



CODE OF CONDUCT

Responsibility within the supply chain and due diligence and social standards for business partners and suppliers

PHW-Group

As of: 01.07.2024

Foreword

The PHW Group not only bears social and economic responsibility for all its employees but is also aware of its responsibility towards its agricultural partnerships. The family-managed company, currently in its third generation, can look back on a 90-year history and has developed into one of Europe's most important food companies. In Germany, the group of companies is the number one in the poultry sector. The current business model is based on three business segments: poultry, alternative sources of protein and health. PHW Group stands for the dietary mix of the future and acts responsibly for future generations by promoting high-quality animal and vegetable protein products and their (further) development, as well as always prioritising the concept of circular economy its business activities since its foundation. The family-owned company upholds high social standards across all three business segments, ensuring the implementation of minimum social standards while respecting human rights and environmental regulations throughout its business relationships.

This Code of Conduct defines the expectations and principles of PHW Group with regard to its suppliers (hereinafter referred to as 'Supplier') in connection with the manufacture and delivery of goods and the provision of services to PHW Group worldwide (hereinafter referred to as 'Expectations and Principles'). It replaces the 'Code of Conduct – Social Standards for Business Partners' which has been published 2011.

The expectations and principles set out in this Code of Conduct are based on the applicable national laws and the legal requirements of the European Union and are composed of globally recognised social and ecological standards such as the conventions of the International Labour Organization (ILO), the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination against Women, the UN Global Compact and the OECD Guidelines for Multinational Enterprises, which are also incorporated into the BSCI Code of Conduct.

Any breach of this Code of Conduct may cause PHW Group to re-evaluate the business relationship, including all associated agreements, and, as a last step, to terminate it.

Visbek, 01.07.2024

Peter Wesjohann
Chief Executive Officer PHW-Gruppe

1. Scope

This Code of Conduct applies to all future contractual services provided by the supplier to any company within the PHW Group.

2. Corporate Due Diligence

Compliance with statutory provisions

The supplier shall always conduct its business in compliance with nationally and internationally applicable statutory provisions and laws, the legal requirements of the European Union and the globally recognised social and ecological standards as set out in the United Nations Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines for Multinational Enterprises and the core labour standards of the International Labour Organisation (ILO) and promptly keeps up to date with the current legal situation, implementing any legal amendments and new legislation. The regulation with the strictest requirements shall always be applied. This is the fundamental basic principle for economically responsible action.

Audits

The supplier agrees that compliance with the human rights and environmental expectations and principles and the obligations arising from this Code of Conduct shall be monitored appropriately at any time, either by the PHW Group itself or by an independent auditor commissioned by PHW Group.

The supplier agrees to allow audits to be conducted annually or risk-based at any time, to verify compliance with the Code of Conduct at the supplier's operating and production facilities during normal business hours and with reasonable advance notice.

Obligation to disclose information

The supplier shall inform PHW Group in writing, either on a case-by-case basis and/or upon request, about the implementation of its obligations under this Code of Conduct.

The supplier shall inform PHW Group in writing of any significant incidents, including, but not limited to, violations, cases of substantiated suspicion and difficulties in complying with this Code of Conduct and in addressing the expectations and principles of the PHW Group within the supply chain, immediately upon becoming aware of them. This can be done either openly or anonymously through the grievance and whistleblower mechanisms established by PHW Group. The legitimate interests of the supplier, as well as the rights of its employees, particularly data protection and the safeguarding of trade secrets, shall be respected when providing such information.

The supplier shall promptly provide the PHW Group with all necessary information upon request, as required to verify compliance with the expectations and principles across the supply chain. PHW Group will give due consideration to the legitimate business interests of the supplier as well as data protection aspects.

Obligation to cooperate

In accordance with its legal obligation under the Supply Chain Due Diligence Act ("SCDDA"), the PHW Group will conduct annual and incident-specific risk analyses concerning the supplier. In this regard, the supplier agrees to provide the PHW Group with appropriate support if required.

