



PROCUREMENT AND SUPPLIER DUE DILIGENCE POLICY

Document Control

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Version History

Version	Date	Description	Approved By
1.0	14/10/2019	Initial Procurement and Supplier Due Diligence Policy	Board of Directors



2.0	27/02/2026	Expanded procurement integrity, supplier due diligence and governance framework	Board of Directors
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1. Purpose

The purpose of this Policy is to guide how The Aquaculture Consortium Limited (“TAC”) procures goods and services, selects suppliers, manages supplier relationships and conducts supplier due diligence.

TAC operates across aquaculture, agribusiness, food systems, processing, digital systems, farmer/MSME support, partnerships, logistics, programme implementation and value-chain development. Because procurement and supplier relationships are central to these operations, TAC is committed to ensuring that procurement is fair, transparent, competitive where appropriate, properly documented, cost-effective and free from bribery, corruption, fraud or conflicts of interest.

This Policy also supports TAC’s commitment to ethical business conduct, ESG principles, donor and investor compliance expectations, anti-fraud controls, responsible sourcing and institutional governance.

2. Scope

This Policy applies to:

- Directors, employees, consultants, interns and contracted personnel involved in procurement;
- Suppliers, vendors, contractors, consultants, agents and service providers;
- Portfolio enterprises, subsidiaries, branches and affiliated operations where applicable;
- Procurement of goods, services, equipment, works, consultancy, transport, logistics, inputs, digital services and professional services;
- Physical, digital and electronic procurement and supplier-management activities connected to TAC operations.





3. Policy Statement

TAC shall procure goods and services in a manner that promotes value for money, integrity, fairness, transparency, quality, accountability and proper documentation.

All procurement decisions must be based on legitimate business needs and must follow approved procedures.

TAC prohibits:

- Bribery, kickbacks and facilitation payments;
- Procurement collusion and vendor favoritism;
- Undisclosed related-party dealings;
- Falsification of procurement records;
- Inflated pricing or manipulated quotations;
- Split purchases designed to avoid approval limits;
- Payments for goods or services not received;
- Cyber-enabled procurement fraud or invoice manipulation;
- Unauthorised supplier substitution;
- Improper influence in supplier selection or payment decisions.

4. Procurement Principles

TAC procurement shall be guided by the following principles:

Transparency

Procurement processes and decisions should be properly documented.

Value for Money

Purchasing decisions should consider price, quality, reliability, delivery timelines, sustainability and long-term value.

Fairness





Suppliers should be treated fairly and without improper favouritism or discrimination.

Accountability

Procurement approvals, documentation, payment records and supplier decisions must be clear and traceable.

Integrity

Procurement activities must be free from bribery, corruption, fraud, collusion and conflicts of interest.

Quality and Safety

Goods and services must meet required operational, food safety, technical, environmental, health and legal standards.

Sustainability

Where possible, TAC will consider responsible sourcing, local value creation, ESG principles and environmental impact.

5. Supplier Due Diligence

Before engaging a supplier, contractor, consultant or service provider, TAC may request and verify relevant information depending on the nature, value and risk level of the engagement.

Supplier due diligence may include:

- Legal name and registration documents;
- KRA PIN or tax registration documents where applicable;
- Physical address and contact details;
- Ownership, director and beneficial ownership information where relevant;
- Bank account details in the supplier's legal name;
- Relevant licences, permits or certifications;
- References or evidence of previous work;
- Quotations, proposals or scope of work;





- Sanctions, adverse media or integrity checks where appropriate;
- Conflict of interest declarations where applicable;
- Source-of-funds information where appropriate for higher-risk transactions.

Higher-risk or high-value suppliers may be subject to enhanced due diligence, periodic re-screening and senior management approval.

6. Supplier Selection

Supplier selection should be based on relevant factors such as:

- Price and value for money;
- Quality and technical capacity;
- Delivery timelines;
- Experience and reliability;
- Compliance with legal and tax requirements;
- Food safety, environmental, health and safety standards where applicable;
- Past performance;
- Integrity and absence of known fraud, corruption, sanctions or serious misconduct concerns.

Where possible and practical, TAC should obtain more than one quotation for significant purchases unless there is a documented and approved sole-source justification.

7. Sole Sourcing

Sole sourcing may be allowed where:

- The supplier is the only available provider;
- The requirement is urgent and delay would materially affect operations;
- The supplier has specialised technical expertise;
- The item is proprietary or compatible only with existing systems;
- Continuity with an existing supplier is operationally necessary;
- A donor, investor, partner or project requirement permits it.

All sole-source procurement must be justified, documented and approved by management.





8. Conflict of Interest

Any person involved in procurement must disclose actual, potential or perceived conflicts of interest.

A conflict may arise where an employee, director, consultant or close associate has a financial, family, political, personal or business relationship with a supplier or potential supplier.

A conflicted person may be required to:

- Step away from procurement decisions;
- Abstain from evaluation, negotiation or approval processes;
- Disclose related-party interests;
- Submit a conflict declaration;
- Allow independent review or oversight.

Undisclosed conflicts of interest may result in disciplinary or corrective action.

9. Gifts, Hospitality and Supplier Benefits

TAC employees, directors and representatives must not accept gifts, cash, commissions, discounts, favours, hospitality, travel, allowances or benefits from suppliers where these may influence, or appear to influence, procurement decisions.

Any gift or hospitality that is more than modest or symbolic must be disclosed to management.

