



# Code Of Ethics

## Selgros Business Partners

*Duties of care in the supply chain*

*and in the business relations between Selgros and its partners*

## A. Preliminary Remark

Respect for, protection and promotion of human rights, environmental protection and business integrity are core values and self-evident core elements of corporate responsibility for Transgourmet group and, consequently, for SELGROS CASH&CARRY SRL.

Selgros can only honour this specified responsibility with the cooperation of its business partners on the basis of a partnership and loyal cooperation.

This Business Partner Code (hereinafter the "**Code**") defines the non-negotiable minimum standards that our business partners are to observe and comply with in business transactions.

For the purposes of this Code, "**Business partner**" means any legal or natural person with whom Selgros enters into business transactions and from whom Selgros procures products, goods or services.

The minimum standards are not non-binding declarations of intent. Any violation of the due diligence obligations in accordance with this Code may trigger specific legal consequences such as contractual penalties or special termination rights - see section D.

### I. Objective

This Code defines requirements and establishes rules for cooperation, which are understood to be an integral part of the contracts entered into by the business partner and Selgros.

- In this respect, the Code is based on national and international standards, such as:
- The relevant conventions and guiding principles of the United Nations (UN);
- The guidelines of the Organisation for Economic Co-operation and Development (OECD);
- The Core Conventions of the International Labour Organization (ILO); or
- Romanian legislation on the fair competition
- Regulation norms for the sustainable development such as the EU CSR Directive
- European and national norms on the anti-money laundering and terrorist financing techniques

- We expect our business partners to base their actions on these standards and comply with and observe the relevant due diligence requirements.

- Selgros recognises that achieving the standards set out in this Code is a dynamic process and encourages business partners to continuously improve their processes, just as Selgros makes every effort to continuously optimise its own processes. Selgros is keen to establish a performance and value-oriented long-term partnership with sustainable development prospects in its relationships with business partners. With regard to implementing the defined standards, Selgros shall support business partners as far as possible, and to an appropriate extent, by providing assistance, information and training.

The standards in this Code are not intended to be an exhaustive catalogue. Rather, they merely reflect the focus of the social, environmental and ethical concerns to be observed.

In exceptional cases, Selgros shall be entitled to subsequently supplement the section Requirements for the business partners (B.) and the section Implementing the requirements (C.) expressly stated in this Code in which case it will notify the business partners on such modification, the latter will ensure, consequently, observance of such modification.

### II. Scope

The business partner shall communicate the principles of this Code to its employees, subcontractors and suppliers involved in the supply chain for products, goods or services purchased by Selgros, and shall ensure that the principles are integrated in the respective operations in accordance with the following regulations. The supply chain includes all steps at home and abroad that are necessary for the production of products and rendering of services.

## **B. Requirements for the business partner**

### **I. Social responsibility – human rights-related requirements**

#### **1. Exclusion of forced labour, slavery, slave-like practices**

The business partner undertakes not to permit any form of forced or compulsory labour or human trafficking at its business enterprise. Employees must be free to sever ties with their employer in accordance with the statutory notice periods of their own volition. Forced labour refers to all forms of bonded labour and includes any work or service, which is required of a person under threat of punishment and for which he or she has not voluntarily made himself or herself available.

Furthermore, the business partner shall ensure that all forms of slavery, slave-like practices, servitude or other forms of domination or oppression in the workplace environment, such as extreme economic or sexual exploitation and humiliation, are excluded.

#### **2. Prohibition of child labour**

The business partner shall comply with the recommendation of ILO Convention 138 in respect of the minimum age for the employment of children. Accordingly, the age must not be less than the age at which compulsory schooling ends in accordance with the law of the place of employment, and in any case not less than 15 years unless the exceptions recognised by the ILO apply.

The business partner prohibits any kind of child labour at its business enterprise. The sale of children and child trafficking, debt bondage, forced and compulsory recruitment of children for use in armed conflicts, the procuring, brokering or offering of a child for prostitution, for the production of pornography or for pornographic performances, the procuring, brokering or offering of a child for prostitution, for the production of pornography or for pornographic performances, the use, procuring or offering of a child for illicit activities, in particular for the production or trafficking of drugs as well as work which, by its nature or the circumstances in which it is performed, is likely to be harmful to the health, safety or morals of children are, in particular, prohibited.

Similarly, the rights of young workers under 18 years of age shall be protected by not engaging them in work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children. Specific health and safety regulations are to be complied with. The business partner shall ensure that the tasks of young workers do not interfere with school attendance.

Similarly, the rights of young workers under 18 years of age shall be protected by not engaging them in work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children. Specific health and safety regulations are to be complied with. The business partner shall ensure that the tasks of young workers do not interfere with school attendance.