If, as a result of such analyses (e.g., due to a newly identified risk situation or an increase in risk), additional human rights or environmental expectations arise for the supplier in order to meet the protective purpose of the SCDDA, the PHW Group will notify the supplier in writing. The supplier must then meet the additional expectations and principles within a reasonable period after receiving the notice and provide evidence of their implementation to PHW Group.

Assistance with remedial measures

If the supplier violates the human rights and environmental expectations and principles of PHW Group pursuant to this Code of Conduct, PHW Group shall set the supplier a reasonable deadline in writing or text form to end the violation or, if this is not possible for the supplier, to minimise it by taking appropriate measures and to bring its conduct into line with the provisions of this Code of Conduct (hereinafter referred to as "remedial measure"). If a remedial measure is not possible within a foreseeable time frame, the supplier must notify PHW Group and work together to develop a plan, including a timeline, to cease or minimise the violation. The supplier is obliged to provide all cooperation necessary for the effective remedial measures and implementation of the concept in a timely manner.

Suspension and termination of business relationship

If the supplier fails to comply with the human rights and environmental expectations and principles of PHW Group and violates a protected legal position or environmental obligation listed in this Code of Conduct, PHW Group shall be entitled to suspend the business relationship with the supplier during the efforts to minimise or terminate the risk.

Furthermore, PHW Group shall be entitled to terminate all existing agreements between the parties and the individual orders affected thereby, in whole or in part, with a notice period of two (2) weeks if (i) the violation of a protected legal interest or an environmental obligation is deemed to be severe, (ii) the necessary remedial action has not been implemented or has not been fully implemented by the deadline set for this purpose and (iii) no milder remedies are feasible. A severe violation is particularly assumed if the violation poses a significant risk of harm to the affected person or the environment.

A statutory right to extraordinary termination remains unaffected, as does the right to compensation.

Risk-based rights and obligations

The following provisions regarding the “pass-on clause” and the “conduct of training” shall only apply to the relationship between the parties if PHW Group has identified a human rights or environmental risk within the meaning of Section 2 of the SCDDA in connection with the supplier's contractual performance to PHW Group as part of its risk analysis.

Obligation to pass on requirements in the supply chain (pass-on clause)

The supplier shall require its direct suppliers, who indirectly provide services to PHW Group in connection with their contractual obligations to the supplier, to comply with PHW Group's human rights and environmental expectations and principles as set out in this Code of Conduct. Furthermore, the supplier shall ensure through corresponding contractual agreements with its direct suppliers that they, to the same extent as the supplier in relation to the PHW Group, address the compliance with the PHW Group's human rights and environmental expectations and principles with their own suppliers and pass on this obligation throughout the supply chain.

Training and education

If PHW Group identifies a human rights or environmental risk within the meaning of Section 2 of the SCDDA in connection with the supplier's contractual performance as part of its risk analysis, the supplier shall conduct training and education for its employees and direct suppliers to enforce the supplier's contractual commitments. If the supplier fails to fulfil this obligation or does so inadequately, PHW Group is entitled to conduct these training and further education measures at the supplier's premises and, as far as possible, at the premises of its suppliers, or have them conducted by an external service provider. In such cases, the supplier shall enable PHW Group or the appointed third party to conduct the training to an appropriate extent. The supplier shall bear the costs and shall cooperate in the implementation.

Indirect suppliers

If PHW Group has actual indications that suggest a possible violation of a human rights or environmental obligation by an indirect supplier of the supplier, the supplier shall be obliged to support PHW Group in implementing appropriate preventive measures with respect to the responsible indirect supplier.

3. Corporate Responsibility Regarding Human Rights

Respect for human rights

The supplier commits to upholding human rights in accordance with the "Universal Declaration of Human Rights" of the United Nations and respects and supports the principles of the "United Nations Global Compact." These principles require companies to recognise, support, and implement a catalogue of core values within their sphere of influence.

