



Die Familie feiner Backideen.

Supplier Code of Conduct

1. Introduction

At Kathi¹, we are committed to ecologically and socially responsible corporate management. We therefore expect not only our employees, but also our suppliers and other business partners, to observe the principles of ecological, social and ethical behavior and to integrate them into the corporate culture in order to be able to make a joint contribution to a more sustainable future.

Besides environmental challenges, we focus on both our own employees and employees of our partners in our supply chain. In doing so, international human rights² as laid down in the United Nations' Guiding Principles on Business and Human Rights³ and the Fundamental Principles and Rights at Work of the International Labor Organization (ILO)⁴ form the basis of our activities. We expect our suppliers to work with us in accordance with the abovementioned standards. This Supplier Code of Conduct⁵ (the "Code") thus defines the minimum requirements we have for a successful cooperation.

We also want to meet the increased demands for transparency in supply chains, which we see as an opportunity to deepen and expand relationships among our supplier base.

2. Scope of this Code

By accepting this Code, our suppliers agree to comply with the terms of this Code and the international conventions referenced in this Code (especially in the sections "People" and "Environment"). Suppliers acknowledge that compliance with this Code is required to maintain their status as a supplier of us.

Our suppliers shall not try to circumvent any obligations under this Code. For example, labour-only contracting, sub-contracting, home-working arrangements, apprenticeship schemes, or the use of fixed-term contracts, which may be legitimated arrangements, if the situation so requires, but shall never be used for evading compliance with this Code.

Our suppliers agree not to engage in any activity which evidently and severely violates international human rights, even if such activity is not expressly prohibited under this Code. Especially, our suppliers shall not engage in any activity or omission which is directly capable of impairing in a particularly serious manner a protected legal position and the unlawfulness of which is obvious on a reasonable assessment of all the circumstances.

¹The use of "we" or "us" hereinafter refers to the company Kathi Lebensmittel KG, which is the contractual party of the supplier.

²Defined as the Rights included in the Universal Declaration of Human Rights (1948), in the International Covenant on Civil and Political Rights (1966) and in the International Covenant on Economic, Social and Cultural Rights (1966).

³GuidingPrinciplesBusinessHR_EN.pdf (ohchr.org)

⁴Fundamental rights and principles at work (ilo.org)

⁵Hereinafter also referred to as "Code of Conduct" or "Code".



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3. Our Requirements regarding Social Responsibility

3.1. No forced or compulsory labour

We do not tolerate any form of forced labour⁶ at any of our suppliers. This includes any work or service required of a person under threat of punishment and for which the person has not voluntarily made him-/herself available. The ILO indicators⁷ are used to determine if a situation constitutes forced labour.

All workers, both permanent and temporary, must be provided with all mandatory employment documents in a language that they understand prior the commencement of the employment. Any employment contract must be freely agreed to.

Mental and physical coercion, slavery⁸, serfdom⁹ or debt bondage¹⁰, involuntary prison labour and human trafficking¹¹ are prohibited.

Exceptions are subject to those allowed under the International Covenant on Civil and Political Rights and ILO Convention No. 29.¹²

Fees and costs associated with recruitment and employment must be paid by the employer, not by the employee.

The ability of workers to move freely shall not be restricted by the employer, for example, through physical restriction, abuse, threats and practices such as retention of passports and valuable possessions.

3.2. No child labour

Our suppliers shall not employ a child below the age at which compulsory education ends according to the law at the place of employment, the age of employment not being less than 15 years; this shall not apply if the law of the place of employment derogates therefrom in accordance with Article 2, paragraph 4, and Articles 4 to 8 of Convention No. 138 of the International Labour Organization of 26 June 1973 concerning the minimum age for admission to employment (for example, national laws or regulations may permit the employment or work of persons of 13 to 15 years of age on light work which is not likely to be harmful to their health or development; and not such as to prejudice their attendance at school, their participation in vocational orientation or training program approved by the competent authority or their capacity to benefit from the instruction receive).¹³

⁶ As defined in ILO No. 29 on Forced Labour (1930) and ILO No. 105 on Abolition of Forced Labour (1957).

