



HUMAN RIGHTS AND SUSTAINABILITY POLICY

As a globally acting company we see it as our responsibility to respect human rights and prevent human rights violations. In the same amount we acknowledge our responsibility in terms of ecological sustainability.

Beginning in our own business and taking it further into the supply chains, we aim to implement measurements to do our part to achieve the 17 SDGs of the United Nations. In this document, we describe our pathway for this journey.

We are aware that we can only be successful by integrating our business partners into the implementation of our goals. We expect our partners to comply with and implement the principles described in our Code of Conduct for suppliers.

— We herewith declare the present “MDS Human Rights and Sustainability Policy”, will be effective from this day on.

COMMITMENT

TO RESPONSIBILITY AND SUSTAINABILITY
AT MDS HOLDING



01 – IMPLEMENTATION OF RESPONSIBLE AND SUSTAINABLE THINKING

For us – the MDS Holding – responsible and sustainable thinking and acting starts at the basis: with our employees. Only with satisfied employees can we create a solid basis for a sustainable customer-supplier relationship. We offer our employees fair working conditions and development opportunities through training and further education. Employee satisfaction is therefore an integral part of our corporate policy.

We are aware that our actions can have impact on the employees as well as ecological thinking in our supply chains and we want to mitigate the negative impacts and strengthen the positive ones.

In regards of human rights, we expect our – herinafter referred to as partners – to treat

each other with respect and fairness. Compliance with social standards is the least we implement in our company and demand from our business partners. To adhere to these standards, we have formulated a code of conduct in accordance with the specifications of the amfori BSCI (Business Social Compliance Initiative), completed by ecological requirements that are in line with our own goals. Just as we are committed to complying with this Code of Conduct, we also expect our partners to comply with it.

Sustainable action is focused in all three pillars: ecological, social and economic. Our guidance principles contain:



WE TAKE RESPONSIBILITY

- ✓ for our greenhouse gas emissions.
- ✓ for the environment and biodiversity.
- ✓ for raw materials known for their ecological and/or social risks.
- ✓ for our employees.
- ✓ in our value and supply chains.
- ✓ on our fair business practices.

Our approach is a

Plan-Do-Check-Act-cycle, which we are going to supplement with a reporting on a yearly basis to show our commitment, achievement and struggles and foster transparency for all stakeholders.

How we are going to proceed in order to continuously improve.



01 – IDENTIFICATION

Identification of stakeholders' concerns, risks on human rights, climate and other ecological factors, associated with our products and partners and our impacts on them

We calculate our corporate carbon footprint (CCF) annually based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).

The production of goods – especially complex ones – can have adverse impacts on human rights as well as climate, biodiversity, land use, water use, pollution and other factors.

The first step of our approach was a closer look into the supply chains, products and producing countries. We identified those products and producing countries with the highest risks for human rights and ecological sustainability. In the second step, we asked ourselves, how big our impact on the conditions is.

02 – IMPLEMENTATION OF MEASURES

Starting with the highest risk fields identified in step 1 and then following with the medium and low risk fields, we will or already have implemented measures to mitigate the risks throughout our supply chains.

03 – EVALUATION AND GRIEVANCE MECHANISM

Evaluation and Grievance Mechanism to check the effectiveness of our measurements.

Each year, we will re-evaluate the risks and evaluate the effectiveness of our approach and measures, using the EcoVadis Platform as well as our own yearly review.

Furthermore, we set up a grievance mechanism for our own business area and for the supply chain, that enables all stakeholders to report human rights and environment related risks and adverse impacts. Grievances will be evaluated, too.

04 – REPORTING AND TRANSPARENCY

Reporting and Transparency regarding our approach and results. Based on the evaluation, we will yearly report on our success and learnings. It will also take into account labour and human rights issues and our progress in tracking and improving them. The reporting will be made available for all relevant stakeholders.

05 – IMPROVEMENT

Based on the evaluation we will set new targets and – if necessary and possible – improved measurements to further mitigate the risks.

In case we get to know about a violation of the Code of Conduct, either in our own business or in the supply chains, we commit to do everything possible, without delay, to put an end to that violation as soon as possible, prevent or at least minimize the extent of the violation.

02 – GUIDANCE PRINCIPLES

We, as member of amfori BSCI, commit to the amfori BSCI Code of Conduct. Additionally, we have formulated the following guidance principles.

WE TAKE RESPONSIBILITY...

01

...FOR OUR GREENHOUSE GAS EMISSIONS

... by reducing our greenhouse gas emissions. What we cannot yet reduce on our location, we compensate.

Since 2019 we calculate our CO2 footprint at our base location in Dortmund. We started to compensate our emissions, investing into certified projects. These contribute to varying degrees to the achievement of the SDGs.

Parallel, we reduced emissions by measures at our location.

