



The Paulig Code of Conduct for Suppliers 2022

INTRODUCTION

Our purpose, for a life full of flavour, means so much more to us than just a taste experience. It comprises responsibility for the wellbeing of both people and the planet as well as our way of working. The food industry can play a crucial role in global climate and health solutions, and we have set ourselves the ambitious goal of being a sustainable frontrunner in our industry.

Paulig wants to offer attractive and competitive products and services without compromising on human rights, working conditions and the environment. Our suppliers have an important role in this, and we could never succeed alone. Open dialogue and collaboration with our suppliers are a key in implementing necessary environmental and human rights due diligence practises and our sustainability approach.

SCOPE

Paulig Code of Conduct for Suppliers (later referred as CoC) defines the minimum sustainability requirements for our suppliers and is based on the Universal Declaration of Human Rights, the Convention on the Rights of the Child, the Core Conventions of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises and the 10 principles of the UN Global Compact. As a member of amfori BSCI (Business Social Compliance Initiative) Paulig has incorporated requirements of the amfori BSCI Code of Conduct into this document.

This CoC applies to all suppliers that deliver goods and/or services to any entity of the Paulig Group, including its parent company and subsidiaries as well as their respective employees and agents and shall be signed by the suppliers who have direct business relationships with Paulig.

The supplier shall commit to the requirements described in this CoC in its own operations and supply chain as appropriate to the sector of business and conduct its business in accordance therewith. This includes that the supplier cascades the requirements of this CoC or equivalent own principles and requirements to their own supply chains.

Paulig reserves the right to cancel the supply agreement with the supplier with immediate effect in case of non-compliance of the CoC where Paulig, at its sole discretion, assesses that an action plan including the required corrective actions is not a sufficient remedy.

Paulig Code of Conduct for Suppliers will be updated and reviewed on a regular basis to reflect changing conditions and to strive for continuous improvement. The latest version of the CoC is available on our website and communicated to relevant stakeholders.

GENERAL PRINCIPLES

COOPERATION

Paulig will support its suppliers to meet the requirements through dialogue and cooperation. The supplier shall be able to provide evidence of implementation and monitoring of the content of this CoC towards its suppliers and its full supply chain. The supplier shall be proactive in appropriately addressing any risk of violation of the requirements, whether in their own operations or in their supply chains and shall have robust measures for improvement.

Paulig evaluates its supplier's performance and compliance by conducting regular reviews and audits of the suppliers and, if relevant, of its sub-suppliers. Audits and reviews are done by Paulig personnel and by 3rd party verifications or external parties in risk countries.

Refusal of cooperation and failure to provide the required information will be considered as material breach of this CoC.

CONTINUOUS IMPROVEMENT AND DUE DILIGENCE

Paulig recognises that reaching the principles established in this CoC is a dynamic process and encourages suppliers to continuously improve their operations.

The supplier shall conduct appropriate and regular due diligence in their own operations and supply chain in a progressive way. Due diligence is a risk management process to identify, prevent, mitigate, and remedy adverse human rights and environmental impact. The supplier should pay special attention to vulnerable groups such as temporary and migrant employees, women and young employees. Based on the due diligence, appropriate policies and procedures shall be developed including communication and training to relevant persons.

Paulig expects its contract manufacturing suppliers to have external sustainability verifications accepted by Paulig for their

operations located in risk countries. For contract manufactured product suppliers, Paulig requires to conduct due diligence for the raw materials originating from risk countries. When purchasing raw materials originating from risk countries, Paulig expects external sustainability verification from its raw material suppliers.

Paulig is committed to science-based climate targets to reduce emissions from its own operations by 80% and from value chain by 50% by 2030. We encourage the suppliers to set their own science-based targets. We expect our suppliers to gather and report relevant information related to own operations and value chain greenhouse gas emissions.

TRANSPARENCY

Customers and consumers are increasingly requiring transparency from food companies. Paulig values transparency and it is essential for building sustainable supply chains. We expect our suppliers to have an open dialogue with us about challenges which they encounter as part of their operations.

