

Supplier Code of Conduct



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1. Introduction: Preamble

Trust is the basis of every relationship. Shared ethical values are crucial for a good relationship between Dr Schär and our suppliers. This is why we carefully select our business partners, seeking those whose business practices align with our social, environmental, and business values align with ours and are able to meet our standards for quality and innovation.

We select new suppliers based on defined quality criteria and conduct audits, including on-site visits as necessary. To ensure that our strict requirements for quality are met during our collaboration, we continuously assess our suppliers' services and standards. This enables us to jointly identify potential for improvement and reduce risks. We work to continuously improve our business relationships because we are convinced that we can establish sustainable and successful businesses based on our shared objectives.

We operate worldwide in accordance with international labour and social standards. We conduct our business based on the conventions of the International Labour Organization (ILO), the United Nations (UN) Universal Declaration of Human Rights and Declaration of the Rights of the Child, and on the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD).

For further information, please consult our [Code of Conduct](#), "Our Commitment to People, Products, and Our Planet," available for download from our website.

For our future collaboration, the contractual partners agree to the regulations set out below for a common Code of Conduct. This agreement serves as the basis for all future deliveries and applies to both suppliers of goods and companies providing works and services (hereinafter referred to as the "Supplier"/"Suppliers").

The contractual partners undertake to adhere to the principles and requirements of the Code of Conduct. This agreement enters into force upon signature. A breach of this Code of Conduct entitles Dr. Schär to terminate business relationships, including all associated supplier agreements.

2. Requirements for suppliers

2.1. Social responsibility

Ban on child labour

No forced or bonded labour or any comparable type of labour may be used. All labour must be voluntary and be free from the threat of punishment. Furthermore, servitude or other forms of oppression in the workplace are prohibited, including economic or sexual exploitation and humiliation. All employees are entitled to terminate their employment relationship, provided they adhere to the contractually agreed or legal notice period. It is prohibited to retain identity employees' identity documents. Employees, especially itinerant workers and migrants must not engage in any unlawful payments or bonds in order to secure employment. If lawful payments for job placement or for procuring required employment documents such as work permits, visas or health certificates are incurred, these must be covered by the employer.

Particular care should be taken when engaging the services of employment agencies, both directly and indirectly. Only employment agencies that operate legally and responsibly may be engaged. If possible, certified employment agencies should be engaged.

Ban on child labour and protection for young employees

No children who are required to attend school according to local laws may be employed, either directly or indirectly. Children under the age of 15 may not be employed unless there is a recognized exception according to ILO Convention No. 138, and only if local law allows for such exceptions. To ensure compliance with these guidelines, reliable age verification mechanisms must be used when hiring employees.

Young workers under the age of 18 must not be assigned to jobs that could harm their health, safety or morals due to the nature of the work or the conditions under which it is performed. If workers under the age of 18 are employed, their working hours must not interfere with their participation in vocational training programmes recognized by the relevant authorities.

Inhumane or degrading treatment and disciplinary measures

The Supplier shall not use force, threat of force, punishment, restraint, sexual harassment or other methods of intimidation to discipline or control workers in a manner inconsistent with their human rights. Permissible disciplinary measures under applicable law must be defined

in the employment agreement or in written employment regulations announced in advance and must be explained to the workers verbally in clear and understandable terms beforehand.

Fair working conditions, pay and working hours

The Supplier must inform its employees in a comprehensible manner about their rights and conditions of employment, such as remuneration, working time regulations and entitlement to leave. Where national laws and directives require, employment agreements must be prepared in writing. The Supplier must provide proof that all employees are entitled to work in the respective country.

The payment of all employees is aligned with the statutory minimum wage or, if higher, with industry standards agreed in collective bargaining. Wages must be sufficient for maintaining an appropriate standard of living and should be calculated transparently, fairly and objectively. Statutory legal social benefits must be provided to all employees.

Local legal provisions on working hours, overtime regulations, breaks and rest periods, as well as leave, paid sick leave and parental leave must be adhered to at all times. Overtime must be voluntary or regulated by a contract or collective bargaining agreement. In the absence of local legal provisions, the standards set by the ILO conventions shall apply.

Ban on discrimination

Unequal treatment of employees in any form is prohibited unless it is justified by the requirements of employment. This applies, for example, to discrimination based on gender, national, ethnic or social origin, skin colour, disability, health status, political conviction, ideology, religion, age, pregnancy or sexual orientation. Each individual's personal dignity, privacy and personal rights must be respected. This applies also to the hiring process and for measures for further training or promotion of the employees. The supplier pays equal remuneration for work of equal value.

Freedom of association and collective bargaining

The right of all employees to form and join trade unions, to participate in collective bargaining and to strike must be respected. In cases in which freedom of association and the right to collective bargaining is legally restricted, alternative opportunities to do so must be afforded. Employees must not be discriminated against due to their forming, joining or membership in this type of organization. Employee representatives must be afforded free access to their colleagues' workplaces.

