



EMD Sourcing Code of Conduct

Introduction

As the leading European retail alliance of independent retailers EMD AG sources private label products on behalf of its members. We are aware of the direct and indirect impact that our business activities have on the world around us. That is why EMD strives to use its buying power within the private label sector in a responsible way, with a clear vision to provide consumers with safe and sustainable products. EMD is working towards achieving and continuously improving responsible sourcing in accordance with this Code.

International and national references

EMD respects the United Nations Universal Declaration of Human Rights, ILO Conventions on Human Rights and Labour Rights, United Nations Guiding Principles for Business and Human Rights and the Consumer Goods Forum Priority Industry Principles on Forced Labour. Further international standards such as the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Rights of the Child and the United Nations Women's Rights Convention, the National Action Plan on Business and Human Rights (Germany), the Minamata Convention, the Basel Convention, the Stockholm Convention on Persistent Organic Pollutants, the fundamental conventions of the International Labour Organization (ILO) and the Ten Principles of the UN Global Compact complete the base for this Code of Conduct. EMD is also a signatory of the CGF Coalition of action for the Global Food Safety Initiative (GFSI) and Sustainable Supply Chain Initiative (SSCI).

EMD highly values Food and Product Safety, Social as well as Environmental compliance for all its products and suppliers. For Food Safety, EMD monitors all suppliers in accordance with the Global Food Safety Initiative. For Sustainability, EMD monitors evidence such as certification and audit reports that are preferably in line with the SSCI requirements for Social and Environmental compliance. Until the SSCI benchmark is finalized, the suppliers will be assessed against EMD accepted Social and Environmental compliance standards and frameworks.

EMD monitors social compliance for risk countries (Amfori BSCI risk countries) and risk categories. Environmental compliance evidence is more product-specific and thus applies only if applicable based on risk ingredients and country of origin.

EMD is working hard to ensure that all of its supply chains are safe, ethical and of minimal negative impact on the environment. All suppliers and contract partners that are not in accordance with this code are managed towards achieving compliance. If this is not achieved within a certain timeframe, this can lead to exclusion of tender participation or termination of contract.

Corporate Due Diligence

EMD expects all suppliers working with EMD to adhere to the following minimum requirements which are in line with the Sustainable Supply Chain Initiative requirements:

1. Management System

Suppliers need to have a clearly written human rights policy statement as well as an environmental policy statement, both including goals and objectives and publicly available. The policy resp. commitments must be passed through the senior/top management and communicated to all personnel, business partners and other relevant partners. The policy resp. commitments must be implemented with clearly defined responsibilities, documented and all personnel need to be appropriately trained. The policy must describe at least material impacts (negative and positive) and risk assessment/risk analysis (risk and opportunities), emergency plan, corrective and preventive actions. The definition of KPIs (indicators) and baseline, a reporting on results and a proper documentation are integral parts of the management system. The intention of the management system shall be to drive continuous improvement.

EMD requests suppliers to ensure that contractors affecting its environmental and social performance are competent based on appropriate education, training or experience.

2. Compliance with Legislation

Suppliers must adhere to national and local law at all times. If there is a conflict between laws and requirements within this Code, EMD shall adhere to the one that provides the highest protection for all stakeholders. Suppliers shall inform stakeholders about their social and environmental management system and performance/compliance in this regard.

3. Grievance mechanism

Suppliers must have a clearly written and well-communicated grievance mechanism that is easy accessible for all workers and external parties to allow them to address complaints and concerns. These complaints or concerns which are made in good faith cannot be grounds for retaliation. The confidentiality of the complaint must be respected, and information only revealed if necessary, to investigate the complaint.

4. Business Ethics

Suppliers are not allowed to support, participate, or tolerate involvement in any act of corruption, extortion, embezzlement, or any form of bribery. Suppliers are expected to keep accurate information regarding their activities, structure and performance and do not participate in any act of misrepresentation in the supply chain.

Social compliance

1. Forced labour

Suppliers shall not participate in, support, or tolerate any form of forced, bonded or involuntary labour in any of their business activities. No employment should be awarded based on financial guarantees, deposits, fees or by withholding personal documents or valuable possessions. All employees must have freedom of movement from their workplace. The hiring

or use of private or public security guards for the protection of a business project is prohibited if this, would result in: a violation of the prohibition of torture and cruel, inhumane and degrading treatment, injury to life or limb, or employees' freedom of association being affected.

2. Child labour

Suppliers shall not engage in the recruitment and/or exploitation of children. The minimum age for work must not be less than 15 years, unless local minimum age is lower, in which case it must be in accordance with the ILO Convention 138. Young Workers under 18 years of age must not be employed to work at night nor in hazardous conditions.