The supplier shall operate honestly and be authentic and transparent with facts and data. The supplier shall provide the information about countries of origin for any products, raw materials, contract manufactured goods, packaging materials and ingredients that are delivered to Paulig.

The suppliers of any products, raw materials, contract manufactured goods, packaging materials and ingredients are also required to provide information about traceability, actors in the supply chain, and their sustainability performance when requested. This information may include, but not be limited to, carbon footprint calculation related data, deforestation, and human rights risks. The supplier shall agree with Paulig prior to changing country of origin or outsourcing production to a sub-supplier.

The supplier shall, upon Paulig's request, join a reporting platform of Paulig's choice, for the purpose of collection of supplier sustainability data, and sustainability rating.

REQUIREMENTS

1. Compliance with legal requirements

Paulig expects all suppliers to comply with all applicable national laws and regulations, industry minimum standards and any other relevant statutory requirements of the countries in which they operate. The supplier shall abide by the principles that provide the highest protection to the employees and the environment, without contradicting the legal framework of the country.

2. Modern slavery and forced labour

The supplier shall not use any form of forced, bonded or slave labour.

We expect that:

- The supplier shall not engage in or, through business partners, be complicit in, any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour, including state-imposed forced labour.
- The supplier shall adhere to international principles of responsible recruitment, including the Employer Pays Principle, and require the same from their recruitment partners, when engaging and recruiting all employees, either directly or indirectly, especially members of vulnerable groups such as temporary and migrant employees. As a minimum, this includes:
 - No recruitment fees, costs or deposits are charged from employees.
 - Clear and transparent employment contracts. All documents relating to employment relationships shall be available to employees in a language they understand or explained verbally if required.
 - Employees' freedom from deception and coercion.
 - Employees have the right to leave the premises of the supplier after completing a standard workday.
 - No retention of identity documents. Employees are not required to surrender their identification documents such as passports, identity cards, etc. If retention of identification documents is legally required, the employer must ensure that employees can access and

retrieve their identification papers at any time.

- Access to free, comprehensive, and accurate information.
- Freedom to terminate contract, change employer, and safely return.
- Access to free dispute resolution and effective remedies.
- The supplier shall progressively compensate the damages incurred to the employees within a reasonable timeframe, and within the framework of the same international principles, if historical or actual failure of adherence to principles is identified.

3. Fair employment

No precarious employment.

We expect that:

- The supplier shall ensure that the recruitment process and employment relationships do not cause insecurity and social or economic vulnerability for the employees.
- The supplier shall ensure that work is performed on the basis of a recognised and documented employment relationship, established in compliance with relevant national legislations, custom or practice, and international labour standards, whichever provides greater protection.
- The supplier shall ensure that before entering employment, employees are provided with understandable information in their own language and ensure that they are aware of their rights, responsibilities, and employment conditions, including working hours, remuneration and terms of payment, in their own language.
- The supplier shall aim at providing decent, and where relevant, flexible working conditions that also support employees, irrespective of gender, in their roles as parents or caregivers, including migrant and seasonal employees whose children may be left in their hometowns.



- The supplier shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to - (a) apprenticeship or training schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine employees' protection, (c) labour-only contracting, and d) contract substitution.
- The supplier shall not use subcontracting in a way that undermines the rights of employees.

4. Freedom of association and right to collective bargaining

The right of employees to form and join trade unions shall be respected – or to refrain from doing so – and bargain collectively, in a free and democratic way, without distinction whatsoever and irrespective of gender.

We expect that:

- The supplier shall ensure meaningful representation of all employees, without distinction whatsoever and irrespective of gender.
- The supplier shall not discriminate against employees because of trade union membership.
- The supplier shall not prevent employees' representatives and recruiters from having access to employees in the workplace or from interacting with them.
- The supplier shall respect this principle by allowing employees to freely elect their own representatives with whom the company can enter into dialogue about workplace issues, when operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed.

