



VILVI GROUP SUPPLIER CODE OF CONDUCT

VILVI GROUP Corporate Group (hereinafter – VILVI GROUP), which consists of AB Vilkyškių pieninė, AB Modest, AB Kelmės pieninė, UAB Kelmės pienas, SIA Baltic Dairy Board, AB Pieno logistika, devotes considerable attention and the necessary resources, human rights and environmental protection requirements are met both in the Group's companies and in the entire supply chain, and the principles of responsible employment not only comply with Lithuanian and EU legislation, but also with international standards set for the areas in which VILVI GROUP companies and our business partners operate. We work every day to make our products safe, available and accessible, and the processes would lead to greater sustainability. We aim for our suppliers to set themselves no less impact reduction targets than ours and together we ensure a more sustainable supply chain.

The VILVI GROUP [Code of Ethical Business](#) sets out the provisions of ethical behavior that all employees of VILVI GROUP companies must comply with in cooperation with all interested parties.

This *Supplier Code of Conduct (hereinafter – the Code)* is prepared in accordance with the OECD guidelines for multinational companies and defines the requirements that are applicable to suppliers of VILVI GROUP companies and all third parties that conduct their economic activity together with or on behalf of VILVI GROUP companies.

We invite you to familiarize yourself with this Code, to closely cooperate and maintain the mutual relationship in order to implement/ensure the requirements set forth in this document. VILVI GROUP reserves the right to request/verify whether the provisions of this *Supplier Code of Conduct* are followed. You must be ready to provide VILVI GROUP with all the necessary information or evidence related to this document, in order to make sure that all the necessary processes are taking place in your company, which guarantee that it is acted responsibly in relation to the environment and human rights.

General requirements

1. The supplier must comply with the national and activity-regulating legal acts and requirements applicable in the countries where the activities are carried out and the professional standards that apply in the sectors covering their activities. It is mandatory to follow the requirements set forth in this Code, even if these requirements set higher requirements than those set by the regulatory legal acts.
2. The supplier must ensure that sanctions imposed by the European Union, the United Kingdom, the United States and the United Nations will not be violated. The supplier must ensure that its company or the company owned by it, its management or owners (legal entities and/or individuals and subcontractors) are not included in the monitoring and/or sanctions list compiled by the above-mentioned states and organizations. The supplier must immediately inform the VILVI GROUP companies involved in the business relationship if it learns that any of its companies, management or owners, who are legal entities and/or individuals or business partners, are included in any such sanctions and monitoring list.
3. The supplier must establish clear objectives on how it will effectively ensure compliance with the requirements set out in this Code, appoint responsible persons and create internal procedures that allow for the smooth implementation of requirements no lower than those listed below. It is the supplier's responsibility to apply no lower standards of responsible operation throughout its supply chain.
4. The supplier undertakes to notify the VILVI Group [Trust Line](#) about a possible violation and/or suspected substantial non-fulfillment of the provisions of this Code by supervisory authorities.

Suppliers are encouraged not only to use this notification channel when necessary, but also to implement a system for reporting possible violations in their companies.

5. If the supplier does not cooperate and does not provide evidence of compliance with this *Supplier Code of Conduct* or it turns out that the supplier has fundamentally violated it, VILVI GROUP has the right to demand that the violations be removed as soon as possible, and if this is not done, it has the right to completely or partially terminate cooperation with the supplier.

Social requirements

1. The supplier must ensure that **human rights** are respected in its activities, their protection is ensured, potential human rights risks are assessed throughout the supply chain and preventive measures are taken. The supplier must have an approved Human Rights Policy and due diligence processes in place to determine how measures are taken to overcome potential negative impacts on human rights.

2. The supplier must ensure that its products/services and business processes are designed in such a way that aspects of **privacy and freedom of self-expression** related to human rights are respected.

3. The supplier must enter into **written employment contracts** that set out clear terms and conditions detailing working hours, overtime pay, position, notice period, remuneration and frequency of wage payment.

6. The supplier is familiar with the **concepts of forced labor and modern slavery and strongly opposes it** both in its company and in its supply chain. The supplier ensures compliance with the following provisions: work is freely chosen, forced labor is not permitted; deposits or recruitment fees are not permitted; ensures that the personal documents of the employee are not taken and kept; employees can leave the workplace outside of working hours, leave work according to agreement; the employee has the right to terminate the employment contract in accordance with the law.

Forced labor means any activity or service that a person did not voluntarily agree to perform or was forced to do so under the threat of punishment or other penalty.

Modern slavery – forms of use of force or oppression in the work environment, economic or sexual exploitation, humiliation.

