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Corporate Due Diligence in the Supply Chain

Supplier Code of Conduct



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1 Preamble

For generations, a commitment to sustainability, responsible resource management, environmental stewardship, and the respect for human dignity have been the guiding principles of our business practices and social responsibility.

We aspire to continue producing top-quality products while acting responsibly in harmony with nature, and considering social aspects within our supply chain.

As an international food manufacturer, the Hipp group of companies (hereinafter "Hipp") is aware of its special responsibility and role as an intermediary between raw material producers and consumers.

In this Supplier Code of Conduct (hereinafter referred to as "SCOC"), Hipp has formulated its expectations towards its suppliers with regard to respecting human rights, environmental protection and business integrity.

Among other things, these expectations are based on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the fundamental conventions of the International Labour Organization (ILO) and the Ten Principles of the UN Global Compact.

Hipp expects its suppliers to conduct their business impeccably both ethically and legally, and that they procure their raw materials and services responsibly.

The SCOC sets out minimum standards. Any further requirements that may arise from applicable laws and regulations to which the supplier is subject, as well as Hipp's provisions for the agricultural cultivation of plant raw materials and for animal husbandry, must be complied with irrespective of the expectations described.

Hipp itself always strives to surpass these minimum standards and continuously develop them further. This is what Hipp also expects from its suppliers. Hipp supports and assists its suppliers in fulfilling the expectations by means of knowhow transfer, training courses and an open dialogue. Good behaviour on both sides of a partnership creates durable business relationships that are characterised by mutual benefits. That is why Hipp places great importance on close cooperation with its suppliers.

The SCOC is binding for all suppliers that have or wish to have a business relationship with Hipp. The suppliers undertake to ensure, within reason and possibility, that they adequately address Hipp's expectations along the supply chain.



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2 Human rights and working conditions

The respect for human rights is a fundamental principle of humans living together. Inhuman employment relationships and working conditions contradict this principle. When defining our business relationships, we pay attention to compliance with social standards. As a precondition for every business relationship, our suppliers and service providers in their own environs, as well as for their sub-suppliers and sub-service providers, agree to comply with the following conditions as fundamental rights for their employees.

2.1 Protection of young employees and prohibition of child labour

Our suppliers shall adhere to the minimum age of employees within the scope of their activities and in their supply chains. They ensure that the minimum age when recruiting staff is defined in accordance with the respective applicable right and taking into account the ILO standards and that prohibited child labour is forbidden. In addition, they make sure that particularly young employees under the age of 18 are not deployed for work that is harmful to their health, safety or morals.

If the suppliers detect prohibited child labour, they must immediately take and implement measures for safeguarding the protection of the affected children.

2.2 Free choice of employment

Our suppliers must take suitable and appropriate measures so as not to use or benefit from any forms of forced labour, slavery, slave-like practices, servitude, human trafficking or other forms of domination or oppression in their own sphere of business or in the supply chain.

In particular, they must ensure that their employees or employees in the supply chain do not have to pay any fees or down payments or have to deposit personal documents such as passports in order to obtain or maintain their jobs, and that they shall have the freedom to terminate their employment within an appropriate notice period.

2.3 Social benefits and remuneration

Our suppliers shall pay their employees an adequate remuneration, which is at least the amount of the statutory minimum wage in accordance with applicable law and is otherwise calculated according to the law of the place of employment. The local cost of living of the employees and their family members, as well as the local social security benefits, are to be taken into account. The suppliers commit to paying their employees directly, in full and punctually. Deduction from wages as a disciplinary measure is not permitted.



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2.4 Occupational health and safety

Our suppliers observe the statutory occupational health and safety regulations applicable to the place of employment. In particular, they guarantee sufficient safety standards in the provision and maintenance of workstations, work areas and work equipment. They shall take appropriate protective measures to avoid exposure to chemical, physical or biological agents. Likewise, they shall take measures to prevent excessive physical or mental fatigue. They shall train and instruct their employees adequately about risks and protective measures concerning occupational health and safety. The training measures are to be documented.

2.5 Freedom of association and collective bargaining

In no way do our suppliers restrict the legal right of all employees to form and join trade unions, to bargain collectively and to go on strike. In this context, our suppliers commit themselves to neutrality. This excludes any form of discrimination or retaliatory measures against employees because of them being active in trade unions.

2.6 Working and living conditions

The suppliers shall provide their employees with sanitary facilities and access to safe drinking water. All facilities provided for the consumption and preparation of foods, as well as for their storage, must conform to the applicable hygienic minimum requirements. If the type of work requires the provision of sleeping places for employees, sufficient space, cleanliness and safety must be guaranteed. Access to these facilities must not be restricted in an inappropriate way.

