

1 Introduction

The Bonafarm Group¹ handles the issue of environmental and social sustainability with great importance. It enforces these aspects in its own operations and throughout the supply chain. When working with business and supplier partners, they are expected to comply with the principles set out in this document.

This Code of Conduct has been developed based on the following international guidelines, principles and legal norms:

- Universal Declaration of Human Rights (UN)
- Principles of the UN Global Compact (UNGC)
- UN Guiding Principles on Business and Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Rights of Women
- International Labour Organization (ILO) Core Labour Standards
- Paris Climate Agreement
- UN Sustainable Development Goals

In order to comply with the principles set out in this Code of Conduct, it identifies, analyses and prioritises the impacts related to human rights and environmental protection during its own and its suppliers' business activities.

2 Human rights-related obligations

2.1 Equal and fair treatment

The business partner provides equal opportunities and equal treatment for its employees. In particular, workers shall not be discriminated on the basis of colour, sex, age, religion or belief, social background, state of health, ethnic origin, nationality, membership in employee's organisation, political membership or political opinion, or sexual identity. This principle applies to the entire employment relationship from the time when the employees are hired to the termination of their labour relationship with the company, including decisions such as further training, promotion or remuneration.

The business partner also ensures that there is no abuse or inhumane treatment at work. Sexual, verbal, mental and physical coercion of employees is not acceptable.

2.2 Prohibition of forced labour, child labour, slave labour and illegal work

The business partner ensures that it does not use slave labour, forced labour, or child labour. This includes any work or provision of services that is required from a person under threat of punishment (physical, psychological, financial or otherwise) and for which that person has not applied voluntarily. Every employee has the right to terminate his or her employment in accordance with the contractual or, where applicable, statutory notice period. It is prohibited to withhold identity documents from employees.

The business partner is not allowed to use child labour and is obliged to comply with the relevant regulations to protect minors. The minimum age limit for employment may not be lower than the age at which compulsory

¹ The Bonafarm Group means Bonafarm Zrt. and its all subsidiaries.

Related document: P-10-0001 Sustainability Policy

education ends. National regulations and international standards for the protection of minors must be considered. Up to the age of 18, young people are not allowed to work at night.

The business partner may employ its employees only in compliance with the laws governing employment and without neglecting labour laws.

2.3 Wages and working hours

The business partner must comply with all applicable laws, regulations and industry standards regarding wages and working hours.

All workers must be informed understandably about their rights and the conditions of their employment (such as remuneration, working time and entitlement to leave) and must have a written labour contract. Wages and other benefits must meet with at least the local legal requirements and the local industrial standards.

The level of wages and other benefits must be clearly defined, and they must be paid regularly and in full to those who are entitled to them. The goal is to pay such wages and other benefits that cover the costs of living. The business partner must also pay and provide employees with the compulsory social and other benefits (e.g. health insurance, overtime pay or paid leave) that employees are entitled to under the national law.

Employees are not allowed to work more than the statutory working hours. The rest days prescribed by law must be observed. The use of overtime must be voluntary and shall be regulated by contract or collective agreement.

2.4 Freedom of association and collective bargaining

The employer must respect the right to freedom of association and collective bargaining, the free choice of employees' representation, and free dialogue with the company on issues of workplace.

It must be possible to establish and join trade unions and to conduct collective bargaining in a free and democratic way. Trade unions should be able to operate freely and in accordance with the laws of the place of work.

2.5 Safety and health protection at work

The business partner must create a safe working environment, as part of which the necessary training and protective equipment must be provided for the employees. Facilities must comply with the applicable laws and regulations.

Management should appoint a person responsible for the health and safety of workers, who is responsible for implementing and complying with the occupational safety regulations at work.

2.6 Providing basic human needs by conserving natural resources

In the context of business activities, special care must be taken not to restrict the access of local communities and the persons concerned to basic living conditions (such as drinking water), or to their health or livelihood. Environmental pollution such as harmful soil pollution, water pollution, air pollution, harmful noise emissions or excessive water consumption should be avoided.

2.7 Property rights, rights of local communities, forced evictions

The local, national, international and traditional land, water and resource rights must be respected, especially the rights of indigenous communities. The free and informed consent of the communities concerned must be obtained before legally permitted land use changes or the use or involvement of local communities' water or other resources.

Related document: P-10-0001 Sustainability Policy

3 Environmental obligations

3.1 Environmental and waste management principles

The business partner is obliged to comply with the relevant environmental laws and regulations. Throughout the supply chain, the goal is to avoid or continuously reduce the environmental impact of resource efficiency, air pollutant emissions, water consumption and emissions to soil or water, furthermore, to avoid or reduce the amount of waste, to preserve biodiversity and to promote a circular economy. This applies to both goods and packaging.

All regulations regarding hazardous substances must be complied with by the business partners. This applies in particular to the storage, handling and disposal of hazardous substances. Employees must be trained on how to handle hazardous substances.

3.2 Climate protection and biodiversity principles

The Bonafarm Group expects appropriate measures to be taken at all levels of the supply chain to reduce the amount of greenhouse gases and by means of this to achieve the UN goals. We encourage all our business partners and suppliers to find solutions to improve energy efficiency and minimize greenhouse gas emissions. The aim is to reduce greenhouse gas emissions as much as possible through avoidance and reduction strategies that are in line with the requirements of the Science Based Target Initiative (SBTi) and only then compensate the remaining emissions.

Protecting ecosystems is an essential factor for mitigating climate changes and preserving biodiversity. The Bonafarm Group expects its business partners and their suppliers to contribute to the protection of the natural environment and to take into account the maintenance and improvement of biodiversity in their activities.

Business partners and their suppliers are obliged to strive to ensure that rain forests and other areas of special protection are not destroyed in order to produce raw materials, and to compensate for legal deforestation with afforestation.

3.3 Animal welfare principles

National legislation on animal welfare and protection must be fully complied with. In addition, appropriate measures must be taken to ensure that all animal husbandry systems applied are as adapted as possible to the needs of animals from their birth up to slaughtering. As far as possible, it shall be ensured that animals are not exposed to pain, injury or other suffering during transport, stunning and slaughter. The transport of live animals throughout the supply chain should be limited as short as possible.

The Bonafarm Group expects business partners and their suppliers to proactively develop solutions for greater animal welfare and to support the implementation of such measures.

4 Business integrity

4.1 Fair competition

The business partner must refrain from misleading or aggressive business practices and shall comply with applicable competition- and antitrust laws. In particular, a business partner may not enter into restrictive agreements with its competitors or may not abuse its potential market dominance.

Related document: P-10-0001 Sustainability Policy

4.2 Bribery, corruption, acceptance of undue advantages

The business partner must conduct its business ethically, without bribery, corruption or any fraudulent business practices, and at least in compliance with the applicable national laws and regulations. The business partner must pursue a zero-tolerance policy against all forms of bribery, corruption, extortion and embezzlement.

4.3 Conflict of interests

The business partner must avoid conflicts of interest arising from private interests or other reasons in the business environment that may negatively affect the business relationship with the Bonafarm Group.

4.4 Prevention of money laundering and terrorism financing

The business partner must ensure the prevention of money laundering and the avoidance of terrorism financing by complying with the relevant legal obligations.

4.5 Data protection and protection of personal data

The Bonafarm Group considers the issue of personal data protection of great importance and expects the same from its business partners. The business partner is obliged to comply with the applicable data protection regulations.

5 Compliance with the principles

5.1 Subcontractors and supply chain

The subcontractors used by the business partner to provide its services must also comply with the standards set out in this Code of Conduct. The business partner must inform its partners of the content of this Code of Conduct and require the compliance with the requirements set out herein.

5.2 Establishment of risk management system

The business partner must establish an effective and appropriate risk management system in order to identify the potential risks of human rights, environment protection and behaviour. The business partner shall make possible to check and audit the compliance with the Code of Conduct.

5.3 Operation of an internal whistleblowing system

If the business partner shall establish an internal whistleblowing system under the relevant law, or if there is no legal obligation to do so, however it establishes such a system based on its own choice, it undertakes to operate it. During the operation it is prohibited to discriminate against the reporting employee.

We hereby agree with the Code of Conduct for Business Partners and accept the same as binding for us.

Company:

Place and Date:

Signature:

Related document: P-10-0001 Sustainability Policy