7. The supplier must comply with all **labor-related (or equivalent) national and EU legal acts, regulations and standards of the sector in which it operates**. Working hours, work and rest regime, amount of overtime cannot exceed the norms stipulated by law. The work must be fairly and properly remunerated, the remuneration must be paid regularly, on time and fairly according to the work results, the employee must be provided with clear information about the remuneration paid for each period. The bonus or incentive system must be fair and just to each employee and clearly communicated. All preventive measures must be taken so that this process does not create conditions for discrimination or inequality. All obligations arising from the employment relationship must be set out in writing in the employee's employment contract. No deductions may be made for work tools and resources.

8. The supplier ensures that **child labor is not permitted**. At all stages of business operations, it is prohibited to employ persons who are younger than the minimum employment age established by law in the relevant territory. It is mandatory to comply with the national and EU laws and international standards related to the protection of minors and children.

9. The supplier **promotes diversity, inclusion and equal opportunities, and does not tolerate discrimination in any form**. Employees are provided with equal opportunities at work, and discrimination based on race, gender, age, religion, ethnic origin, disability, marital status, sexual orientation, pregnancy, social status, membership in employee organizations and other personal characteristics or objectively unjustified reasons is prohibited. This applies at any stage of the employment relationship, from hiring a person to firing/resigning. The company

must clearly communicate what behavior is not tolerated and take active steps to stop discrimination and prevent it in general.

10. The supplier supports and encourages appropriate behavior. It must be ensured that no one is subjected to harsh or cruel treatment at the workplace: sexual harassment, mental and physical abuse, bullying and insults. Employees cannot be threatened. Disciplinary measures must be applied in accordance with the requirements of national legislation and internationally recognized human rights. Unreasonable disciplinary measures, refusal to pay wages, social benefits, non-return of documents or prohibition to leave the workplace cannot be applied.

11. The supplier undertakes to ensure a safe and healthy working environment in accordance with valid safety standards, supports the implemented employee safety and health management system. Employees must be able to report inappropriate or dangerous working conditions. The supplier must have implemented internal procedures aimed at protecting against accidents at work, keeps statistics of these accidents and takes steps to prevent them. The supplier has an approved Employee Safety and Health Policy, has appointed a responsible person/persons, implemented a workplace risk assessment process, conducts regular briefings and training, and provides personal protective equipment. If residential accommodation is provided to employees, these premises are subject to appropriate safety and health requirements.

12. The supplier must ensure the freedom to gather in peaceful meetings and associations, trade unions, work councils. Employees have the right, in accordance with legal acts, to hold meetings, establish trade unions and employee representations or to join them. Employees also have the right to collective bargaining. The exercise of these rights cannot be penalized by any means.

Environmental requirements

1. The supplier must comply with all environmental laws and regulations applicable to its activities.

2. The supplier must actively seek to reduce its negative impact on the environment and increase its positive impact – it must strive for the control and reduction of greenhouse gas emissions, control and reduction of waste, protection of water resources, use of renewable energy sources, energy efficiency, management of hazardous materials (storage, use, waste disposal) and circularity in their respective fields of activity. The supplier must have an approved environmental policy, measure its impacts and risks.

3. The supplier must make every effort to ensure that their activities do not harm the soil, pollute water and air, do not emit harmful noise, conserve natural resources, do not threaten access to clean drinking water, do not make it difficult to use sanitary facilities, and do not harm people's health.

Anti-corruption requirements

1. The supplier undertakes to fight against all forms of corruption and to act ethically, supporting a culture of honesty, transparency, openness and ensuring compliance with laws and regulations. Suppliers must comply with the law and ethical business standards, which include procedures to prevent bribery, corruption and attempted bribery. The supplier must have a policy confirming the principles of ethical operation and anti-corruption provisions.

2. The supplier does not demand, offer, promise, give, ask or agree to accept or receive payment, gifts or other support from any of its interested parties, including VILVI Group employees, in order to gain benefits or maintain a favorable position for itself personally or for the business. The supplier carries out actions promoting anti-corruption culture, educates its employees.



Suppliers must ensure that the provisions of this Code are properly followed both within their own organization and throughout the supply chain.

If a violation of this code has been committed or is suspected to be committed in the activities of VILVI GROUP's business partners or in their supply chain, the business partners must immediately take all possible actions to stop the violation as soon as possible, prevent it or minimize its impact as much as possible. In such a case, the supplier must notify VILVI GROUP of a possible violation in order to jointly find out the causes of the incident, mitigate the consequences and find solutions that would prevent the recurrence of situations that harm the company, the environment or people and the entire supply chain.

If the supplier does not cooperate and does not provide evidence of compliance with this *Supplier Code of Conduct* or it turns out that the supplier has fundamentally violated it, VILVI GROUP has the right to demand that the violations be removed as soon as possible, and if this is not done, it has the right to completely or partially terminate cooperation with the supplier.

By signing below, the supplier agrees that it has read and agrees with the requirements for responsible business operation:

Company _____

Name, surname _____

Position _____

Signature _____

Date _____