#### **3. Remuneration and working hours**

The business partner shall comply with applicable national legislation in respect of working hours. Furthermore, the business partner's employees shall receive remuneration that is in line with the laws applicable in the respective place of employment and the legally valid and guaranteed minimum income and social benefits.

#### **4. Work and health protection**

The business partner is to ensure that the respective applicable legislation according to the law of the place of employment regarding occupational health and safety for its employees is complied with. This applies, in particular, to hazards caused by obviously inadequate safety standards in the provision and maintenance of the workplace, the workplace itself and the work equipment, the lack of suitable protective measures to prevent exposure to chemical, physical or biological substances, the lack of measures to prevent excessive physical and mental fatigue, in particular due to unsuitable work organisation with regard to working hours and rest breaks, or the inadequate training and instruction of employees.

To prevent accidents and work-related illness in the best possible way, the business partner undertakes to maintain an appropriate occupational health and safety management system that is suitable for reducing work-related health risks. Furthermore, the business partner shall ensure that work-related accidents are recorded and investigated, and that employees are adequately trained and instructed.

The business partner shall refrain from hiring or using private or public security forces if, due to a lack of instruction or control on the part of the business partner, the prohibition of torture and cruel, inhuman or degrading treatment is disregarded in the use of the security forces, life and limb are jeopardised or freedom of association and the right of combination are impaired.

## **5. Freedom of association**

The business partner shall respect the participation and co-determination rights of employees in accordance with the applicable legal provisions. The business partner shall respect the right to bargain collectively or strike within the framework of applicable laws. In cases in which freedom of association and the right to collective bargaining are restricted by law, the business partner shall provide alternative means of independent and free association of workers for the purpose of collective bargaining. The establishment, joining and membership of a trade union or other employee representative bodies may not be used as a reason for discrimination, unequal treatment or retaliation.

## **6. Prohibition of discrimination**

The business partner shall create a working environment at its business enterprise in which any discrimination against employees is prohibited, for example on the basis of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief unless this is justified in the employment requirements.

## **7. Preservation of natural resources**

The business partner shall refrain from causing harmful soil changes, water and air pollution, noise emissions and excessive water consumption in a prohibited manner, which damage the health of persons, significantly impair the natural basis for the preservation and production of food or prevent access to safe drinking water or sanitary facilities. The business partner shall prevent people from losing their livelihoods by way of forced evictions, the unlawful deprivation of land, forests or waters or their acquisition, construction or other use.

## **II. Environmental responsibility – environmental requirements**

### **1. Resource consumption, avoiding environmental pollution**

The business partner shall engage in careful use of finite and natural resources in its business enterprise, and in that respect it will evaluate and identify necessary measures for the planetary impact limits of its activity. The business partner undertakes to minimise the environmental impact of its business activities and actively implement measures to promote environmental protection. Selgros expects business partners to recognise and comply with all applicable local and internationally recognised environmental standards and laws.

The business partner shall assume its environmental responsibility throughout the supply chain and implement this with regard to both products and packaging. This is aimed at avoiding or continuously reducing the environmental impact of resource and energy consumption, emissions of greenhouse gases and air pollutants, water consumption, spreading in soil and water as well as the resulting waste, to preserve biodiversity and promote a circular economy.

### **2. Dealing with conflict minerals**

The business partner shall comply with all applicable laws and regulations regarding conflict minerals. The business partner shall refrain from the production and use of the chemicals listed in Article 3(1), letter a), and Annex A, of the Stockholm Convention on Persistent Organic Pollutants dated 22.05.2001 (POP Convention), insofar as applicable national law regulates this in accordance with the POP Convention. The business partner shall refrain from the production and use of products containing mercury in accordance with Article 4(1) and Annex A, Part I, Article 5(2), and Annex B, Part I, of the Minamata Convention dated 10.10.2013. The business partner shall adopt appropriate measures to treat, dispose of and transport mercury waste in an environmentally sound manner in accordance with Article 11(3) of the Minamata Convention.

### **3. Handling waste and hazardous substances**

The business partner shall follow a systematic approach to identify, handle, reduce and responsibly dispose of solid waste, and shall comply with the prohibitions on the export of hazardous waste in the Basel Convention dated 22.03.1989, as stated in the current version.

#### **4. Climate protection**

Selgros encourages its business partners to reduce their CO2 footprint to contribute to the achievement of the targets agreed at the Climate Change Conference in Paris, in particular the 1.5 degree scenario presented by the Intergovernmental Panel on Climate Change (IPCC) in November 2018. They are encouraged to find economic solutions to improve their energy efficiency and minimise greenhouse gas emissions. Avoidance and reduction strategies are to be given priority over compensation measures.

