

## 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 in which 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:

- 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 food laws of the country where the raw materials are used for the manufacture of Palsgaard products.
- We maintain a systematic risk-based approach to engaging and monitoring our suppliers, and 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, sets out our expectations for suppliers, which includes treating their employees with dignity and respect, managing production in an environmentally responsible manner and adhering to applicable laws and regulations.
- We select our suppliers based on a weighted evaluation of traditional purchasing criteria, such as quality and food safety, CSR performance and price.
- We seek to work with our suppliers regarding their CSR performance and possible improvement areas.

Our expectations for our suppliers' CSR performance are described in more detail 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-Fondet, Palsgaard Gods A/S, Nexus A/S and all management and employees.