5. Fair and equal treatment

All employees shall be treated with respect and dignity, based on their individual ability and qualifications.

We expect that:

- The supplier shall ensure that any form of discrimination in hiring and employment practices, on the ground of sex, gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, pregnancy, diseases, or any other condition that could give rise to discrimination, shall not happen.
- The supplier shall ensure that employees are not subject to any form of violence, harassment, and inhumane or degrading treatment in the workplace, as well as threats of violence and abuse, including corporal punishment, verbal, physical, sexual, economical or psychological abuse, mental or physical coercion, or other forms of harassment or intimidation.
- The supplier shall establish clear and fair disciplinary procedures in writing and explain them verbally to all employees in terms and language which they understand. The disciplinary measures must be in line with national legislation.
- The supplier shall provide equal opportunities and treatment throughout recruitment and employment and promote diversity in the workplace.
- The supplier shall verify that employees are not harassed, disciplined, or retaliated upon for reporting issues on any of the grounds listed above.



6. Fair remuneration and benefits

All employees shall be paid at least the national legal minimum wages or industry standards, or industry standards approved based on collective bargaining, whichever is higher.

We expect that:

- The supplier shall pay wages in a regular, timely and stable manner and the wages shall refer to standard working hours.
- The supplier shall provide all employees with a written employment contract outlining the wages and the method of payment. Details about wages and benefits shall be clear and provided in language understood by employees.
- The supplier shall provide all employees with legally mandated benefits, including holidays and leaves and statutory severance when employment ends.
- The supplier shall ensure that the deductions are only made under the conditions and to the extent allowed by law or fixed by collective agreement.
- The supplier shall ensure that employees of all genders and categories, such as migrant and local employees, receive the same remuneration for equal jobs and qualification.
- The supplier shall assess the pay gap accurately and work progressively towards the payment of a living wage that is sufficient to afford a decent standard of living for the employees and their families.
- The supplier shall reflect the skills, responsibility, seniority, and education of employees in their level of wages.
- The supplier shall establish a pay rate for production, quota or piece work to allow employees earn at least a wage which respectively meets or exceeds applicable legal minimum wages, industry standards, or collective bargaining agreements (where applicable) within standard working hours.

7. Decent working hours

Working hours shall comply with the national laws and/or collective bargaining agreements.

We expect that:

- The supplier shall ensure that employees are not required to work more than 48 standard hours per week and overtime in no circumstance shall go beyond the limits defined under national legislation.
- The supplier shall ensure that overtime is always voluntary and used as an exceptional practice. It shall be paid at a premium rate of minimum 125% of the standard rate.
- The supplier shall ensure that overtime shall not represent a significantly higher likelihood of occupational hazards.
- The supplier shall promote working hour practices that enable a healthy work-life balance for the employees.
- The supplier shall grant their employees the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.
- In countries where working hours are not limited by national law, for the sector in question, adequate rest periods shall be regulated between the supplier and the employees.
- The supplier shall have a transparent and reliable system for records of working hours and wages for all employees.

8. Safe and healthy working conditions

The supplier shall provide its employees with a working environment which is safe, hygienic and conducive to good health. The supplier shall regularly identify, evaluate and eliminate health and safety risk whenever possible.

We expect that:

- The supplier shall respect the right to healthy working and living conditions of employees and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable persons, such as - but not limited to - young employees, new and expecting mothers and persons with disabilities, shall receive special protection.