#### **5. Animal welfare**

The business partner undertakes to observe the respective applicable laws in respect of animal welfare and protection at its business enterprise. In addition, the business partner is required to adapt the husbandry and management systems of farm animals from birth to slaughter in line with the needs of the animals in the best possible way, and meet the (behavioural) physiological requirements of the respective species.

In doing so, action should be taken to ensure as far as possible that the animals do not experience any unnecessary pain or suffering during their transport and during the stunning and slaughtering process. The shortest possible live transports should be aimed for during transport, in particular.

#### **6. Environmentally friendly packaging**

Selgros expects the business partner to minimise the impact of its packaging on the environment by avoiding or reducing packaging. Where this is not possible, the business partner should improve the environmental impact of its packaging by using reusable packaging, using as little material as possible, considering recyclability and giving preference to secondary raw materials or alternative materials or certified paper.

### **III. Integrity in the business environment – ethical requirements**

#### **1. Fair competition**

The business partner shall refrain from misleading or aggressive business practices and comply with applicable antitrust and competition laws. The business partner shall not, in particular, engage in anti-trust agreements with competitors, shall not exploit any dominant market position it may have and shall refrain from any anti-competitive business practices.

#### **2. Integrity/bribery, acceptance of advantages**

The business partner shall ensure compliance with UN and OECD anti-bribery conventions and relevant anti-corruption laws, including those dealing with bribery abroad. The business partner shall monitor and enforce their compliance.

The business partner shall adopt a zero tolerance policy in prohibiting all forms of bribery, corruption, extortion and embezzlement.

#### **3. Conflict of interest**

The business partner shall avoid conflicts of interest arising in the business environment due to private interests or other motives that could influence the business relationship with Selgros. The business partner undertakes to disclose material conflicts of interest to Selgros promptly, in full and transparently.

#### **4. Prevention of money laundering and financing terrorism**

The business partner shall ensure compliance with the applicable legal obligations for the prevention of money laundering and financing terrorism.

#### **5. Data protection and privacy**

Selgros expects the business partner to attach particular importance to the protection of personal data. The business partner shall comply with the respective applicable data protection regulations.

#### **6. Whistleblowing/ whistleblower protection**

The Business Partner shall put in place a whistleblowing system in accordance with the requirements of Directive (EU) 2019/1937 or the respective national legislation implementing it.

## **C. Implementing the requirements**

The business partner shall ensure by way of appropriate risk management that the requirements set out in B. are met.

### **I. Forwarding the requirements**

The business partner shall ensure that companies affiliated with the business partner for their part, honour all the principles and meet all the requirements set out in this Code.

The business partner shall also make reasonable efforts in the upstream supply chain to ensure that its suppliers and subcontractors comply with and recognise the basic principles of this Code.

The business partner shall provide its suppliers and subcontractors with a copy of the Code at the latest upon entering into the contract and place them under obligation to comply with the Code. The business partner shall ensure that its suppliers and subcontractors contractually address and forward the requirements of the Code in the further supply chain; such forwarding shall then be dispensable if the code of conduct or other requirements of the business partner and the requirements described therein and to be observed essentially correspond to this Code.

### **II. Complaints system**

Selgros put in place a grievance mechanism that allows individuals to report violations of human rights, environmental or ethical requirements. This reporting procedure is available to all business partners as well as their suppliers and subcontractors, being published on its website [www.selgros.ro](http://www.selgros.ro) ([Etică și Integritate | Selgros Romania](#)). The business partner shall ensure unhindered access to the established reporting procedure for its employees. The business partner shall not, in particular, take any action that impedes, obstructs or impedes access to the reporting procedure or to filing a report.

The business partner shall ensure that its suppliers and subcontractors are aware that Selgros has put in place a complaints procedure and shall place them under obligation to grant their employees unhindered access.

### **III. Risk management**

The business partner shall establish and maintain an effective and appropriate risk management system with the aim of identifying human rights, environmental and ethical risks. The management system must be suitable for preventing, ending or minimising violations and the negative effects thereof.

## **IV. Preventive measures**

The business partner shall implement appropriate procurement and purchasing strategies to identify, prevent and mitigate human rights, environmental and ethical risks. The business partner shall conduct and document employee training in respect of identifying and avoiding such risks in all relevant business areas. On request, the business partner shall provide the relevant training documents and evidence of the implementation of training measures.

The business partner undertakes to evaluate the described preventive measures once a year or on an ad hoc basis, in particular if the business partner must expect a significantly changed or significantly expanded risk situation in its own business area or at its suppliers' or subcontractors' activity. In the course of this, the implemented preventive measures must be updated without delay in accordance with the current risk situation.

## **V. Remedial measures**

The business partner shall, in the event of violation of any of the legal requirements listed in Section B., implement remedial measures at its own business enterprise or in the upstream supply chain that are suitable for preventing, terminating or minimising the violation.