Prohibition of forced labour, slavery, and disciplinary measures

All forms of forced labour are prohibited, for example, coercion through the deposit of a bond or the withholding of employees' identification documents at the start of employment. Also prohibited are all forms of slave labour, prison labour, or comparable work that violates fundamental human rights. All work shall be voluntary and free from the threat of punishment. Employees shall be able to terminate their employment at any time. The use of corporal punishment and psychological or physical coercion is prohibited. Verbal abuse, sexual and personal harassment, and humiliation shall not occur.

Prohibition of child labour

Child labour is not permitted. Any form of exploitation of children is forbidden. The supplier shall adhere to the recommendations of the ILO Conventions on the minimum age for employment of children. Accordingly, the age shall not be lower than the age at which compulsory education ends under the law of the place of employment, and in any case, it shall not be under 15 years. The rights of young workers shall be protected: individuals under the age of eighteen shall not be employed in work that is harmful to the health, safety, or morality of children. Special protective regulations with respect to children shall be observed.

Occupational safety and health protection

The laws, regulations, and standards on occupational safety and health protection applicable at the place of employment shall be complied with. The supplier shall provide its employees with a safe and healthy working environment. Clear rules and procedures shall be established and followed to ensure health and safety at the workplace, particularly regarding the provision and use of personal protective equipment, clean toilets, and access to drinking water. Excessive physical or mental fatigue shall be prevented through appropriate measures. Additionally, employees shall be regularly informed and trained on applicable health and safety standards and measures.

Working hours

The applicable laws and industry standards regarding working hours at the place of employment shall be complied with. The maximum permissible weekly working hours shall be in accordance with national legislation, but they shall not regularly exceed 48 hours. No more than 12 hours of overtime shall be worked per week. Additional overtime shall only be permitted if required for short-term operational reasons and allowed by a collective agreement. Overtime shall be worked solely on a voluntary basis and shall be compensated separately. Every employee shall have the right to at least one day off after six consecutive working days. More consecutive working days shall only be permitted if allowed by national law and a collective agreement.

Fair wages

Remuneration for regular and overtime hours shall meet the legal minimum wage required by the host country of employment or industry minimum standards, whichever is higher. Employees shall be provided with all legally constituted benefits. Deductions from wages as a disciplinary measure are not permitted.

Freedom of association

The right of employees to form, join, and participate in organisations of their choice, to engage in collective bargaining, and to strike shall be respected. In cases where freedom of association and the right to collective bargaining are legally restricted, alternative means of independent and free employee association for collective bargaining purposes shall be provided. Their representatives shall be protected from discrimination. Discrimination based on the formation, joining, or membership of such an organisation shall not be permitted.

Employee representatives shall be granted free access to their members' workplaces to ensure that they can exercise their rights in a lawful and peaceful manner.

Equal treatment, anti-discrimination, and equal opportunities

Discrimination and unequal treatment of the supplier's employees in any form shall not be permitted, unless justified by the requirements of the employment. This includes, for example, discrimination on the basis of gender, race, ethnic or social origin, skin colour, disability, health status, political opinion, membership in employee organisations including trade unions, belief, religion, age, pregnancy, sexual orientation, or other personal characteristics.

The PHW Group is committed to gender equality and equal opportunities for men and women throughout its supply chains. In this context, the PHW Group supports the principles of promoting women in the workplace – the implementation of the Women's Empowerment Principles (WEPs) – and the occupational safety regulations regarding pregnancy and maternity protection – ILO Convention No. 183 – and encourages the supplier to review and implement these requirements within its organisation.

The personal dignity, privacy, and personal rights of each individual shall be respected by the supplier.

Prohibition of unlawful evictions

The supplier shall respect the prohibition of unlawful eviction and the unlawful deprivation of land, forests, and waters in the acquisition, development, or other use of land, forests, and waters, whose use secures the livelihood of a person.

Prohibition of negative environmental impacts on human livelihoods

The supplier shall respect the prohibition of causing harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption that significantly affect the natural basis for the preservation and production of food, prevent a person from accessing clean drinking water, make it more difficult or destroy a person's access to sanitary facilities, or harm a person's health.