- The supplier shall comply with national occupational health and safety legislation, or with international standards where national legislation is weak or poorly enforced.
- The supplier shall ensure that there are systems in place to assess, identify, prevent, and mitigate potential and actual threats to the health and safety of employees.
- The supplier shall provide effective and tailored Personal Protective Equipment (PPE) to all employees free of charge, taking the needs of different employee categories, such as pregnant and nursing women, into consideration.
- The supplier shall train all employees on occupational health and safety regularly throughout all stages of employment and provide information on potential occupational health and safety risks to employees and public, including affected communities.
- The supplier shall take effective measures to prevent employees from having accidents, injuries, or illnesses, arising from, associated with, or occurring during work. These measures aim at minimising, so far as is reasonable, the causes of hazards inherent within the workplace.
- The supplier shall seek improving employees' protection in case of accident, including through compulsory insurance schemes.
- The supplier shall maintain records of all health and safety incidents in the workplace and all other facilities that are provided including dormitories.
- The supplier shall take all appropriate measures, and obtain all relevant licenses and documentation required by national legislation, to see to the stability and safety of the equipment and buildings they use, as well as to protect against and prepare for any foreseeable emergency. This includes residential facilities for employees when these are provided or mandated by the employer or a recruitment partner.
- The supplier shall establish relevant committees, such as an Occupational Health and Safety Committee, to ensure active co-operation between management and employees, and/or their

representatives for the development and effective implementation of systems that ensure a safe and healthy work environment. These committees aim to represent the diversity of the employees.

- The supplier shall provide awareness to employees and respect their right and responsibility to exit the premises and/or stop working without seeking permission in dangerous situations and uncontrolled hazards.
- The supplier shall provide adequate occupational medical assistance and related facilities and provide equal access to all employees for these services. Health services (including insurance) should serve the distinctive concerns and needs of all genders and ages.
- The supplier shall provide access to safe and clean drinking water, and eating and resting areas free of charge, and where applicable, provide access to cooking and food storage areas.
- The supplier shall provide as a minimum adequate lighting, temperature, noise prevention and ventilation.
- The supplier shall provide an adequate number of safe, separate toilets with adequate level of privacy for all genders, and paper towels and washbasins with hand soap in all work areas.
- The supplier shall ensure that when accommodation facilities are provided, they are clean and safe, and they meet all the basic needs of the employees. Accommodation shall be clearly segregated from the production area and employees shall be able to enter and leave the accommodation freely at any hour.
- The supplier shall compensate the damages incurred to the employees on the occasion that historical or actual failure of adherence to principles is identified.



9. Child labour and special protection for young employees

Child labour shall be prohibited. Special protection must be provided for young employees.

We expect that:

- According to International Labour Organisation the term “child labour” is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.
- The supplier shall not employ, directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.
- The supplier shall protect children from any form of exploitation.
- The supplier shall have reliable age verification checks as part of recruitment process and records in place, to ensure that no underage persons work in supplier operations.
- The supplier shall have process in place to identify, prevent and remediate child labour.
- In case of child labour, the supplier shall inform and engage Paulig. Supplier shall take immediate remedial action considering the interests of the children employed.
- The supplier shall ensure that young persons under the age of 18 do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals, and development, without prejudice to the specific expectations set out in this principle.
- The supplier shall remove young employees from any hazardous work or source of hazard immediately when such cases are identified and redefine their scope of work without any loss of income.
- The supplier shall ensure that (a) the kind of work is not likely to be harmful to young employees’ health or development; (b) their working hours allow their attendance in school, their participation in vocational orientation approved by the competent

authority or their capacity to benefit from training or instruction programmes.

- The supplier shall set the necessary mechanisms to prevent, identify and mitigate harm to young employees, with special attention to the provision and access of young employees to effective operational grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes specific to the needs of young employees.

10. Indigenous peoples and land rights

The supplier shall respect the rights of local communities and indigenous people and their cultural heritage, including free, prior and informed consent for new developments.

We expect that:

- The suppliers shall understand local context and indigenous people’s presence and conduct stakeholder dialogue in a proactive and open way.
- The suppliers shall recognise and respect the rights of indigenous peoples to maintain access to land and natural resources.
- The supplier shall commit to a zero-land grabbing approach.

11. Ethical business behaviour

The supplier shall work to prevent all forms of corruption, including extortion and bribery.