In the event of a material breach of this Code, the business partner shall inform Selgros without delay about the identified breaches and risks as well as the measures taken.

If Selgros acquires substantiated knowledge of a violation of one of the legal requirements listed in section B. by a subcontractor, supplier or affiliate of the business partner, the business partner shall, at Selgros' request, endeavour within its means to assist Selgros in taking appropriate remedial action against the violating party.

The business partner shall follow instructions given by Selgros in selecting and implementing the remedial measures.

If the violation of a human rights, environmental or ethical obligation in accordance with section B. is such that the business partner cannot end it in the foreseeable future, the business partner must, without delay, prepare and implement a concept to end or minimise it. The concept must contain a specific timetable.

## **VI. Auditing/furnishing information and documents**

Compliance with the requirements according to sections B. and C. may be verified by Selgros on an ad hoc basis by means of self-assessment questionnaires as well as audits at production sites and operational and administrative facilities of the business partner.

The business partner guarantees that, if necessary, audits can be performed once a year or on an ad hoc basis either by Selgros employees or by third parties commissioned by Selgros at its business enterprise. The business partner therefore allows Selgros employees or third parties commissioned by Selgros to enter the production sites and operating and administrative facilities to a reasonable extent during normal business hours to check the measures taken by the business partner to comply with the Code.

In the course of the audits, the business partner shall grant the right to inspect all reasonably relevant documents and production processes. This obligation shall only apply in compliance with applicable law, in particular in compliance with data protection provisions, of the sensitive/strategic data, as well as with observance of contractual agreements with respect to the confidentiality obligations of the business partner in dealings with third parties.

At Selgros' request, the business partner undertakes to obtain and furnish information and documents necessary to enable Selgros to comply with any regulatory or official requirements arising from the business relationship.

## **D. Legal consequences in the event of violations**

Any violation of the requirements of this Business Partner Code constitutes a material breach of the contract entered into by Selgros and the business partner. The following regulations from points I to V with graduated legal consequences, therefore, apply.

The focus is on Selgros' claim to satisfy the entrepreneurial due diligence obligations. Selgros is interested in a consensual and graduated approach. Sanctioning the business partner for the violation of due diligence obligations is not an end in itself and should not be used as a means to

enforce purely commercial interests.

### **I. Priority of remedial measures**

The remedies described in section C. number V. take precedence over suspension or termination of the contractual relationship.

### **II. Suspending the execution of a contract**

To the extent that the breach of a social, environmental or ethical/integrity due diligence obligation is not terminated by the business partner, Selgros shall be entitled to temporarily suspend execution of the affected contracts until successful remedial measures have been taken.

The duration of the suspension shall not exceed six months.

Before execution of the contract can be suspended, Selgros must give the business partner a reasonable period of time in writing to remedy the breach or, if this is not expedient due to the nature of the breach, give the business partner a written warning.

Suspension of the contractual relationship is only possible if the breach of the social, environmental or ethical/integrity-related duty of care is significant and the suspension of execution of the contract appears to be suitable to contribute to ending the breach.

### **III. Extraordinary termination without notice**

If a justified suspension of execution of the contract has lasted for three months and a successful remedy cannot objectively be expected within a further three months, Selgros may terminate the contractual relationship with the business partner without notice.

Selgros may also terminate the contractual relationship with the business partner without notice after setting a written additional period or warning in vain if the breach of a duty of care is assessed as very serious, the implementation of the measures elaborated in the remedial concept does not bring about a remedy following expiry of the time specified in the concept, and no other milder means are available to Selgros and an increase in its ability to exert influence does not appear promising. Also, in determining the gravity of the violation, it will be taken into account if the business partner is responsible for the breach.

### **IV. Contractual penalties**

Without effect to the right of Selgros to terminate the contract or any other contractual remedies stipulated in the contract or other documents signed between the

parties, the business partner undertakes to pay damages for the loss suffered by Selgros when:

- The business partner fails to comply with its obligation to inform Selgros without delay of identified violations and risks as well as the measures taken in the event of a material breach of a protected legal position, or
- The business partner does not facilitate an audit or training by Selgros or does not grant Selgros the right to inspect all reasonably relevant documents and production processes, or
- In the event of a due diligence violation according to this Code, which the business partner is unable to stop in the foreseeable future, the business partner fails to establish and implement a concept without delay, including a time schedule, to stop or minimise the violation, or
- The business partner fails to take strong action to ensure that its suppliers and subcontractors undertake to comply with this Code or substantively equivalent rules.

## **V. Exemptions**

The business partner agrees to render Selgros exempt from claims for damages by third parties based on a breach of a duty of care in accordance with this Code, including any failure to remedy it, unless the business partner is not responsible for the breach.