⁷ As described in ILO brochure "ILO Indicators of forced labour" (2012).

⁸ As defined in Art. 1 of the Slavery Convention (1926).

⁹ As defined in Art. 1 b) of the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956).

¹⁰ As defined in Art. 1 a) of the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956).

¹¹ As defined in Art. 3 a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children (2000), supplementing the United Nations Convention against Transnational Organized Crime (2000).

¹² As defined in Art. 8 b and c of the International Covenant on Civil and Political Rights (ICCPR) (1966) and Art. 2 (2) of ILO No. 29 on Forced Labour (1930).

¹³ As defined in Article 2 (4) and Article 4 – 8 of ILO No. 138 on Minimum Age (1973).



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Workers under the age of 18 must not perform hazardous work or any of the worst forms of child labour.¹⁴ Exceptions are only allowed as long as they are in line with national law as outlined by the ILO.¹⁵

In accordance with Article 3 of Convention No. 182 of the International Labour Organization of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour¹⁶ the worst forms of child labour include

- all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and servitude, and forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflict,
- the bringing in, procuring or offering of a child for prostitution, the production of pornography or pornographic performances,
- the bringing in, procuring or offering of a child to engage in illicit activities, in particular the obtaining of and trafficking in drugs,
- work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children.

Workers under the age of 18 shall also be excluded from the obligation to work in night shifts.

3.3. Non-discrimination and equal opportunities

Our suppliers must prevent unequal treatment in employment (including hiring, compensation, promotions, benefits, as well as termination or retirement), for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment.¹⁷ Unequal treatment includes in particular the payment of unequal remuneration for work of equal value.

Unequal treatment is a situation in which a person is treated differently only or predominantly because of her or him being part of a specific group.

Our suppliers shall provide an inclusive, healthy, bias-free work environment to their employees and shall promote initiatives for further diversity and inclusion in the workforce.

3.4. Humane treatment

Our suppliers must make reasonable efforts to ensure that employees are not subjected to inhumane or degrading treatment, oppression, physical punishment, sexual harassment, abuse, psychological or physical coercion and/or verbal abuse at the workplace. Reasonable efforts may include diversity trainings and sexual harassment policies including trainings and sanctions.

¹⁴ As defined in Article 3 of ILO No. 182 on Worst Forms of Child Labour (1999).

¹⁵ As defined in Nr. 4 of ILO No. 190 on Worst Forms of Child Labour Recommendation (1999).

¹⁶ As defined in Nr. 3 of ILO No. 190 on Worst Forms of Child Labour Recommendation (1999).

¹⁷ As defined in ILO No. 100 on Equal Remuneration (1951) and ILO No. 111 on Discrimination (Employment and Occupation) (1958).



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3.5. Compensation and benefits

All employees must receive a compensation package which meets or exceeds the legal minimum standards or the prevailing industry standards approved in collective bargaining agreements whichever is applicable. Irrespective of that, all employees shall be paid living wages¹⁸, which allow them and their families to live in dignity.

Any social benefits mandatory under applicable law shall be granted. Remuneration must be paid on time and in full in a legal currency at the country of employment.

Deductions from the salary are only permitted if made in accordance with applicable law. Wage deductions as a disciplinary measure are not permitted.

3.6. Freedom of association

Our suppliers must respect the rights of their employees to freely associate, organise, and bargain collectively and act accordingly.

Employees or their representatives shall be able to associate, organise and communicate openly with management regarding working conditions without fear of discrimination, reprisal, retaliation, intimidation, or harassment.¹⁹

3.7. Health and safety

Our suppliers shall always give priority to employees' safety. At least, each of our suppliers must comply with applicable laws and regulations regarding work safety.

The workplace must not put health or safety of employees at risk; employees must always work in safe work environments. Suppliers must implement measures to avoid excessive physical and mental exhaustion of their employees.

We expect from our suppliers to identify, evaluate and control workers' exposure to chemical, biological, and physical agents and physically demanding tasks. Suppliers must eliminate these risks through the most effective measures, incl. engineering, management processes and protective equipment.

Our suppliers must put procedures and systems into place to prevent, manage, track and report occupational injury and diseases. This also includes that all employees must receive regular and appropriate training on health, safety and emergencies at the workplace.

