%	4

4. DEFINING RE-ASSESSMENT FREQUENCIES

To define the re-assessment frequency, material risk and supplier reliability are taken into consideration which cross on the matrix defined for Colombia, frequencies between 12 and 48 months and for Costa Rica between 12 and 24 months (Only applies to Material Risk A and B).

In case of Grupo Nutresa suppliers that have BRD certification, on-site re-assessment frequencies cannot exceed three years.

In case of critical suppliers to Grupo Nutresa sustainability according to the parameters defined in the DJSI Report, re-assessment frequencies cannot exceed three years.

In case of Grupo Nutresa suppliers that have OEA certification and that are considered critical to the management system, on-site re-assessment frequencies cannot exceed three years.

For sustainability audits, the frequency shall not exceed 5 years, given there is a commercial relation in order to revalidate practices and measure supplier sustainability performance.

Responsibles

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SERVICIOS NUTRESA

Dates

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