

THE PAULIG CODE OF CONDUCT FOR SUPPLIERS



Paulig's mission "Exploring Great Taste" and values "Stay Curious, Strive for Excellence and Grow Together" derive from a long tradition of knowledge and experience. This tradition includes a sustainable way of working and doing business. Paulig wants to offer attractive and competitive products and services without compromising on quality, food safety, product requirements, human rights, working conditions and the environment. This shall be reflected in Paulig's always evolving relationship with its suppliers.



This Code of Conduct (CoC) strengthens the continued implementation of Paulig's commitment to international standards such as the Universal Declaration on Human Rights, 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. This CoC stipulates the minimum requirements that Paulig's suppliers shall respect and meet within their own operations and within their supply chain. Paulig recognizes that reaching the standards established in this CoC is a dynamic process and encourages suppliers to continuously improve their operations.

Furthermore, we expect our suppliers to be transparent and have an open dialogue with us about challenges which they encounter as part of their operations. Paulig will support its suppliers' efforts to meet the standards through dialogue and cooperation. Any supplier who does not meet the requirements in this CoC needs to take corrective actions and show progress. If the supplier is unwilling or unable to carry out corrective actions, Paulig is entitled to terminate the business relationship and any contract(s) with the supplier immediately.

1. COMPLIANCE WITH LEGAL REQUIREMENTS

In addition to adherence to this CoC, Paulig expects all suppliers to comply with all applicable national laws and regulations, industry minimum standards and any other relevant legal requirements of the countries in which they operate. In case there is conflict between this Code and national legislation, it is recommended that the highest standard shall apply.

2. MODERN SLAVERY AND FORCED LABOUR

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

All documents relating to employment relationships shall be available to employees in a language they understand or explained verbally in a language they understand, if required. Supplier must ensure that employees are not required to make deposits or payments to employers or labour providers to obtain work.

Employees are not required to surrender their identification documents such as passports, identity cards, etc. If retention of identification documents is legally required, employer must ensure that employees can access and retrieve their identification papers any time.

Employees have the right to leave the premises of the supplier after completing a standard workday and are free to terminate their employment provided that they give reasonable legal notice to the supplier.

3. FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING

All employees shall have the right to form, join and organize trade unions of their choice and to bargain collectively on their behalf with the supplier. The interests of the employees shall be respected without the fear of threats or harassment. In situations where the right to freedom of association and collective bargaining is restricted by applicable laws and regulations, Paulig expects suppliers to allow alternate forms of freely elected and effective worker representations.

4. FAIR AND EQUAL TREATMENT

All employees shall be treated with respect and dignity, based on their individual ability and qualifications. Any form of discrimination in hiring and employment practices, on the ground of race, gender, age, religion, caste, national origin, disability, political affiliation, sexual orientation, pregnancy, family responsibilities, marital status or union membership, must not be tolerated. Medical tests that are not relevant for performing the particular job are not to be conducted.

Employees shall not be subject to any physical, sexual, psychological or verbal harassment or inhuman treatment nor is there to be the threat of any such treatment. Disciplinary procedures shall be fair, clear and communicated to all employees.

5. FAIR REMUNERATION AND BENEFITS

All employees shall be timely paid at least the national legal minimum wages. Details about wages and benefits shall be clear and provided in language understood by employees before starting the employment. All employees shall also be provided legally mandated benefits, including holidays and leaves and statutory severance when employment ends. Deductions from wages and benefits as a disciplinary measure shall not be permitted.

6. DECENT WORKING HOURS

Working hours shall comply with the national laws and/or collective bargaining agreements. It is recommended that regular working hours do not exceed 48 hours per week and maximum overtime is 12 hours per week. Overtime shall be voluntary, and always be compensated at a premium rate as defined by national law. 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. A transparent and reliable system for records of working hours and wages for all employees shall be in place.

7. SAFE AND HEALTHY WORKING CONDITIONS

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

The supplier shall establish and follow clear instructions on occupational health and safety and take effective steps to prevent potential accidents and injury. Appropriate and effective personal protective equipment must be provided as needed, as well as securely equipped workstations. As a minimum, potable drinking water and adequate lighting, temperature, noise prevention, ventilation and sanitation shall be provided.

The supplier shall provide regular and recorded health and safety training to all employees, and such training must be repeated for all new or reassigned employees.

