

AMBROSIA HOLDINGS BUSINESS PARTNERS DUE DILIGENCE FLOW

Purpose

To ensure that all business relationships are established with partners who share Ambrosia Holdings' commitment to integrity, quality, and compliance with applicable laws, regulations, and policies, including the **Business Code**, **Quality Management Policy**, **Whistleblowing Policy**, and **Data Protection Policy**.

I. Initial Assessment

1. Identification of Potential Partner

- Name, address, and contact details of the partner.
- Nature and scope of the proposed business relationship.
- Review of initial documentation such as company registration, licences, and certifications.

2. Risk Assessment

- Identify potential risks in areas including:
 - Financial stability.
 - Legal and regulatory compliance (including anti-corruption and anti-money laundering laws).
 - Alignment with Ambrosia's **Business Code** and quality standards.
 - Environmental, social, and governance (ESG) considerations.
 - Classify the partner as **low-risk**, **medium-risk**, or **high-risk** based on the assessment.
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II. Due Diligence Procedures

1. Screening and Documentation

- Conduct background checks using publicly available sources and commercial databases for:
 - Legal or regulatory violations.
 - Sanctions or politically exposed persons (PEP) status.
 - Adverse media coverage.
- Request and review the following documents:
 - Registration certificates and tax compliance records.
 - Financial statements or audit reports (if applicable).
 - Compliance certifications (e.g., ISO, ESG, anti-bribery).
 - Policies on data protection, whistleblowing, and code of conduct.

2. Reference Checks

- Collect references from the partner's previous or current clients, suppliers, or collaborators.
 - 3. **Whistleblowing Channel Confirmation**
 - Confirm the partner has or agrees to establish a whistleblowing mechanism aligned with Ambrosia's Whistleblowing Policy.
 - 4. **Site Visit (if applicable)**
 - Conduct a physical site visit to assess operational capabilities, quality control, and adherence to ESG principles.
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III. Evaluation and Approval

1. **Assessment Report**
 - Prepare a due diligence report summarizing findings from the initial assessment, screening, and documentation review.
 - Highlight any potential risks or red flags.
 2. **Approval Process**
 - **Low-risk partners:** Approval by the designated departmental manager.
 - **Medium-risk partners:** Approval by the Compliance Team and relevant senior management.
 - **High-risk partners:** Approval by the Board of Directors, supported by additional due diligence or external expertise.
 3. **Conditional Approvals**
 - If issues are identified, outline conditions for approval, such as:
 - Corrective action plans.
 - Ongoing monitoring arrangements.
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IV. Onboarding

1. **Contractual Obligations**
 - All contracts must include clauses ensuring compliance with:
 - Ambrosia's Business Code and policies.
 - Applicable EU and Hong Kong laws and regulations.
 - Data protection and confidentiality requirements.
 2. **Training and Communication**
 - Provide an orientation session or materials to the partner on Ambrosia's expectations, including policies and reporting mechanisms.
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V. Monitoring and Review

1. **Ongoing Monitoring**

- Periodic reviews of the partner's performance, compliance, and alignment with Ambrosia's standards.
 - Update due diligence records every two years or as circumstances change (e.g., expansion of scope, significant regulatory changes).
 - 2. Reporting Concerns**
 - Encourage partners to report concerns through Ambrosia's whistleblowing channel.
 - Investigate reported concerns promptly and take appropriate actions.
 - 3. Audit and Compliance Checks**
 - Conduct regular or surprise audits, particularly for medium- and high-risk partners, to verify adherence to contractual obligations and company policies.
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VI. Termination of Relationship

- 1. Grounds for Termination**
 - Breach of contractual obligations.
 - Failure to comply with Ambrosia's policies or applicable laws.
 - Evidence of unethical or illegal behaviour.
 - 2. Termination Procedure**
 - Issue a formal notice with reasons for termination.
 - Ensure the protection of Ambrosia's assets, data, and reputation.
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VII. Record-Keeping

- 1. Documentation**
 - Maintain due diligence records, contracts, and communications for at least five years.
 - Ensure secure storage and compliance with data protection laws.
 - 2. Access Control**
 - Restrict access to sensitive due diligence information to authorized personnel only.
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VIII. Governance and Accountability

- 1. Roles and Responsibilities**
 - **Departmental Managers:** Conduct initial assessments and low-risk approvals.
 - **Compliance Team:** Oversee due diligence processes, ensure compliance, and handle medium-risk evaluations.
 - **Board of Directors:** Approve high-risk partners and provide oversight on due diligence activities.

2. Policy Review

- This process will be reviewed annually to ensure alignment with updated regulations and best practices.