



# CODE OF CONDUCT

Responsibility in the supply chain and the associated duty of care, as well as social standards for business partners and suppliers

**PHW Group**

**As at:** 27 April 2023

## Foreword

The PHW Group has social and economic responsibility for all its staff members and is aware of its responsibility in terms of its partnerships within the agricultural industry. Over time, this third generation family-owned business with a 90-year history has developed into one of Europe's major food companies. In Germany, the Group is the leader in the poultry sector. Its current business model is based on three business units: poultry, alternative protein sources and health. The PHW Group is emblematic of the dietary mix of the future and mindful of future generations in its actions by promoting high-quality animal and plant protein products and their (ongoing) development. The notion of a circular economy has always been at the forefront of the PHW Group's commercial activities since the company was first established. The family-owned company pursues high social standards in all three of its business units and, in its business relationships, takes care that minimum social standards are implemented, human rights respected and environmental regulations complied with.

This Code of Conduct defines expectations and principles of the PHW Group vis-à-vis its suppliers and business partners (hereafter simply referred to as "supplier") in connection with the production and supply of goods as well as the provision of services to the PHW Group worldwide (hereafter referred to as "expectations and principles"). It replaces the *Code of Conduct – social standards for business partners*, which had been applicable since 2011.

The expectations and principles specified in this Code of Conduct are based on applicable national legislation and the legal requirements of the European Union, and encompass globally accepted social and environmental standards, such as the International Labour Organisation (ILO) Conventions, the Universal Declaration of Human Rights (UDHR) of the UN, the UN Convention on the rights of the child and the UN Convention on the elimination of all forms of discrimination against women (CEDAW) as well as the UN Global Compact and the OECD guidelines for multinational enterprises, which are also part of the BSCI Code of Conduct.

Any violation of the present Code of Conduct may give rise to the PHW Group re-evaluating business relationships, including all associated contracts, and also the termination thereof as the final consequence where applicable.

Visbek, 27 April 2023

*Peter Wesjohann*  
CEO of the PHW Group

## 1. Validity

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

## 2. Corporate due diligence

### Consistent with legal provisions

The supplier always conducts business in line with national and international legal regulations and laws, the legal requirements of the European Union and globally accepted social and environmental standards as laid down in the UN 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 is up to date on the current legal situation and, where necessary, implements amendments to laws and new legislation without delay. The regulation that stipulates the most stringent requirements is always applicable. This is the most important fundamental principle for commercially responsible conduct.

### Audits

The supplier agrees that compliance with human rights related and environmental expectations and principles as well as the duties arising from the present Code of Conduct may be appropriately checked at any time by either the PHW Group or an independent auditor instructed by the PHW Group.

The supplier agrees to such audits being carried out annually or risk-based at any time to check compliance with the Code of Conduct at the supplier's business premises and production facilities during normal business hours following reasonable advance notice.

### Information requirements

The supplier will inform the PHW Group in writing on a case-by-case basis and/or on request about implementation of its duties in accordance with this Code of Conduct.

The supplier must immediately notify the PHW Group in writing after becoming aware of any significant incidents, in particular violations, substantiated suspicion and difficulties complying with this Supplier Code of Conduct, as well as in addressing the expectations and principles of the PHW Group within the supply chain. This may also be done openly or anonymously via the grievance and whistleblowing procedures set up by the PHW Group. When notifying the PHW Group, the legitimate interests of the supplier must be safeguarded and the rights of its workers respected, in particular data protection and the protection of business secrets.

On request, the supplier must immediately provide the PHW Group with all the necessary information which the PHW Group requests for checking adherence to the expectations and principles along the supply chain. The PHW Group will show due consideration for the legitimate business interests of the supplier as well as data protection aspects.

## Obligation to cooperate

Pursuant to its legal obligation under the German Act on corporate due diligence obligations in supply chains (Lieferkettensorgfaltspflichtengesetz, LkSG), the PHW Group will conduct annual and ad hoc risk analyses with regard to the supplier. The supplier agrees to support the PHW Group appropriately in this if necessary.