Minimum requirements for a healthy workplace include providing drinking water, adequate lighting, temperature control and ventilation, adequate bathroom facilities, fire safety protocols and flight routes, building safety and personal protective equipment as well as appropriate equipment with regard to specific workplace conditions and occupational health.

Where accommodation is provided to employees, this must be clean and safe and meet the basic needs of employees.

¹⁸ In case of doubt, the living wage is to be determined by an international standard, such as the Anker Methodology (Anker, Richard; Anker, Martha (2017): Living Wages Around the World: Manual for Measurement). Current relevant and country-specific data is available at www.globallivingwage.org, <https://www.living-income.com> and www.align-tool.com.

¹⁹ As defined in ILO No. 87 on Freedom of Association and Protection of the Right to Organise (1948) and ILO No. 98 on Right to Organise and Collective Bargaining (1949).



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3.8. Working hours

Our suppliers may not require their workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed or allowed by applicable collective agreements. Working breaks have to be granted in compliance with applicable law.

Even in countries where this is legal, employees should not work more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

3.9. No illegal eviction or deprivation

Our suppliers shall not unlawfully evict people and shall not unlawfully deprive land, forests and waters in the acquisition, development or other use of land, forests and waters the use of which secures a person's livelihood.

3.10. Private or public security forces

Our suppliers shall not hire or use private or public security forces for the protection of a project or its sites if, due to a lack of instruction or control by the company, security forces disregarded the prohibition of torture and cruel, inhuman, or degrading treatment or injure life or limb or violate the freedom of association. When our supplier's contract or request usage of private or public security personnel to protect a project or site, reasonable and effective measures²⁰ need to be applied to minimize these risks.

²⁰ Measures should be oriented towards relevant guidance and models from the International Code of Conduct for Private Security Providers (2021) and the Voluntary Principles on Security and Human Rights (2020).



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4. Our Requirements regarding Environmental Responsibility

4.1. Reduction of environmental impact

We expect from our suppliers to continuously minimize their negative impact on the environment through emissions of greenhouse gases and air pollutants, discharges into soil and water and waste generation. We expect from our suppliers to preserve biodiversity and encourage a circular economy. Our suppliers must comply with all environmental laws and regulations and obtain and maintain all required environmental permits (e.g., discharge monitoring) and registrations and follow their requirements.

In particular, our suppliers shall not cause any harmful soil contamination, water pollution, air pollution, harmful noise emission or excessive water consumption, which significantly impairs the natural basis for the preservation and production of food, denies a person access to safe drinking water, impedes or destroys a person's access to sanitary facilities; or harms the health of a person. In case of doubt, the thresholds for permissible emissions established in the rules of the country of production or – if not existent or if they are obviously inadequate²¹ – international standards²² apply.

4.2. Climate protection and zero deforestation

We expect our suppliers to act with urgency in order to limit their impacts on climate change. This means that our suppliers measure greenhouse gas emissions caused by their business activities and make efforts to minimizing these emissions.

In their efforts for increased climate protection, our suppliers of production material shall operate deforestation-free value chains, latest by 2025. This includes, but is not limited to, increasing transparency and traceability, monitoring adverse impacts, and collaborating throughout their supply chain. Any products that have been sourced from High Conservation Value²³ or High Carbon Stock²⁴ areas developed after Jan 1, 2020 will be considered in violation of this Code.

²¹ For example, the rules of the country are obviously inadequate if the competent German, EU or UN institutions state their inadequateness or if the thresholds permit permissions that are more than 50 % higher than the existing international standards.

²² For soil contamination thresholds, the ISO/TC 190 on soil quality applies, if the FAO does not issue differing guidance. For all other thresholds, the relevant WHO guidelines apply, i.e. for water consumption and usage: the WHO guidelines for drinking-water quality (2022); for air pollution thresholds: the WHO global air quality guidelines (2021); or noise thresholds: the regionally applicable WHO guidelines for community/environmental noise, and where no such regionally applicable guideline exists: the WHO guideline for community noise (1999).

²³ As described on the official website of the HCV network High Conservation Value.