If the supplier provides accommodation, it shall be clean and safe and meet 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.

8. NO CHILD LABOUR

Child labour shall be prohibited. 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. No child younger than 15 years is allowed to work, subject to exceptions allowed by national or international law.

Supplier shall have reliable age verification checks as part of the recruitment process and keep records, to ensure that no underage persons work in supplier operations. In addition, supplier shall develop a child labour prevention and remediation plan that enables children to attend and complete compulsory education.

In case of child labour, supplier shall inform and engage Paulig. Supplier shall take immediate remedial action considering the interests of the children employed.

Young workers under the age of 18 shall not be employed to work at night or under conditions that are hazardous or unsafe to their physical and mental health and development.

9. INDIGENOUS PEOPLES RIGHTS

The supplier shall take into account indigenous peoples' rights in their operations and activities.

10. BRIBERY AND CORRUPTION NOT ALLOWED

The supplier shall work to prevent all forms of corruption, including extortion and bribery. The supplier shall never, directly or through intermediaries, offer or promise any improper advantage in order to obtain or retain a business or other advantage from a third party. The supplier shall not, directly or through intermediaries, pay or accept bribes, arrange or accept kickbacks. 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.

11. CARING FOR THE ENVIRONMENT

The supplier shall have procedures in place to secure compliance with the requirements of applicable environmental legislation and regulations. Also, the supplier shall have knowledge of the environmental impacts of its operations and supply chain and shall continuously strive to reduce impacts and improve environmental performance in a systematic way.

- Supplier shall obtain and keep current all required environmental permits.
- Supplier shall ensure the safe handling, movement, storage and disposal of hazardous materials and agrochemicals. Supplier should work towards reducing the use of hazardous chemicals where possible.
- Supplier shall optimise its consumption of natural resources including energy and water and demonstrate sound measures to prevent pollution and generation of solid waste, wastewater and air emissions.

- Supplier shall use fossil fuels and non-renewable resources efficiently and investigate alternatives where practicable.
- Supplier should work towards understanding deforestation and water risks and take appropriate action to address those risks.

12. PROTECTION OF ANIMALS

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.

13. STRIVING FOR SUSTAINABLE SUPPLY CHAIN UNDERSTANDING SUSTAINABILITY RISKS

Supplier shall have an understanding of human rights and environmental risks related to its operations and supply chain. Based on the risk assessment, appropriate policies and procedures shall be developed, including remediation plans.

IMPLEMENTATION OF THE CODE

The supplier shall be expected to implement the principles described in this CoC in its own business or have at least equivalent standards adopted and conduct its business in accordance with those standards. The supplier shall make these principles available in the primary local language to all its employees.

The supplier shall periodically and systematically review how its own operations match the requirements of this CoC. The supplier shall have a system in place to implement and communicate the principles within its supply chain. The supplier shall be able to provide evidence of implementation and monitoring of the content of this Code of Conduct towards its sub-suppliers and its full supply chain.

EVALUATION OF PERFORMANCE AND PROGRESS

Paulig will assess its supplier's compliance with this CoC by asking the supplier to provide relevant data and information and also by conducting audits and reviews of the supplier and, if relevant, of its sub-suppliers. Audits and reviews could be done by Paulig personnel or an external party and, in case of a sub-supplier, in co-operation with the supplier.

When the supplier uses sub-suppliers in connection with a delivery to Paulig, all the chains shall be traceable concerning the manufacturing and origin of raw materials with respect to any delivery to Paulig. The supplier shall inform and obtain Paulig's written consent prior to out-sourcing production to a sub-supplier or changing the supplier of raw material and/or the country of origin. The suppliers shall provide the name and location of the sub-suppliers they use upon request from the Paulig.

Paulig believes in cooperation in striving for a sustainable supply chain and is willing to work together with suppliers to meet the requirements in the Paulig Code of Conduct for Suppliers. In case there are issues that are inconsistent with the principles of this Code, Supplier shall inform Paulig pro-actively.

October 1, 2018



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Rolf Ladau, CEO, Paulig

Acceptance of the Paulig Code of Conduct for Suppliers

Supplier Company Name:

Date:

Authorized Name and Position:

Signature:

LIST OF REFERENCES TO INTERNATIONAL CONVENTIONS AND DECLARATIONS

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