2.7 Prohibition of discrimination

Our suppliers make sure to refrain from any kind of discrimination, intimidation, harassment or unjustified disadvantage towards their employees in the work environment. In particular, unequal treatment is forbidden on the grounds of origin, skin colour, gender, nationality, language, religion or ideology, physical or mental restrictions, gender identity, sexual orientation, health, age, marital status, pregnancy/parenthood, membership in employee organisations or a political opinion, insofar as this is based on democratic principles and tolerance towards different-minded persons, provided that the unequal treatment is not motivated by the requirements of the employment. Unequal treatment comprises particularly the payment of unequal remuneration for equal work.

2.8 Working hours

Our suppliers ensure that the working hours correspond to the applicable national statutory regulations and/or the national requirements applicable in the respective business sector.



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2.9 Preservation of natural resources

Our suppliers shall not cause any adverse soil changes, groundwater contamination, air pollution, harmful noise emissions or excessive water consumption which would result in damage to the health of a person, a substantial impairment of the natural basis for the preservation and production of food, a person being denied access to safe drinking water or a person having difficulty to access sanitary facilities.

2.10 Rights of local communities, forced evictions

Our suppliers must respect local, national, international and traditional land, water and resource rights, especially those of indigenous communities. The free and informed consent of affected communities must be obtained before legally permitted land use changes are made or before water or other resources of local communities are consumed or affected. The consent process must be documented. There must be no unlawful evictions.

2.11 Deployment of security guards

Our suppliers make sure that the hiring or use of private or public security guards do not lead to human rights violations.



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3 Environmental protection and animal welfare

3.1 Resource consumption, avoidance of environmental pollution

Hipp has committed itself to environmental protection in a special way. The suppliers or service providers commit themselves in particular to the following:

- a) To avoid potential environmental problems, they must select a preventive approach, e.g. risk analysis, environmental impact assessment.
- b) They shall work towards the development and distribution of environmentally friendly technologies and products. Furthermore, the suppliers or service providers generally commit themselves to observing the regulations on environmental protection applicable in their respective countries, as well as to supporting Hipp in the best possible way in data collection for the creation of life cycle assessments.

Our suppliers observe their ecological responsibility along the entire supply chain and implement this with regard to their products, packaging, services and transports. In so doing, the aim is to avoid or continuously reduce the environmental impact of resource and energy consumption, emissions of greenhouse gases and air pollutants, water consumption, emissions to soil or water, and the resulting waste.

3.2 Circular economy and waste management

Our suppliers shall take suitable and appropriate measures to realise the avoidance of waste, the reuse of resources, recycling, as well as the safe and environmentally friendly disposal of residual waste, chemicals and wastewater. Such measures can be taken in particular during development, production, product lifecycle and the subsequent recycling at the end of the lifecycle, as well as during other activities.

3.3 Hazardous substances and product safety

Our suppliers ensure the safe handling, movement, storage, recycling, reuse and disposal of hazardous substances, chemicals and materials and their labelling. They must strictly comply with all applicable laws and regulations regarding hazardous substances, chemicals and materials, as well as the export and import of hazardous waste, the applicable substance restrictions and product safety requirements.

3.4 Climate protection

Climate change and its consequences for nature and people cause Hipp to critically view its activities both in its own company and in the respective supply chains. To determine and reduce emissions in the respective supply chains, we need the support of our suppliers.



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On request, our suppliers shall pass on information about their total energy consumption and CO₂ emissions in tonnes (Scopes 1, 2 and 3) at the product level to Hipp.

In addition, we recommend that our suppliers define scientifically well-founded and time-bound targets for the reduction of CO₂ emissions, that they harmonise their business model and their strategy with the targets of transitioning to sustainable economy and the limitation of global warming to 1.5°C in unison with the Paris Agreement, and take measures for pushing decarbonisation forward along the entire value chain. We furthermore expect our suppliers to commit themselves to the Paris Agreement and strive for CO₂ neutrality (net zero) by 2050.

3.5 Biodiversity and the protection of forests

Our suppliers shall preserve the global environment and its resources. They shall support the mitigation and reversal of the loss of biodiversity and make a contribution to the preservation and restoration of biodiversity by improving the condition of the environment, particularly of air, water and soil. They shall not participate in the illegal deforestation of or damage to forests, or use raw materials and products produced on areas that were deforested or damaged after 31 December 2020.

3.6 Animal welfare

Our suppliers that supply animal raw materials to Hipp are requested to adapt all livestock keeping and management systems used in the best possible way to the needs of the animals, from birth to slaughter, and to accommodate the ethological and physiological requirements of the respective species. In particular for transport, the suppliers are requested to ensure livestock transport that is as short as possible along the supply chain. The suppliers are also obliged to proactively work out and promote solutions for ethically sound and species-appropriate treatment of animals along the supply chain.

3.7 Sustainable packaging

Our suppliers shall avoid or reduce packaging as far as possible or improve its environmental effects. In addition to reusable packaging and its recyclability, the life cycle assessment of the used packaging materials has to be taken seriously.