²⁴ As described on the official website of the HCSA High Carbon Stock.



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4.3. Hazardous substances

Our suppliers must label, monitor and control hazardous materials, chemicals and substances and ensure their safe handling, movement, storage, recycling and disposal. All applicable laws and regulations relating to hazardous materials, chemicals and substances must be strictly adhered to. Our suppliers shall not manufacture mercury-added products, use mercury and mercury compounds in manufacturing processes and shall not treat mercury waste in contravention of the provisions of the Minamata Convention.²⁵

Our suppliers shall not produce and use Persistent Organic Pollutants in contravention of the provisions of the Stockholm Convention and shall not handle, collect, store and dispose of waste of Persistent Organic Pollutants in a non-environmentally sound way in contradiction to the Stockholm Convention.²⁶

Our suppliers shall not export hazardous waste and other waste as defined in the Basel Convention (i) to a party that has prohibited the import of such hazardous and other wastes, (ii) to an importing state which has not given its written consent to the particular import, unless that importing state has not prohibited the import of that hazardous waste (iii) to a state that has not ratified the Basel Convention respectively is not listed in Annex VII to the Basel Convention or (iv) into a country, if such hazardous waste or other waste is not treated in an environmentally sound manner in that country. Our suppliers shall not import hazardous wastes and other wastes as defined in the Basel Convention from a state that has not ratified the Basel Convention.²⁷

4.4. Sustainable water management

We expect our suppliers to maintain a sustainable water management in their operations. This includes the retrieval and usage of water, especially in areas of water stress, considering the water needs of other stakeholders in that area. It also includes the appropriate monitoring, controlling and treating of wastewater, in particular if wastewater is discharged directly into the environment.

4.5. Reduction of waste

Waste of all types, including water and energy, but also and in particular food and packaging waste, is to be reduced or eliminated directly at the source or by practices such as material substitution, conservation, recycling, modifying production, maintenance and facility. Waste is to be monitored and controlled and to be treated as required by applicable law prior to discharge or disposal.

4.6. Animal welfare

Our suppliers are obliged to fully comply with the applicable national laws for animal protection and welfare in their respective supply chain.

Furthermore, it is required to adapt any farming and management systems of livestock from birth until slaughter to the needs of the animals as best as possible and to meet the (behavioral) physiological requirements of the respective species.

In doing so, it should be ensured that animals are not subjected to pain, suffering or harm during transport, anaesthetization or slaughter. Especially during transport, suppliers are required to ensure the shortest live transport possible along the supply chain.

Suppliers should proactively develop and promote solutions for more animal welfare along the supply chain.

²⁵ In line with the Minamata Convention on Mercury (2017).

²⁶ In line with the Stockholm Convention on Persistent Organic Pollutants (2004).

²⁷ In line with the Basel Convention (2019).



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5. Our Requirements regarding Ethical Business Behavior

5.1. The basis: compliance with laws

We respect applicable law and require our staff members and business partners to do likewise. Any applicable laws need to be complied with, which may include domestic, foreign or supranational laws, conventions, rules or any other provisions, if applicable.

In accordance with such laws, it is also strictly prohibited to perform illegal acts or cause third parties to perform illegal acts.

If applicable law is less restrictive than the principles set forth in this Code (including the referenced ILO conventions and international agreements), our suppliers are required to, at a minimum, comply with this Code.

5.2. Anti-corruption

Suppliers must not, directly or through others, engage in any form of bribery, fraud, corruption, extortion or embezzlement. This includes the attempt to influence the personal interests of any of our employees or of any person related to them.

Suppliers must observe that in connection with their business activity, employees of our company shall neither request nor accept from our suppliers any unjustified personal advantage, so suppliers must not offer any. Only usual and appropriate advertising gifts of small value for business use and invitations (e.g. meals) on business-related occasions, which are of reasonable value and which do not have the potential of influencing business decisions in a dishonest manner will be accepted in compliance with such anti-bribery and corruption laws.

We expect our suppliers to have adequate procedures in place to prevent bribery and corruption in all commercial dealings undertaken by the supplier.