An age verification mechanism must be in place and the age of all workers must be monitored. A remediation strategy must be in place if child labour is identified. The highest priority of the strategy must be the child's best interest. The remediation plan of action must be documented and verified, as well as the measures taken to avoid reoccurrence.

3. Freedom of Association

Suppliers must offer equal opportunities for all workers to join, leave or form a worker organization such as a trade union to take collective actions to pursue their interests in accordance with the applicable national legal requirement. The membership of or affiliation with a worker representation shall not lead to discrimination or penalization. Workers are free to elect a representative that must be granted access to the workplace. If legal protections for the freedom of association and collective bargaining are not in place, the workers will be stimulated in an alternative lawful mechanism to discuss workplace issues.

4. Discrimination / Fair Treatment of Workers

Suppliers must provide and respect equal opportunities in employment and occupation. Workers shall not be discriminated against in recruitment or employment practices (e.g. on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief). There must be no engagement in, support or tolerance for the use or threat of harassment, including sexual harassment, bullying, mental or physical correction or abuse of any kind. This must be communicated effectively to all workers with a clear disciplinary procedure and written records in place.

5. Operational health and safety (OHS)

Suppliers must ensure that workers are provided with safe, hygienic workplaces and accommodation, when applicable. All workers must receive adequate health and safety training at no costs to the employees. The training must be documented and repeated on a regular basis. All workers must be provided with free, appropriate, and functional personal protective equipment (PPE) when needed along with proper instruction of usage. Immediate first aid and medical assistance must be available in the workplace in event of accidents and incidents. All accidents and incidents must be recorded, and enquiry must be made to prevent the recurrence of similar incidents. Risk assessments should be regularly done to assess the potential risks to the health and safety of workers. Free potable water and clean toilet facilities must be provided and accessible for all workers.

6. Building safety and emergency preparedness

Suppliers must ensure that appropriate emergency and fire procedures are in place, documented and communicated to all employees. The procedures must cover workers' accommodation and other facilities, if applicable. All employees must be trained regularly on fire and emergency procedures and need to have the right to leave from immediate serious danger without permission. Fire exits, firefighting equipment, fire alarms and escape routes must be clearly marked according to national and industry standards and be accessible, open and without obstacles. A monitoring system must be in place to ensure that the strength, stability and safety of buildings and equipment are regularly inspected and if needed corrected. If applicable, a chemical management is expected to be implemented.

7. Wages and terms of employment

Suppliers must provide all employees with the terms and conditions of employment in writing and in an understandable manner, prior to employment.

The employment relationship must be legally verifiable. It is prohibited for all suppliers to misuse employment arrangements to avoid legal responsibilities towards workers. Standard working hours must be compensated by adequate living wages – at least in accordance with or exceeding legal minimum wages, industry standards or collective bargaining agreements (if in place). If workers are paid for piece work, quota, or a pay rate of any kind, they must be able to earn legal minimum wages or more. Overtime must be compensated accordingly.

Wages are to be paid in a timely manner, in full and regularly in a legal tender or bank account directly to the employee. Suppliers must keep a record of all pay slips clearly and in writing.

Deductions of wages are not permitted for disciplinary reasons and can only be allowed for national legal requirements or a collective agreement. If a deduction is made, the worker must be informed in writing.

8. Working hours

Suppliers shall set the standard working hours in line with national law, collective bargaining agreements or industry standards. The working hours are not to exceed 48 hours excluding overtime. In case the national requirements allow a working hour limit greater than 60 hours, the facility must ensure to take suitable precautions to protect the workers' health and safety. All overtime must be done at a voluntary basis and is not to be requested regularly. All workers have the right to breaks during shifts. Workers must receive at least two days rest of 24 consecutive hours for every 14 days worked. Suppliers shall respect the workers' right to paid leave in accordance with national law.

9. Natural foundations of life

Preserving the natural foundations of life is paramount for EMD, requiring vigilance in all business activities to prevent adverse effects on soil, groundwater, air, noise, and water resources from suppliers. This commitment aims to avoid substantial harm to the environment, ensure access to safe drinking water and sanitary facilities, and protect individuals' health.

10. Land-use rights

Respecting local, national, international, and traditional land and resource rights, especially those of indigenous communities, is considered an essential part of compliance with legislation. Prior consent from affected communities, documented transparently, is mandatory

for suppliers before any legal land use changes or resource consumption. There must be no unlawful evictions.