At the end of 2023, we submitted and had reduction targets validated by the Science Based Targets initiative (SBTi). We are thus committed to reducing our absolute greenhouse gas emissions from Scopes 1 and 2 by 42% by 2030 compared to the base year 2022, and to calculating and reducing our Scope 3 emissions. This target is in line with the reductions required to limit global warming to 1.5°C under the Paris Agreement.

02

...FOR THE ENVIRONMENT AND BIODIVERSITY

... by aiming to reduce packaging materials, sustainably buying fish and seafood products and reducing the adverse impacts on the environment of our products.

Therefore, we encourage our partners to check and improve their processes and supply chains and implement cyclic systems in order to save natural resources.

For more information on how we take responsibility for fish and seafood products, please see our "Fundamentals of the sustainability of purchasing of fish".

Protection of the environment and climate and promoting biodiversity is essential for our business and hence – where possible – we reduce the consumption of resources and the waste in our company as well as in the supply chains.

03

...FOR RAW MATERIALS KNOWN FOR THEIR ECOLOGICAL AND/OR SOCIAL RISKS

Negative effects on the environment such as deforestation of the rain forests to gain usable land, acidification of the soil and water pollution, for example through large monocultures, must be avoided. For some products and ingredients we expect further compliance::

Palm oil: Palm oil and palm kernel oil are obtained from the pulp or the kernel of the palm oil fruit. Thanks to their special properties, they are components of many compound foods, but also several products in the pharmaceutical, cosmetics and non-food sectors. We are aware that the cultivation and associated use of palm (kernel) oil are ethically and ecologically controversial; Oil palms only grow in tropical climates, primeval forests are often cleared and habitats destroyed for their cultivation areas, and human resources are exploited. Though, we also see the advantages this oil has over other oils. Palm oil has a much lower land use for the production, compared to other oils, and hence a higher yield per hectare (WWF, 2016). If sustainably sourced, it is not grown on cleared primary or primeval forest, it promotes the improvement of human rights in the growing countries and it secures the livelihood of small farmers (RSPO, 2022). For foods and food production, it bears further advantages like a higher melting point, good processing properties and a long shelf-life.

For this reason, our subsidiaries HMF, motido, Prodimi and MerxBellavie have committed themselves to only sourcing palm (kernel) oil from certified sustainable cultivation for their products. The world's best-known organization for certified palm oil and its derivatives is the Round Table on Sustainable Palm Oil (RSPO). As a member of the RSPO, we accept only such palm oil for our products that is RSPO-certified. For more information, please read out Palm Oil Principles & Criteria.

03

Cocoa: Cocoa, like palm oil, is cultivated by small farmers under difficult living and growing conditions. Poverty is a constant threat to families in the growing countries, bringing along the risk for child labour, among other threats to human rights. Ecologically, growing cocoa can be associated with clearing of forests. We are aware of the challenges cocoa farmers face and acknowledge our responsibility. Hence, we decided to use only cocoa from certified sustainable sources.

Fish and Seafood: It is our concern that our fish contains a growing proportion of sustainable products to further ecological sustainable fisheries and aquacultures and thereby ultimately continually support the protection of the fish stocks and seas. Towards this target, we have established a set of principles of which fulfillment is expected of our partners. Partners of fish products are obliged to the requirements set out in our "Fundamentals of the sustainability of purchasing of fish".

Wood and wood-based materials: We are aware that for wood products and wood-based materials such as paper, cardboard or cellulose, forests often are cleared, and we want to do our part to protect from this. Wood-based materials should preferably have a high recycled content or consist of certified fresh fibre. The focus of the certification is on FSC®. Wood as part of a product must always come from certified forestry, preferably with FSC®-certification.

04

...FOR OUR EMPLOYEES

... by ensuring a safe workplace, an appreciative corporate culture, a comfortable work environment and development opportunities

This is an integral part of the "economical pillar" in sustainability. By ensuring that our business is profitable, we make sure that we can develop long-lasting employment relationships with our employees. By creating a modern work culture and open communication we grow into a family. We constantly aim to find and encourage talents in our company and find the best position for everyone. We are proud to have installed a weekly breakfast throughout the company which opens space for internal talks. We also offer to participate in sports events to strengthen the team spirit in a fun and healthy way.

We don't engage in any kind of discrimination.

05

...IN OUR VALUE AND SUPPLY CHAINS

... by carefully choosing our business partners and helping them to develop further.

We expect from our partners that their existing production and working conditions respect all aspects of Human Rights. We are member of amfori BSCI and are committed to ensuring that our partners also commit to these social standards.

We know there are a lot of requirements for our production partners. We always try to find those, who already are working according to those requirements. But sometimes, we see potential in companies, that are not yet so experienced. In these cases, we are happy to support them. Together we can optimise quality systems as well as ecological and social systems

06

...FOR OUR FAIR AND GOOD BUSINESS PRACTICES

... by basing our business decisions on prices, quality and information.

We do not take part in any act of corruption, extortion or embezzlement, nor in any form of bribery – including but not limited to – the promising, offering, giving or accepting of any improper monetary or other incentive.