Deployment of security personnel

It is prohibited to commission or use private or public security personnel to secure a business project if due to the lack of training or control on the part of the company the prohibition on torture and cruel, inhuman or degrading treatment is disregarded, life or limb is injured or the freedom of association and union is infringed on.

Occupational safety or health and safety and safety in the workplace

Appropriate steps must be taken to prevent work-related injuries and illnesses. Employees must be provided with appropriate and documented health and safety training before starting work and regularly thereafter. Production and supply facilities must be fitted with machine guards and emergency stop switches and routine preventive maintenance must be carried out. Furthermore, protective measures must be implemented to prevent impacts from chemical, physical and biological substances. The Supplier must provide a healthy work environment with appropriate lighting, ambient temperature, ventilation, sanitary facilities and drinking water. Measures to prevent excessive physical and mental fatigue with respect to working hours and rest periods must be taken.

Where accommodation is provided by the Supplier or its associated partners, it must be clearly separated from the factory and production area, be securely constructed and maintained and be regularly cleaned, with access provided to drinking water, electricity, and clean showers and toilets, as well as appropriate lighting and ventilation.

Preservation of natural resources and fulfilment of basic human needs

The Supplier must not, in violation of legitimate rights, withdraw land, forests or water whose use secures the livelihood of people. The Supplier must take particular care to prevent harmful changes to the soil, water and air pollution, noise emissions and excessive water consumption that harm people's health, significantly impair the natural basis for food production or people's access to safe drinking water or sanitary facilities.

Rights of local communities, forced evictions

It must be ensured that no unlawful forced evictions take place. Local, national, international and traditional land, water and resource rights must be respected. It must be ensured that land and forestry developments and activities are subject to the free, prior and informed consent [FPIC Guide] of the affected local communities. The consent process must be documented.

2.2. Environmental responsibility

Throughout the entire supply chain, negative environmental impacts caused by resource and energy consumption, emissions of greenhouse gases and air pollutants, water consumption, outputs in soil and water and waste must be avoided and continuously reduced wherever possible, biodiversity must be conserved, and the circular economy supported. This applies to both goods and packaging.

Water management and treatment of industrial wastewater

Producers and suppliers must protect water resources by maximizing water storage and minimising soil erosion. Wastewater from operational processes and sanitary facilities must be inspected prior to discharge or disposal and be treated as needed. In addition, measures should be introduced in order to reduce the generation of wastewater. Natural sources must be protected, suppliers and producers should avoid, minimize, and reduce water consumption, especially in water-endangered areas, and reuse and store water.

Water withdrawals should be managed to meet the needs of other water users, including the communities, wildlife and ecosystems in the watershed. Furthermore, the producers must optimize irrigation such that transporting chemicals, nutrients or sediments from the soil surface or root zone is minimized to protect the water quality and avoid water pollution.

Handling air and noise emissions

General emissions from operating processes (air and noise emissions) must be standardized prior to their release, routinely monitored, checked and treated as needed. The Supplier is also charged with monitoring its exhaust gas purification systems.

Handling hazardous substances

The Supplier must securely store and label hazardous materials, chemicals and hazardous substances and handle, recycle, reuse and dispose of them properly. Only legally authorised chemical substances may be used.

Waste minimization

Waste recycling and waste separation are extremely important for conserving resources and are therefore an integral part of Dr. Schär's sustainability plans. The first step to waste

recycling is waste separation, for which the Supplier must create the necessary framework. With regard to plastic and plastic packaging in particular, the Supplier contributes proactively to solutions for collection, sorting and recycling in order to prevent plastics from ending up in landfills or as waste. The Supplier must pursue a systematic approach to identify, manage, reduce and responsibly recycle or dispose of waste. The prohibitions on the export of hazardous waste in the Basel Convention of 22 March 1989, as amended, must be observed.

Climate protection

The well-being of each and every one of us depends on a healthy environment. We can all contribute to its preservation through mindful actions. By being aware of the resources we use and striving to minimize our environmental impact and carbon footprint, we can improve our quality of life and protect the planet.

Suppliers also play a crucial role in achieving the UN Intergovernmental Panel on Climate Change's global warming target of 1.5 °C, as outlined in the Paris Agreement. Therefore, all suppliers must adopt business practices that enhance energy efficiency, mitigate climate change and reduce energy consumption and greenhouse gas emissions. Renewable energy should be prioritized over fossil fuels and energy consumption must be consistently monitored and documented.

Biodiversity and protection of forests

As food producer, biodiversity protection is particularly important for Dr. Schär. The Supplier, in collaboration with farmers, must therefore ensure that invasive species, pests or diseases are not introduced as part of agricultural cultivation practices and do not alter ecosystems.

Furthermore, sustainable cultivation methods must be used to enrich the soil, increase the presence of pollinators and optimize water use through irrigation methods. Suppliers must also ensure that their agricultural practices do not lead to deforestation, contribute to it or be directly associated with it. For products made from soya, palm oil, cocoa, beef, paper and cardboard, suppliers must check that they do not originate from areas deforested after 31 December 2020.