Environmental compliance

1. Pollution prevention, hazardous substances, and Integrated Pest Management

Suppliers must identify potential pollution sources and maintain an inventory of hazardous substances and implement systems and processes for pollution prevention, for addressing risks, and for communicating any contamination to stakeholders. Suppliers shall install and communicate an environmental emergency response plan, including roles, training, and guidelines for major incidents and maintain records of major incidents and report them to stakeholders.

Suppliers must establish procedures for managing hazardous substances, using officially registered products, or providing guidance based on Material Safety Data Sheets. The use of hazardous chemicals listed by WHO 1A and B, and the Stockholm and Rotterdam conventions is forbidden. EMD mandates an environmental training program for workers handling pesticides or hazardous substances, and prohibits the export and import of hazardous waste under the Basel Convention.

Producers must optimize pesticide use through Integrated Pest Management (IPM).

2. Water protection

Suppliers must identify the water sources for production and processing, measuring and monitoring their water consumption. EMD mandates water efficiency measures to reduce the use of water in production and processing, such as tailoring irrigation to the specific needs of crops.

Additionally, EMD requires the implementation of measures to enhance water quality and decrease the volume of wastewater effluents from production and processing operations.

3. Energy use and GHG emissions

Suppliers are required to measure and monitor their energy consumption in production, processing, and transport. They must implement energy efficiency measures to reduce energy use and optimize the utilization of renewable energy.

EMD anticipates suppliers to measure and keep records of their Greenhouse Gas (GHG) emissions (Scope 1 and 2), in accordance with applicable protocols, while implementing measures to reduce these emissions.

4. Deforestation, biodiversity, land-use and soil health

Production or processing is prohibited in protected areas or their designated buffer zones, except in compliance with relevant legislation. Suppliers must identify and acknowledge high conservation value (HCV) or ecologically significant sites, whether inside or outside production sites.

EMD mandates a deforestation/conversion policy, committing to safeguard natural forests and ecosystems from conversion to agriculture or other land uses and addressing negative environmental impacts on HCV sites or protected areas. Fire is restricted, except with justification in the IPM plan.

Suppliers shall protect native habitats and communities near production sites. The hunting or collecting of endemic, rare, threatened, or endangered species shall be prevented. EMD requires suppliers to identify and address land at risk of erosion, assess soil suitability for crops, and implement measures to maintain soil fertility, prevent erosion, and promote soil health recovery. Suppliers shall regularly measure and monitor soil health, record fertilizer use, and use fertilizers efficiently based on crop needs.

5. Waste management

Suppliers must establish waste management systems aligned with the waste hierarchy (reduce – repurpose - reuse – compost or recycle). Special attention should be given to minimizing food crop and agricultural product loss during harvest and on-farm storage.

The supplier shall prohibit on-site uncontrolled waste landfilling and the incineration or burning of waste, except for specific purposes like phytosanitary needs or energy production. Implement monitoring and measurement of waste generation and diversion from landfills.

Suppliers shall prioritize environmentally friendly packaging by avoiding, reducing, or improving it in terms of ecological impact. The preference is for packaging that is reusable, uses minimal material, is recyclable, or comprises secondary raw materials, alternative materials, or certified paper.

6. Environmental permits, material restrictions

The supplier shall obtain, regularly update, and adhere to all necessary environmental permits and approvals, in compliance with applicable laws, regulations, and customer requirements, including those prohibiting or restricting specific substances. The use, production, and export of mercury and mercury compounds are strictly prohibited under the Minamata Convention.

7. Animal welfare

EMD expects adherence to the five freedoms of animal welfare: freedom from hunger and thirst, from discomfort, from pain, injury, or disease, the ability to express normal behavior, and freedom from fear and distress.

In addition to national law, ensure that livestock keeping and management systems are tailored to animals' needs from birth to slaughter, accommodating their behavioural and physiological requirements.

Minimize animal suffering during transport, stunning, and slaughter processes, keeping live transports as brief as possible across the supply chain. EMD expects suppliers to actively develop and promote measures for enhanced animal welfare.

Acknowledgment

The above requirements are applicable to EMD and its direct suppliers. EMD expects its direct suppliers to adopt the same or equivalent principles and requirements when dealing with their own direct and indirect suppliers and to have a good understanding of their supply chain and the supply chain risks. EMD suppliers must adhere to these principles at all times and must be able to demonstrate that they are doing so.

EMD will provide appropriate guidance, training, and advice to its direct suppliers to enable them to understand the requirements and implement the respective procedures.

This Code is a guide which will be continuously improved to work towards EMD's vision to provide consumers with safe and sustainable products.