Gifts or hospitality that may create actual or perceived improper influence should be declined or escalated.

10. Purchase Approvals

All purchases must be approved according to TAC's internal approval procedures.

Procurement records should clearly show:

- Business need or request;
 - Supplier selected;
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- Quotation or proposal;
- Approval by authorised person;
- Purchase order or contract where applicable;
- Delivery note or confirmation of service;
- Invoice;
- Payment approval;
- Proof of payment.

Approvers must disclose any actual, potential or perceived conflict of interest connected to the transaction.

No payment should be made without appropriate supporting documentation.

11. Delivery, Inspection and Acceptance

Goods and services must be checked before payment to confirm that they meet agreed specifications, quantities, quality, delivery conditions and timelines.

For technical goods, food products, processing equipment, feeds, inputs, digital systems or professional services, appropriate technical staff should confirm inspection and acceptance where necessary.

Where defects, shortages or quality concerns are identified, the issue should be documented and escalated before payment approval.

12. Supplier Payments

Payments should be made through recognised banking or mobile money channels that provide an audit trail.

Payments should normally be made to accounts registered in the supplier's legal name.

Payments to third parties should be avoided unless:

- There is a documented justification;
- The arrangement is verified and approved;
- There is no AML/CFT, fraud, sanctions or conflict-of-interest concern.



Cash payments should be limited to petty cash or minor operational expenses subject to approval, documentation and reconciliation requirements.

13. Prohibited Supplier Relationships

TAC shall not knowingly engage suppliers, contractors or service providers who:

- Are sanctioned or involved in illegal activity;
- Refuse to provide basic due diligence information;
- Offer bribes, kickbacks or improper benefits;
- Submit false or misleading documents;
- Are involved in fraud, corruption, money laundering, terrorism financing or serious misconduct;
- Use child labour, forced labour or exploitative labour practices;
- Create unacceptable environmental, social, health or safety risks;
- Have unresolved serious conflicts of interest;
- Engage in cyber-enabled fraud or digital payment manipulation.

14. Records and Documentation

TAC shall maintain procurement and supplier records, including:

- Quotations and proposals;
- Contracts and purchase orders;
- Procurement approvals;
- Invoices and delivery notes;
- Payment records;
- Supplier due diligence documentation;
- Conflict declarations;
- Supplier evaluations and performance reviews;
- Investigation or escalation records where applicable.

Procurement records shall generally be retained for at least seven (7) years, or longer where required by law, contract, audit, investor/donor requirements or TAC policy.

Records containing personal or confidential information shall be handled in line with TAC's Data Protection & Privacy Policy.



15. Monitoring Supplier Performance

TAC may monitor supplier performance based on:

- Quality;
- Delivery;
- Cost;
- Compliance;
- Reliability;
- Conduct;
- ESG and safety performance where relevant.

Suppliers who perform poorly or breach TAC policies may be subject to corrective action, suspension, non-renewal or termination of the relationship.

TAC may periodically re-screen suppliers during the relationship lifecycle based on risk exposure.

16. Reporting Concerns

Any suspected procurement fraud, bribery, corruption, conflict of interest, supplier misconduct, cyber-enabled procurement fraud or irregular payment should be reported through TAC's reporting channels.

Designated Reporting Contact

Compliance Officer / Compliance & Risk Office

Email: compliance@aquacultureconsortium.com

Reports may also be made to senior management, the Board or through TAC's whistleblowing channels.

Concerns should be escalated promptly and, where practicable, within 24–72 hours of identification.

No employee, consultant, supplier or reporting party acting in good faith shall suffer retaliation for reporting concerns.

The Compliance Officer may escalate material concerns directly to senior management or the Board where appropriate.



17. Training and Awareness

TAC shall provide appropriate procurement integrity and supplier due diligence awareness to relevant employees, consultants and representatives.

Training may include:


- Procurement integrity;
- Supplier due diligence;
- Conflict-of-interest management;
- AML/CFT awareness;
- Fraud prevention;
- Cyber fraud awareness;
- ESG and responsible sourcing;
- Documentation and record-keeping requirements.

18. Review

This Policy shall be reviewed at least annually or earlier where required by changes in law, operations, investor/donor requirements, procurement risks or governance needs.

19. Approval

This Policy has been approved by the Board of Directors of The Aquaculture Consortium Limited.

Name	Position	Signature	Date
Felix Omondi Osok	Board Chair		27/02/2026

Appendix A : Supplier Due Diligence Checklist





Supplier due diligence may include:

- Registration documents;
- Tax registration documents;
- Bank account verification;
- Ownership and director details;
- Beneficial ownership information;
- References and previous work;
- Licences and certifications;
- Sanctions and adverse media checks;
- Conflict-of-interest declarations;
- ESG and safety considerations where applicable.

Appendix B : Procurement Escalation Flow

1. Procurement concern identified.
2. Matter escalated to procurement lead, finance or Compliance Officer.
3. Preliminary review conducted.
4. Investigation or management review initiated where appropriate.
5. Escalation to senior management or Board where necessary.
6. Corrective action implemented and records maintained.

Appendix C : Good Procurement Practices

Personnel should:

- Maintain proper documentation;
- Avoid verbal-only procurement approvals;
- Obtain competitive quotations where practical;
- Verify supplier bank details carefully;
- Escalate suspicious procurement activity promptly;
- Declare conflicts of interest;
- Avoid supplier favoritism or improper influence.