Where this results in additional human rights related or environmental expectations of the supplier, e.g. due to the first-time detection of a risk situation or an increased risk, in order to achieve the protective purpose of the LkSG, the PHW Group will notify the supplier in writing. The supplier must then fulfil the additional expectations and principles within a reasonable period of time from receipt of the notification and provide proof of their implementation to the PHW Group.

## Assisting with remedial action

In the event that the supplier violates the human rights related and environmental expectations and principles as defined in this Code of Conduct, the PHW Group will notify the supplier in writing (with signature) or by electronic means of an appropriate deadline by which the violation must have stopped, or – if it is not possible for the supplier to achieve this – the supplier must minimise it by taking appropriate measures to bring the behaviour in line with the rules of this Code of Conduct (hereafter referred to as “remedying”). Where remedying is not possible within the foreseeable future, the supplier must advise the PHW Group of this and, together with the PHW Group, draw up a concept including a schedule for stopping or minimising the violation. The supplier undertakes duly to carry out all acts of cooperation which are necessary for effective remedying and implementation of the concept.

## Suspension and termination of the business relationship

In the event that the supplier fails to comply with human rights related and environmental expectations and principles of the PHW Group and violates a protected legal position or environmental duty listed in this Code of Conduct, the PHW Group has the right to suspend its business relationship with the supplier while efforts to minimise and/or stop the risk are ongoing.

Furthermore, the PHW Group has the right to terminate all agreements existing between the parties and the relevant individual orders affected in whole or in part by giving two (2) weeks' notice if (i) the violation of a protected legal position or environmental duty is assessed as serious, (ii) implementation of the required remedial action has not occurred, or not occurred completely, after expiry of the period of time set for this purpose and (iii) there is no recourse to milder means. A serious violation is to be assumed, in particular, if the person affected or the environment is at risk of significant harm as a result of the violation.

The statutory right to terminate the business relationship in exceptional cases as well as the right to compensation remain unaffected.

## Risk-based rights and obligations

The rules below regarding such risk-based rights and obligations relate to the clauses on sharing this Code of Conduct with subcontractors and on providing training, and only apply to the relationship between the parties if the PHW Group has ascertained as part of its risk analysis a human rights related or environmental risk as defined in Section 2 LkSG in connection with the contractual performance of the supplier to the PHW Group.

### Obligation to share the Code of Conduct in the supply chain

The supplier is obliged to ensure that its direct suppliers, which provide indirect services to the PHW Group in connection with their contractual services provided to the supplier, comply with the human rights related and environmental expectations and principles of the PHW Group in accordance with this Code of Conduct. In addition, the supplier will ensure by means of the relevant contractual agreements with its direct suppliers that they address compliance with the human rights related and environmental expectations and principles of the PHW Group with their suppliers to the same extent as the supplier in its relationship with the PHW Group and pass down this obligation in the supply chain.

### Training and further training

If the PHW Group identifies as part of its risk analysis a human rights related or environmental risk as defined in Section 2 LkSG in connection with the contractual performance of the supplier, the supplier will provide training and further training to its workers and direct suppliers to enforce the supplier's undertakings. If the supplier fails to fulfil this obligation or does not do so in an appropriate manner, the PHW Group has the right to carry out such training and further training itself at the supplier and – where possible at the supplier's subcontractors – or instruct an external services provider to carry out such training and further training. In such cases, the supplier will facilitate to a reasonable extent the carrying out of such training for the PHW Group or the third party instructed. The supplier undertakes to bear the costs and will cooperate appropriately in the implementation.

### Indirect suppliers

If the PHW Group has factual indications that suggest a violation of a human rights related and environmental obligation may be possible at one of the supplier's indirect suppliers, the supplier undertakes to support the PHW Group in establishing preventative measures vis-à-vis the indirect supplier responsible.

