

## The Procurement Policy of Palsgaard

**At Palsgaard<sup>1</sup>, our commitment towards responsible business practices extends across our value chain. We aim at only doing business with honest and committed suppliers. This includes that our suppliers should adhere to applicable laws and regulations in the countries where they operate, treat their employees with dignity and respect, and manage their production in an environmentally responsible manner. Our suppliers should have similar expectations towards their suppliers.**

We do the following to meet our objectives:

### Monitoring

- We maintain a systematic risk-based approach to engaging and monitoring our raw material suppliers via a strategic supply- financial- and CSR risk management. We expect our suppliers to comply with the Palsgaard Supplier Code of Conduct. This Code, which is based on the 10 principles of the UN Global Compact. It sets out our expectations for suppliers, which include treating their employees with dignity and respect, managing production in an environmentally responsible manner, adhering to applicable laws and regulations as well as our anti-corruption policy.
- We select our suppliers based on a weighted evaluation of traditional purchasing criteria, such as quality and food safety, CSR performance and price.
- Our Responsible Sourcing Programme (RSP) includes monitoring of targeted suppliers on their CSR performance every 3<sup>rd</sup> year.

### Responsibility

- We seek to work with targeted suppliers regarding their CSR performance and possible improvement areas.
- We take responsibility in using palm oil in our selection of raw materials and are deeply engaged in sourcing only sustainable RSPO certified palm oil for our food emulsifier production.

### Transparency

- We strive to have close relations with our suppliers, characterized by trust and open dialogue.
- We collect, assess and update information on raw materials in our quality management system.
- We only purchase raw materials that comply with applicable EU laws and food laws of the country where the raw materials are used for the manufacture of Palsgaard products.
- We report transparently on RSP KPI's and our progress.

Our expectations for our suppliers' CSR performance are further described in the Palsgaard Supplier Code of Conduct.

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<sup>1</sup> Consists of the entities, Palsgaard A/S with subsidiaries, The Schou-Foundation, Palsgaard Estate A/S, Nexus A/S and all management and employees.