5.3. Competition law

In order to protect free competition, all our suppliers need to adhere to antitrust law. This includes but is not limited to the provision of commercially sensitive information about competitors and in particular any agreements with other companies or suppliers that would be to our disadvantage.

5.4. Protection of privacy and information security

Our suppliers are required to respect and safeguard all confidential information, trade and business secrets and intellectual property of our company.

Supplier shall, at all times, comply with all applicable data protection laws, which shall especially apply to any personal data of our employees or our customers which the supplier receives from us or gets to know during the business relationship.



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6. General provisions

The supplier undertakes to strictly adhere to this Code. Supplier agrees to not engage in any activity which is not expressly mentioned in the Code, but which evidently and severely violates international human rights.

Furthermore, supplier shall pass on the requirements regarding human and environmental rights as defined in the Code to its suppliers and implement appropriate measures to ensure compliance with the requirements set out in this Code throughout its supply chain. Among others, our suppliers need to make reasonable efforts to conclude agreements with their own suppliers that are in line with the Code and the referenced international conventions on which it is based. If its suppliers do not accept, our supplier needs to document the reasons and continue his effort. If, after reasonable effort and time, no such agreement can be reached, our supplier shall consider the option of changing suppliers, if reasonable.

To the extent permitted by law, we are entitled to request the necessary data and information from our supplier that this Code was duly implemented by our supplier. This includes the provision of any documents and information relevant to verifying implementation. We reserve the right to verify our supplier's compliance with this Code. In this regard we are entitled to require our supplier to complete self-assessments or to disclose relevant policies or procedures. Especially, we may regularly, at least two times per calendar year without reason, and additionally in case of incidents, conduct on-site audits by ourselves and/or third-party auditors during regular opening hours. The audits will be announced upfront within a reasonable period of time. In case of an incident or alleged breach of the Code, under consideration of the severity of the violation, the audit may be made without prior announcement. When requesting documents or data/information or conducting audits, it must be ensured that data protection and antitrust law provisions are complied with and that no confidentiality obligations that are legally binding or punishable by law are violated.

We expect our suppliers to provide not only their own employees, but also the employees of its suppliers and third parties with appropriate channels through which complaints for breach against the Code can also be expressed anonymously. In connection with this, and the preservation of the respective rights of the persons concerned, the establishment of a suitable process for dealing with the reports received there must be established. Our supplier shall refrain from sanctioning or in another way causing disadvantages for whistleblowers acting in good faith.

In case of a violation of this Code, especially regarding human or environmental rights, you must immediately take all reasonable effort, e.g. in form of an action plan, to end, or, if ending is not immediately possible, mitigate the violation. We are entitled to require our suppliers to take reasonable specific measures to prevent and end a violation. In each case our supplier is obliged to document the measures it has taken in a verifiable manner and, in cases where we have become aware of a violation or have a reasonable cause to suspect a violation, we require our supplier to openly inform us about the facts, the measures taken and the progress achieved as well as to cooperate with us.

We reserve the right to suspend or terminate the business relationship and any agreements with our supplier without any penalty or further liability for us in case of severe breaches against this Code. Before termination, we will inform about our supplier intention to do so and will give a reasonable period of time to remedy, or, if not possible in a reasonable period of time, minimize such violation. If the violation occurs because of intent or serious negligence of our supplier, and it can, under consideration of all circumstances, not reasonably be expected from us to continue the business relationship, we are entitled to terminate the business relationship without prior notice.



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7. No third-party rights

This Code does not create a legal base for rights, claims, causes of action or entitlements against us or our supplier for any third party, including but not limited to associations, workers, landowners, property owners, those residing, working and/or recreating in proximity to supply chain activities or any other individual who is injured or suffers damages due to a violation of human rights.

8. Contact us

If the supplier obtains any information on a violation of the Code by our company, we expect to be notified as soon as possible. Our supplier has the opportunity to either inform its contact at our company, or the compliance organization, e.g. via e-mail (info@kathi.de). If suppliers have reason to assume that the information may be to their disadvantage, they may request in their notice to the compliance officer that the information on the violation shall be investigated confidential. In case of any questions on this Code of Conduct and its implementation, suppliers may contact their responsible contact person in our company.