

The Procurement Policy of Palsgaard

At Palsgaard¹, our commitment towards responsible business practices extends across our value chain and we strive to building longterm relations with committed vendors with shared values. We expect our vendors to adhere to all 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 vendors should have similar expectations towards their respective vendors.

We do the following to meet our objectives:

Monitoring

- We maintain a systematic risk-based approach to engaging and monitoring our vendors via a strategic supply- financial- and ESG risk management. We expect our vendors to comply with the Palsgaard Supplier Code of Conduct, based on the 10 principles of the UN Global Compact. It outlines our expectations in relation to 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 and evaluate our vendors based on numerous criteria such as quality and food safety, delivery performance, innovation capability, ESG performance and commercial terms
- Our Responsible Sourcing Programme (RSP) includes monitoring of vendors on their ESG performance.

Responsibility

- We are in continuous dialogue with our vendors regarding their ESG performance and provide feedback where required on any potential improvement areas.
- We take market leading responsibility in using sustainable palm oil and have an extensive sourcing program of RSPO certified palm oil for our food emulsifier production.

Transparency

- We strive to have close collaboration with our supplying partners, characterized by mutual trust and sharing of values and interests.
- We continuously consolidate, evaluate and update documentation on our raw materials as key pillar in our quality management system.
- As a minimum requirement, all our components comply with applicable food laws of the country where the raw materials are used for the manufacture of Palsgaard products.

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

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