Environmentally friendly logistics

Logistics management must prioritize minimizing the environmental impacts of the selected transportation methods.

Animal welfare

Suppliers must fully comply with national laws on animal protection and welfare. Farmers are required to prioritize the health and well-being of animals and implement plans to continually improve their practices.

More environmentally friendly packaging

Suppliers should strive to use packaging materials made from recycled, reusable and/or renewable materials. This approach helps minimize the consumption of primary raw materials and increases the use of materials from the circular economy.

2.3. Business ethics

Dr. Schär is committed to fair and transparent business practices. We respect all applicable regulations and prohibitions concerning corruption, bribery, fraud and extortion.

We protect our suppliers' personal data in compliance with national and international data privacy laws, including the European General Data Protection Regulation (GDPR) (EU 2016/679). We take the utmost care in setting up and managing our databases, and take into account international information security standards, such as ISO/IEC 27001.

For us, business integrity also means that we observe trademark and patent rights and avoid copying existing concepts of other market participants. We expect the same level of commitment from our suppliers.

Fair competition

Our suppliers must be committed to the principles of a free market and fair competition. We do not tolerate antitrust violations and we expect our suppliers to adhere to international competition regulations, guidelines and laws.

Confidentiality and data protection

The Supplier commits to fulfil the expectations of its client, suppliers, customers, consumers and employees regarding the protection of personal information. The Supplier must comply with data protection and information security laws and regulatory requirements when collecting, storing, processing, transmitting and disclosing personal information.

Intellectual property

Intellectual property rights must be respected. Technology and know-how transfers must be conducted in a manner that protects Dr. Schär's intellectual property rights and confidential information.

Integrity, bribery, acceptance of advantages

The Supplier must clearly state its opposition to any form of corruption and bribery and support efforts to combat them in all forms. Therefore, any offer, promise or provision of advantages to influence favourable behaviour (active corruption) is strictly prohibited. Similarly, the Supplier must not accept offers, promises or other advantages that can create the impression of influencing business decisions (passive corruption). The Supplier commits to complying with national and international regulations for the prevention of money laundering and funding of terrorism, as well as adhering to valid foreign trade and customs regulations.

3. Implementing requirements

Dr. Schär expects its suppliers to identify and take appropriate measures to eliminate risks related to the requirements of this Supplier Code of Conduct within the Supplier's own business area and supply chains. The Supplier must promptly inform Dr. Schär of any identified or pending violations and the actions taken to address them.

Dr. Schär is entitled to review compliance with regulations with this Supplier Code of Conduct annually. This review may be conducted through a questionnaire or audit, for example.

If a risk or a violation of the regulations of this Code of Conduct is identified or Dr. Schär receives a report of a possible risk or violation, Dr. Schär will communicate this to the supplier immediately in writing and may grant a reasonable grace period for remediation. The supplier must endeavour to provide comprehensive clarification or permit an independent third party to inspect the situation at the company premises or review necessary documents. If a remedy is not possible in the foreseeable future, the Supplier must notify Dr. Schär immediately and, if requested by Dr. Schär, create a schedule for eliminating or minimizing the violation. If the grace period for fulfilling measures or the deadline for implementing measures expires without resolution, Dr. Schär may cancel the legal transaction. The right to cancel the legal transaction without a grace period for fulfilment, in particular in the event of a serious breach of contract or failure to meet a specific obligation, without prejudice to the right to compensation.

The supplier must inform its employees about the rights and obligations outlined in this Supplier Code of Conduct in an easily understandable manner. Furthermore, the supplier is required to communicate the principles of this Supplier Code of Conduct to its own suppliers.

The Supplier should install a system within its own business area that allows employees to confidentially report human rights and environmental risks and violations. Dr. Schär has established a whistleblowing system which the Supplier's employees can also use to confidentially report any human rights and environmental risks and violation. Any report can be made through the dedicated digital platform set up and accessible from the website <https://www.drschaer.com/>, through a link inserted in the footer of the page. The link redirects to the page <https://drschaerwhistleblowing.effizient.it>. The reporter is always offered the option of alternatively proposing an oral or written report in paper form. Reports can be made in English, German or Italian.

Upon request, and if necessary, as governed by confidentiality agreements, the Supplier must provide details on the origin of goods delivered to Dr. Schär and also commits its suppliers to transparency in the supply chain.

4. Information and consent of the Supplier

This Supplier Code of Conduct exclusively governs the relationship between Dr. Schär and its suppliers. By signing this document, the Supplier commits to acting responsibly and adhering to the principles and requirements stated herein. The Supplier commits to communicating the content of this Code of Conduct to its employees and authorized representatives in an understandable manner and take all necessary precautions for implementing the requirements.

Name of supplier:

Name of signatory:

Date, Signature: