



Supplier Code of Conduct 2023

By signing this document, the Supplier confirms to have carefully read and has understood the Cloetta Supplier Code of Conduct and its constituent parts and that the Supplier will comply to it accordingly.

Cloetta Supplier Code of Conduct

Name of the Supplier/Company stamp
(if applicable)

Date

Signature of the Supplier
(on behalf of Company and for all manufacturing locations used for delivering to Cloetta)

Name and title in block letters

I. Cloetta Supplier Code of Conduct

OBJECTIVE:

In order to respond to the sustainability challenges of the world and to live up to Cloetta's sustainability mission, Cloetta wishes to develop partnerships with suppliers who share our mission.

Cloetta's Sustainability Mission:

We believe in the **Power of True Joy**. In order for our **consumers** to truly enjoy our products, we will provide consumers with a choice of products that cater to their different needs in different moments, we will take care of the **people** involved in the making of these products, and finally, we will take care of the **planet** which is the foundation for all our raw materials. This way, we will contribute to - **A Sweeter Future**.

Cloetta Supplier Code of Conduct (CoC) outlines the minimum requirements to ensure that our supply chain partners respect human rights, establish good labour conditions, ensure ethical business practices and continuously improve their environmental and health & safety performance.

Cloetta will consider compliance with this CoC when selecting suppliers. The CoC outlines a minimum standard of conduct. We expect that our suppliers always try to exercise good judgement, care and consideration by following both the requirements and the intentions of the CoC. Furthermore, we expect our suppliers to be transparent and have an open dialogue with us about challenges which they encounter as part of their operations.

The Cloetta Supplier Code of Conduct applies to all suppliers with whom Cloetta and its affiliates have a contractual relationship. This CoC shall be regarded as an integral part of any contract entered between the Cloetta company and the supplier in question.

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II. Requirements

1 Governance

Cloetta is a signatory of the [UN Global Compact](#). Therefore, we expect the Supplier to apply strategies, policies and practices that ensure compliance with the ten basic principles of the UN Global Compact.

The Ten Principles of the United Nations Global Compact are derived from: The Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The above principles have been elaborated into concrete requirements below that all suppliers are to comply with, in order to enter into contractual partnerships with Cloetta.

In addition to adherence to this CoC, Cloetta expects all suppliers to comply with applicable national and international laws and standards such as the [Ethical Trading Initiative's base code](#).

2 Human Rights

- 2.1 *Protect, Respect and Remedy*: Suppliers shall ensure that human rights are protected and respected in their own activities which includes both actions and omissions. Suppliers shall remedy any such human rights violations and take the necessary steps to correct the situation.
- 2.2 *Forced labour*: Suppliers shall not use forced, bonded or involuntary (prison) labour.
- 2.3 *Child labour*: Suppliers are expected to contribute to the effective abolition of child labour and take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency. Suppliers shall only employ people above the legal working age as defined by local law. Suppliers shall take the appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their subcontractors' sites of production or operations. Policies and procedures for remediation of child labour shall be established, documented, and communicated to personnel and other interested parties.
- 2.3.1 Suppliers shall ensure that workers of school age are supported, and not hindered in any way, to take part in and complete their compulsory education. The minimum age for work shall be above the age for finishing compulsory schooling, which is generally 15 years of age, or 14 years according to exceptions for developing countries. If relevant national legislation has set a higher age, this age applies. Work that is likely to be hazardous or harmful to the child's health as well as physical, mental, spiritual, moral or social development or that interferes with the child's education shall not be performed by young workers – children between 15 or 18 years of age.
- 2.3.2 Upon request, Suppliers shall provide a certified copy of an official document that shows the worker's date of birth. In countries where this is not possible, the production site shall implement an appropriate method for evaluating the age of its workers.
- 2.3.3 *Suppliers of agricultural raw materials* sourced in developing countries are expected to cooperate with agricultural stakeholders in their value chain to reduce the barriers in preparing and accessing decent work for rural youth aged 14-17 who are below 18 but above the minimal age for employment.
In the case of family farms, children of farmers between the ages of 13 and 15 years (12 and 14 in developing countries) or above the minimum age for light work as defined by the country's law, whichever affords greater protection, can do light work on their own family's farm, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.
- 2.4 *No abuse and harassment*: Suppliers shall not use corporal punishment or other forms of physical, mental or verbal abuse, sexual or other harassment or any other forms of intimidation against their employees.
- 2.4.1 Abuses committed by business relations: Suppliers shall not contribute to, or being complicit in, human rights abuses committed by any of its business relations.

- 2.4.2 Abuses in society: Suppliers shall not contribute to, or being complicit in, human rights abuses in society in times of armed conflicts or other extraordinary situations (e.g. pandemic outbreaks, climate crisis, food crisis).

3 Labour Rights

- 3.1 *Right to Work and Equal treatment*: Suppliers are expected to provide equal opportunities for workers seeking employment without discrimination on any basis. Suppliers shall not discriminate its employees based on any condition or characteristic which is protected by applicable law or regulation. This includes, but is not limited to, activities such as hiring, compensation (equal pay), access to training, promotion or termination of work. (Examples of conditions and characteristics that should not be used to discriminate are ethnic background, religion, caste, age, disability, gender, marital status, pregnancy, sexual orientation, union membership or political affiliation.)
- 3.2 *Freedom of Association and Collective Bargaining*: Suppliers shall recognize and respect each employee's right to associate with any legally sanctioned organization. The rights of labour unions and the right to collective bargaining must be respected. Workers' representatives shall not be discriminated and shall have access to carrying out their function of representation in the workplace.
- 3.3 *Working Hours and Wages*: Suppliers shall comply with industry standards and all applicable local laws related to working hours and wages. Workers shall be free to leave the workplace premises at the end of the day and Suppliers are expected to pay its employees a living income. Wages and social benefits shall be equal or above industry standards and *must never* be below minimum legal wage.
- 3.3.1 Working hours and breaks shall comply with national laws and industry standards, whichever affords greater protection. For every seven-day period, workers shall be provided with at least one day off. It is *recommended* that working hours do not exceed 48 hours per week.
- 3.3.2 Suppliers shall provide all workers with a written contract of employment in a language they understand outlining their wage conditions and method of payments before entering employment. Suppliers shall not use deductions from wages as a disciplinary measure.
- 3.3.3 Workers shall be granted annual leave and sick leave, to which they are entitled according to national legislation, without any form of negative sanctions. In case of pregnancy, female workers shall be given maternity leave in accordance with the national legislation.
- 3.3.4 Overtime shall be voluntary, limited and compensated. The total working week including overtime shall not exceed 60 hours. Exceptions to this are accepted when regulated by a collective labour conditions agreement. Workers shall receive compensation for overtime work, either through free time or extra pay. The pay

shall, as a minimum, be in accordance with industry standards and legal requirements.

- 3.4 Suppliers shall not avoid compliance with the requirements in this Supplier Code of Conduct or applicable industry standards, legal requirements or international conventions through the use of short-term contracting (such as contract labour, day labour, sub-contractors or other labour relationships.)

4 Business Ethics

- 4.1 *Anti-corruption*: Suppliers shall comply with applicable laws and industry practices concerning bribery, corruption, fraud and any other prohibited business practices. Suppliers shall not offer, promise or give any improper benefit, favour or incentive to any public official, international organisation or other third party.
- 4.2 *Money laundering*: Suppliers shall ensure practices in all financial transactions to limit even the suspicion of money laundering.
- 4.3 *Gifts and representation*: Suppliers shall not, directly or indirectly, offer gifts to Cloetta employees or persons representing Cloetta or anyone closely related to these, unless the gift is of insignificant value. Hospitality, such as social events, meals or entertainments may be offered if there is a legitimate business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing Cloetta shall be paid for by Cloetta. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or award.
- 4.4 *Anti-competitive behaviour*: Suppliers shall under no circumstance cause or be part of any breach of general or special competition regulations and laws, such as illegal cooperation on pricing or illegal market sharing.

5 Health & Safety

- 5.1 *Compliance*: Suppliers shall provide employees with working conditions that are in compliance with industry standards and all applicable laws and regulations regarding worker health and safety.
- 5.2 *Basic hygienic standards*: Suppliers shall ensure access to clean toilet facilities and to drinkable water and, if appropriate, sanitary facilities for food storage. Accommodation, where provided, shall be clean, safe and adequately ventilated, and be equipped with clean toilet facilities and clean water supplies.
- 5.3 *Risk assessment*: Suppliers shall assess the risks of accidents, fires, injuries and other hazards inherent in the working environment.
- 5.4 *Precautionary and continuous improvement approach*: Suppliers are expected to take adequate steps to prevent accidents, fires, injuries and other hazards by minimising the root causes to these hazards. Suppliers are expected to analyse incidents and set objectives to continuously improve its health & safety management system as well as their health & safety performance.

5.4.1 Suppliers shall establish a system for documenting the use of hazardous chemicals, and other substances. This system includes an evaluation and possible substitution of the substances, as well as a procedure for handling, storage, safe use and training of employees.

5.5 *Health & Safety training*: Suppliers are expected to provide workers with relevant and documented health and safety training, and such training shall be repeated on a regular basis.

6 Environment

6.1 *Compliance*: Suppliers shall ensure that all production sites are in compliance with industry standards and all applicable laws and regulations regarding environmental management and protection. Relevant environmental permits for production sites shall be obtained where required.

6.2 *Risk assessment and significant environmental aspects*: Suppliers shall assess the risks of environmental pollution and assess its most significant environmental aspects of its business activities throughout its value chain.

6.3 *Precautionary and continuous improvement approach*: Suppliers are expected to take adequate steps to minimize pollution, promote efficient and sustainable use of natural resources, and lower its total carbon impact. The local environment at the production site shall not be exploited or degraded. Suppliers are expected to analyse incidents and set objectives to continuously improve its environmental management system as well as their environmental performance.

6.3.1 Suppliers are expected to establish a program to measure and lower its direct and indirect carbon impact and, upon request from Cloetta, be able to provide emission data for its scope 1 and 2 emissions according to the [GHG Protocol](#).

6.3.2 Suppliers shall establish a system for adequate waste management with the objective to minimize food waste and waste to landfill as well as the safe handling of hazardous waste.

6.3.3 *For suppliers of agricultural raw materials*, Suppliers are expected to support the establishment of sustainable agricultural practices at the farm level. Agroecology practices, agroforestry practices, organic farming and integrated pest management are all examples of such practices. Where certification schemes exist, suppliers are expected to be able to provide certified raw materials. Cloetta aims at a zero-deforestation value chain and suppliers are expected to be able to verify that no deforestation is taking place where the raw materials are sourced.

6.3.4 *For suppliers of raw materials derived from animals*, such as gelatine and milk powder, Suppliers shall have policies and procedures in place that guarantee good animal welfare practices and shall also be able to verify the country of origin.

6.4 *Environmental training*: Suppliers are expected to provide relevant and documented environmental training for key workers (according to significant environmental aspects), and such training shall be repeated on a regular basis.

7 Supply Chain

- 7.1 Suppliers shall take positive actions to respond to the requirements of this CoC and to incorporate the principles of the CoC into its own operations. The supplier must also take steps to follow-up on these requirements to their own suppliers (tier 2) and sub-suppliers (tier 3). See also 8. Monitoring and Compliance.
- 7.2 Suppliers shall periodically and systematically review how its own operations match the requirements of this CoC.
- 7.3 Suppliers shall have grievance systems in place enabling anonymous reporting of unfair treatment and/or other complaints.
- 7.4 Suppliers shall obtain Cloetta's consent prior to out-sourcing production or parts of the production, to a sub-supplier.
- 7.5 Suppliers shall provide full transparency of sub-suppliers' locations in their supply chain that are providing materials to Cloetta. If requested by Cloetta, the Tier 1 supplier shall inform Cloetta about all Tier 2 (in some cases also Tier 3) suppliers and their manufacturing locations.

8 Monitoring and Compliance

- 8.1 The requirements listed in this CoC have two main wordings;
- A. Suppliers *shall* (or *shall not*)
 - B. Suppliers *are expected to*
- The first alternative (A) means that this is a strict requirement that the supplier needs to comply with. The second alternative (B) has the purpose of showing where we want our suppliers to move in the future. It is usually related to topics that you as a supplier do not have full control over, but where you may play a role in improving the conditions in the supply chain.
- 8.2 Suppliers shall, upon Cloetta's request, verify their compliance with the requirements in this Supplier Code of Conduct and to authorize Cloetta and its designated agents (including any third parties) to engage in monitoring activities, including on-site inspections and audits. An auditor appointed by Cloetta shall, if requested by Cloetta, be given access to the records and to other information in order to verify compliance.
- 8.3 Suppliers shall maintain appropriate records to demonstrate compliance and shall be able to provide reasonable information when requested by Cloetta. Suppliers may also be requested to do self-assessment evaluations of their own business based on this CoC. Supplier self-assessment evaluations may be conducted via Cloetta's internal systems or external systems that are deemed most relevant for the supplier.

- 8.3.1 Cloetta *recommends* suppliers to become members of [SEDEX](#) (Supplier Ethical Data Exchange). After becoming a supplier member, the supplier should complete the Self-Assessment Questionnaire (SAQ). For larger suppliers and co-manufacturers, Cloetta *recommends* becoming a buyer/supplier member which enable them to include their own suppliers.
- 8.4 Audits will be carried out in accordance with the methodology of international certification standards, such as latest version of SMETA, SA8000 and ISO14001, in order to check against the requirements of this CoC. Cloetta will primarily use the latest version of SMETA (Sedex Members Ethical Trade Audit) as the auditing standard when assessing compliance with this CoC. The type(s) of audit(s) which will be conducted shall, if possible, be agreed between Cloetta and the supplier in advance.
- 8.5 If suppliers become aware of any actions or conditions not in compliance with the CoC, the suppliers are obliged to directly inform Cloetta thereof. When Cloetta becomes aware of any actions or conditions not in compliance with the CoC, such actions or conditions will be reviewed, and appropriate corrective measures will be implemented.
- 8.6 Suppliers that are co-manufacturers of Cloetta branded products are to comply with the same standards that Cloetta has on its own production sites.
- 8.7 *Non-compliance and corrective actions.* This CoC sets the standard expected to be met by all our suppliers throughout the value chain. If the requirements in this CoC are not met by a supplier, the parties will discuss corrective actions through an open dialogue.
- 8.7.1 Suppliers shall do its utmost to implement corrective actions as soon as possible, and it shall inform Cloetta about any such actions. After non-compliance has been found, the supplier will be given a timeframe in which the supplier shall provide an action plan for corrective actions and after approval from Cloetta (or designated third party auditor), there shall also be a defined timeframe for completing that plan and provide evidence of compliance.
- 8.7.2 If it is established that a supplier is unwilling or unable to carry out corrective actions as described above, this may influence the continued business partnership between Cloetta and the Supplier.
- 8.7.3 If a supplier has been found to commit a substantial breach or repeated breaches of legal requirements as defined by national or international law, Cloetta is entitled to terminate the business relationship and any contract(s) with the supplier. Such termination shall be effective from the time stated in a written termination notice from Cloetta.