Prohibition of the engagement or use of private or public security forces for unlawful purposes

The supplier shall respect the prohibition on engaging private or public security forces if, due to lack of instruction or control, the security company violates the prohibition of torture, causes harm to life or physical integrity, or interferes with the freedom of association and collective bargaining.

4. Corporate Responsibility Regarding the Environment

Environmental protection laws and environmental permits

The supplier shall comply with the applicable environmental protection laws and environmental regulations, in particular with regard to lawful waste management, the handling of chemicals and other hazardous substances and their disposal, as well as for emissions and for waste water treatment. The supplier shall ensure that all necessary environmental permits are available and kept up to date and implemented within his or her company.

Handling of waste and hazardous substances, product safety

The supplier shall respect the prohibition on the production and use of chemicals, as well as the prohibition on the improper handling, collection, storage, and disposal of waste in accordance with the Stockholm Convention on Persistent Organic Pollutants (POPs). The prohibitions on the export of hazardous waste under the Basel Convention of 22 March 1989, in its current version, shall be observed.

Chemicals or other materials that pose a hazard if released into the environment must be identified and managed in such a way as to ensure safety during their handling, transportation, storage, use, recycling, or reuse, and during their disposal. Employees must be trained in the handling of hazardous materials and substances.

The supplier shall label hazardous substances and chemicals and ensure safe handling, storage, transportation, and disposal. The supplier is obliged to comply with all product safety regulations.

Respect for natural habitats and resources

The supplier commits to preserving the ecological balance, avoiding environmental damage, and conserving natural resources as part of a sustainability strategy. PHW Group expects the supplier to continuously strive to improve the efficiency and sustainability of relevant operational processes, for example, by introducing environmentally friendly technologies and keeping its ecological footprint as small as possible. Ecological responsibility shall be observed throughout the entire product lifecycle, particularly with regard to the packaging used.

The supplier is encouraged to reduce or avoid the use and consumption of resources during production, such as water, energy, and soil, as well as the generation of waste of any kind, as far as possible.

5. Business Integrity

Fair Competition and Antitrust Law

Standards of fair business conduct, fair advertising, and fair competition shall be adhered to. In addition, the applicable antitrust laws shall be applied, particularly those that prohibit agreements and other activities with competitors that influence prices or conditions. Furthermore, these regulations prohibit agreements between the supplier and its customers that are intended to restrict the customers' freedom to autonomously determine their prices and other conditions when reselling.

Avoidance of conflict of interest

The supplier shall ensure that business decisions are made in the best interest of the company. This means that business decisions shall be free from any conflicts of interest with private matters or other economic or personal activities.

Combating corruption and bribery

The supplier shall conduct its business without bribery, corruption, or any form of fraudulent business practices. The supplier shall, at a minimum, comply with national laws and regulations. Measures to prevent corrupt actions shall be established and ensured through control systems.

Subsidy fraud and incitement to subsidy fraud

If a contract is awarded on the basis of a formal tender, the supplier will not discuss or agree the offers with other bidders.

Prevention of money laundering

The supplier shall comply with legal requirements for the prevention of money laundering and shall not participate in money laundering activities. Money laundering refers to introducing assets from criminal activities into circulation through further business transactions.

Confidentiality and data protection

The supplier shall commit to meeting the reasonable expectations of its clients, suppliers, customers, consumers, and employees regarding the protection of confidential information. In collecting, storing, processing, transmitting, and sharing personal information, the supplier shall comply with data protection and information security laws, as well as applicable government regulations.

6. Acknowledgement and Agreement

The values, principles, and expectations set forth in this Code of Conduct are an integral part of the business relationship with PHW Group. By signing, the supplier acknowledges and agrees that this Code of Conduct forms a binding contractual part of the business relationship between PHW Group and the supplier.

X

Date, signature, stamp

(contracting party)