## 3. Corporate responsibility with regard to human rights

### Respecting human rights

The supplier undertakes to adhere to human rights as per the Universal Declaration of Human rights of the United Nations and respect and support the principles of the United Nations Global Compact. They require companies, within their area of influence, to adopt, support and implement in practice a list of core values.

## Prohibition of forced labour, modern slavery and disciplinary action

All forms of forced labour are prohibited; for example, obtained by requiring workers to lodge a deposit or withholding their identity documents at the start of the employment. Also prohibited are all forms of slave labour, involuntary prison labour and any similar work that violates fundamental human rights. All work must be freely chosen and carried out without the threat of punishment. Workers must be free to leave their employment at any time. The use of corporal punishment as well as mental or physical coercion is prohibited. Verbal abuse, sexual or other harassment and humiliation must not take place.

## Prohibition of child labour

Child labour must not be used. All forms of exploitation of children is prohibited. Suppliers are called upon to adhere to the recommendation of the ILO Conventions on the minimum age for the admission to employment of children. Accordingly, the age shall not be below the age at which general compulsory education finishes under the law applicable in the place of employment and at any rate not under 15 years. The rights of young workers must be protected: before the age of 18, young workers must not carry out any form of hazardous work that is likely to harm the health, safety or morals of children. Specific protection provisions must be complied with.

## Health and safety

The regulations, requirements and standards on safety at work and health protection applicable in the place of employment are complied with. The supplier undertakes to provide a safe and hygienic working environment for its workers. Clear rules and procedures must be set up and complied with to ensure a healthy and safe workplace, in particular as regards making available and the use of personal protective equipment and clean toilet facilities as well as access to drinking water. Appropriate measures must be taken to prevent excessive physical and mental fatigue. Moreover, staff are regularly informed, and training is provided, on applicable health and safety standards as well as relevant measures.

## Working hours

The laws and industry standards on working hours applicable in the place of employment must be complied with. The maximum hours of work per week permitted under national legislation apply. However, 48 hours of work per week must not be exceeded on a regular basis. No more than 12 hours of overtime work per week are permitted. Additional overtime work is only permitted if required short-term for operational reasons and authorised by a collective agreement. Overtime hours must only be worked on a voluntary basis and must be compensated separately. Every worker has the right to at least one day off after six consecutive days worked. More consecutive working days are only permitted if permitted under national law and a collective agreement.

## Fair wage

The pay for regular working hours and overtime hours must be at least the statutory minimum wage applicable in the place of employment or the minimum industry standard, whichever is higher. Workers must be granted all statutory benefits. Pay deductions as a disciplinary measure are not permitted.

## Freedom of association

The right of workers to form and join organisations of their own choosing and to collective bargaining and taking strike action must be respected. In cases where freedom of association and the right to collective bargaining are restricted under law, alternative means for the independent and free association of workers for the purpose of collective bargaining must be granted. Their representatives must be protected against discrimination. Discrimination as a result of forming, joining or membership of such an organisation is prohibited.

Worker representatives must have free access to the workplaces of members, in order to ensure that they may carry out their rights in a lawful and peaceful manner.

## Equal opportunities and anti-discrimination

All forms of discrimination against and inequalities in the treatment of the supplier's workers are prohibited, unless they are due to the requirements of the employment. This applies, for example, to discrimination on the basis of gender, race, ethnic or social origin, colour, disability, health condition, political opinion, membership in worker organisations including unions, *Weltanschauung*, religion, age, pregnancy, sexual orientation or any other personal characteristics.

The PHW Group promotes gender equality and equal opportunities for men and women in its supply chains. Against this backdrop, the PHW Group supports implementation of the Women's Empowerment Principles (WEPs) and the labour regulations on pregnancy and maternity leave – ILO Convention No. 183 – and encourages suppliers to check and implement these requirements in their companies.

The supplier respects the dignity, privacy and personal rights of every individual.

## Prohibition of unlawful eviction

The supplier respects the prohibition of unlawful eviction and the prohibition of unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person.