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4 Business integrity

Our suppliers shall act with integrity at all times and take suitable and appropriate measures if they find any infringements.

4.1 Avoidance of conflicts of interest

Our suppliers shall make their decisions exclusively based on factual criteria and not let themselves be influenced by personal or financial interests or relationships.

4.2 Prohibition of corruption

Our suppliers must refuse any form of corruption and bribery, which also includes so-called "facilitation payments". They ensure that their employees, suppliers or representatives do not grant or offer office holders or other third parties any kick-backs, bribes, forbidden donations or any other forbidden payments, nor do they accept these from said third parties.

4.3 Fair and free competition

Our suppliers shall advocate functioning, unhindered competition, without any restrictions, as a cornerstone of our social and business system.

They do neither take part in the illegal exchange of competition-sensitive information, nor any competition-restricting agreements with competitors, customers or suppliers, such as price fixing or the separation of markets or customers. Furthermore, they shall not participate in abusing market power.

4.4 Import and export control

Our suppliers must observe all regulations concerning the import and export of goods, services and information.

They shall avoid any business relationships with persons, organisations or countries that are the subject of sanctions or embargoes.

4.5 Prohibition of money laundering and terrorist financing

Our suppliers must respect all anti-money laundering and anti-terrorist financing laws.

They shall check the identity and business background of their business partners, as well as the origin of payments to make sure they originate from lawful sources.

4.6 Intellectual property rights

Our suppliers must respect intellectual property rights and protect the respective data.



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4.7 Protection of confidential information

Our suppliers ensure that data deserving protection (business secrets and personal data) is collected, processed, saved and erased properly and in conformance with the law. They shall oblige their employees to act correspondingly. Data deserving protection must not be passed on to unauthorised third parties or published in any other form, and must be protected to that effect.

4.8 Disclosure and information

Our suppliers shall record information about their business activities, operations, health, safety and environmental protection measures, in particular about the origin of the agricultural raw materials used as far as their origin (at least the country of origin). This information shall be made available to HiPP on request, provided that passing it on does not violate legal requirements.



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5 Implementation and control of due diligence obligations

5.1 Risk management

Our suppliers commit themselves to identifying and analysing the potentially adverse human rights-related and environmental impacts of their business activities, and determining the corresponding measures for the correction or mitigation of these impacts. In doing so, the interests of rights holders shall be taken into account, in particular those of vulnerable groups of people such as children, women, indigenous communities, smallholder farmers or migrants. Our suppliers are obliged to provide such personnel and financial resources as are necessary to establish the requirements described herein in their companies.

If a human rights-related or environmental obligation has been violated at the supplier's business or if such a violation is imminent, the supplier shall take appropriate remedial action to prevent or terminate the violation and to minimise the extent of the violation. This can also include training sessions by Hipp.

If the nature of the violation is such that it cannot be terminated in the foreseeable future, the supplier shall submit and implement a plan (including a concrete timetable) for the termination or mitigation of the violation. If legally required, Hipp shall be involved adequately in the creation of the plan.

If factual indications suggest to Hipp the possibility of a violation of a human rights-related or environmental obligation in the supplier's upstream supply chain, the supplier shall promptly collaborate in a risk analysis relating to the incidence, take appropriate preventive measures and support Hipp appropriately in the creation and implementation of a plan for its avoidance, termination or mitigation.

Furthermore, Hipp reserves the right to initiate appropriate legal steps, including the assertion of compensation for damages. The same applies if a supplier fails or refuses to implement measures to improve its sustainability performance. Notwithstanding further rights and subject to the applicable law, Hipp furthermore reserves the right to terminate a business relationship in the event of a serious violation of this SCOC.

5.2 Review of expectations

Our suppliers shall allow us to check the observance of our expectations on site.

5.3 Reporting of violations

The suppliers are obliged to report any suspected violation of this SCOC to Hipp immediately. Any such reporting shall be made with due regard to the supplier's



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legitimate interests, in particular data protection and the protection of business secrets. Reporting can be done using Hipp's online whistleblower system, available at <https://Hipp.secureveal.com/>.

5.4 Complaints procedure

The suppliers shall establish a complaints mechanism that is suitable for their company. This mechanism shall enable their employees to report violations of human rights, environmental protection or business integrity anonymously, confidentially and without any fear of retaliatory measures.

The suppliers shall advocate, as far as is possible and reasonable for them, that such procedures are also established in the suppliers' upstream supply chains.

The suppliers shall inform their employees that they can also use Hipp's online whistleblower system, which is available at <https://Hipp.secureveal.com/>, in the event of violations as part of their business relationship with Hipp.

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Hipp GmbH & Co. Vertrieb KG

Georg-Hipp-Str. 7

85276 Pfaffenhofen

www.hipp.de