We expect that:

- The supplier shall never take part in any act of corruption, extortion or embezzlement, nor in any form of bribery by promising, offering, giving or accepting of any improper monetary or other incentive.
- The supplier shall develop and adopt adequate internal controls or measures for preventing and detecting corruption, extortion, embezzlement or any form of bribery.



- The supplier shall keep accurate information regarding their activities, structure and performance, and disclose these in accordance with applicable regulations and industry benchmark practices to enhance transparency of their activities.
- The supplier shall not falsify or participate in falsifying any information or in any act of misrepresentation in the supply chain.
- The supplier shall provide awareness to the relevant employees about the policies, controls and measures against unethical behaviour.
- The supplier shall collect, use, and otherwise process personal information with reasonable care. The collection, use and other processing of personal information must comply with privacy and information security laws and regulatory requirements.
- The supplier shall not, directly or indirectly, offer gifts to Paulig employees or persons representing Paulig or anyone closely related to these, unless the gift is of insignificant value.
- Hospitality, such as social events and meals may be offered if there is a legitimate business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing Paulig shall be paid for by Paulig.

12. Caring for the environment

Suppliers are expected to take full responsibility for their impact on the climate and environment. Paulig encourages the suppliers to set science-based climate targets.

We expect that:

- The supplier shall comply with national environmental legislation, or with international standards where national legislation is weak or poorly enforced.
- The supplier shall obtain and keep current all required environmental permits.
- The supplier shall implement a process- and risk-based environmental due diligence management system in their business practices.
- The supplier shall identify the environmental impacts of their operations and value chain, and implement adequate measures to prevent, mitigate and remediate adverse impacts on the surrounding communities, natural resources, climate, and the overall environment.
- The supplier is encouraged to evaluate its greenhouse gas (GHG) emissions in accordance with GHG Protocol and set science-based targets for their own operations and value chain in line with Paris Agreement to limit global temperature increase to 1.5 degrees Celsius.
- The supplier shall ensure the safe handling, movement, storage and disposal of hazardous materials and agrochemicals. The supplier should work towards reducing the use of hazardous chemicals where possible and search for more sustainable options.
- The supplier shall use fossil fuels, mineral fertilisers and other non-renewable resources efficiently. We encourage suppliers to investigate renewable/ climate-friendly alternatives and opportunities for circularity in their line of business e.g., turning waste/side stream into new products.
- The supplier shall work towards understanding nature/species loss/biodiversity and water risks in their own operations and supply chains and exercise due diligence to address and mitigate those risks.
- If applicable to its business, the supplier shall implement procedures to prevent the mistreatment of all animals, including when they are caught, raised, cared for, transported, and processed.
- The supplier shall be committed to working collaboratively to eliminate deforestation from Paulig's supply chains. In relation to all materials that are associated with risk of deforestation, the suppliers are expected to follow the requirements set forth by EU's (upcoming) deforestation legislation.

16th August 2022



Rolf Ladau, CEO, Paulig

Compliance with this code is a prerequisite for the collaboration and binding document for all suppliers.

Supplier Company Name:

Date:

Authorised Name and Position:

Signature:

LIST OF REFERENCES TO INTERNATIONAL CONVENTIONS, DECLARATIONS AND ASSOCIATION CODES

Universal Declaration on Human Rights www.un.org

International Labour Organisation (ILO) www.ilo.org

- **Elimination of all forms of forced and compulsory labour**
ILO conventions 29 and 105
- **Freedom of association and the effective recognition of the right to collective bargaining**
ILO conventions 87 and 98
- **Effective abolition of child labour**
UN Convention on the Rights of the Child
ILO conventions 138 and 182
- **Elimination of discrimination in respect of employment and occupation**
ILO conventions 100 and 111

The OECD Guidelines for Multinational Enterprises www.oecd.org

The 10 principles of the UN Global Compact www.unglobalcompact.org

amfori BSCI Code of Conduct www.amfori.org/