## Prohibition of negative environmental impacts on people's livelihoods

The supplier respects the prohibition to cause detrimental soil changes and water, air and noise pollution as well as of excessive use of water which significantly affect the natural resources for

maintaining and producing food, prevent a person's access to clean drinking water, or hinder or destroy a person's access to sanitary facilities or harm a person's health.

### Prohibition to instruct or use private or public security staff for illegal purposes

The supplier respects the prohibition to instruct private or public security staff if the prohibition of torture is disregarded when using the security company due to lack of instruction or inspection, there is injury to life or limb, or freedom of association and freedom to form a coalition are negatively impacted.

## 4. Corporate environmental responsibility

### Environmental protection acts and environmental permits

The supplier complies with the applicable environmental protection acts and environmental regulations, in particular regarding lawful waste management, the handling of chemicals and other hazardous substances as well as their disposal and regarding emissions and waste water treatment. The supplier ensures that all necessary environmental permits are obtained and up to date and implemented in its company.

### Handling waste and hazardous substances, product safety

In particular, the supplier complies with the prohibition to produce and use chemicals, the prohibition regarding handling, collecting, storing and disposal of waste in a manner that is not environmentally sound under the Stockholm convention on persistent organic pollutants (POPs Convention). The prohibitions on transboundary movements of hazardous wastes specified in the Basel Convention of 22 March 1989 must be complied with in the current version.

Chemicals and other materials which represent a hazard if released into the environment must be identified and managed so as to ensure safety when handling these substances, transporting, storing, using, recycling or reusing them and in their disposal. Workers must be instructed on the handling of hazardous materials and substances.

The supplier will label hazardous substances and chemicals and ensure their safe handling, storing, transport and disposal. The supplier undertakes to comply with all product safety instructions.

### Respecting biodiversity and natural resources

The supplier undertakes, as part of its sustainability strategy, to maintain the ecological balance, avoid adverse environmental impacts and use natural resources efficiently. The PHW Group expects the supplier to further develop the efficiency and sustainability of the relevant operating procedures continuously, for example by introducing environmentally friendly technologies and minimising its ecological footprint. Environmental responsibility should be



observed throughout the entire product life cycle, particularly with regard to the packaging used.

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

## **5. Business integrity**

### **Fair competition and anti-trust laws**

The standards of fair business practices, fair advertising and fair competition must be adhered to. In addition, the current anti-trust laws apply, which prohibit arrangements and other activities that impact on pricing and conditions when dealing with competitors. Furthermore, these regulations prohibit agreements between customers and suppliers aimed at restricting the freedom of customers in terms of autonomously setting their prices and other conditions when reselling.

### **Avoiding conflicts of interest**

The supplier ensures that business decisions are taken in the company's interests. This means that business decisions are free from all conflicts of interest concerning personal interests or other commercial activities or other activities.

### **Fighting corruption and bribery**

The supplier conducts its business transactions without bribery, corruption or any kind of fraudulent business practices. As a minimum, the supplier will fulfil national laws and regulations. Measures must be established to prevent any corrupt practices, and their implementation ensured by means of control systems.

### **Subsidy fraud and incitement to subsidy fraud**

If a contract is awarded on the basis of a formal invitation to tender, the supplier will neither agree nor coordinate the quotations with other tenderers.

### **Anti-money laundering**

The supplier complies with the legal requirements for preventing money laundering and will not take part in money laundering activities. Money laundering means that assets from criminal activity are brought into circulation through other business activities.

## Confidentiality and data protection

The supplier undertakes to meet the reasonable expectations of its client, suppliers, customers, consumers and workers with regard to the protection of personal information. When collecting, storing, processing, transmitting and forwarding personal information, the supplier must comply with legislation on data protection and cyber security and the official regulations.

## 6. Acknowledgement and consent

The values, principles and expectations recorded in this Code of Conduct form an integral part of business activities with the PHW Group. By signing this document, the supplier and/or business partner agrees to this Code of Conduct forming a contractual element of the business relationship between the PHW Group and the supplier and/or business partner.

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Date, signature and stamp  
(contractual party)