



PEARL DAIRY FARMS LIMITED

SUPPLIER CODE OF CONDUCT

BACKGROUND

Vision

Our Vision is to be the leading nutrition company in the region, providing high-quality products through driving innovation in the industry whilst positively impacting the lives of the communities we operate in.

Purpose

Our purpose is to change the livelihoods of smallholder farmers in Africa as we build a resilient next generation through catering to the nutrition needs of today's children.

Our Commitment

Our responsibility to look after our environment extends beyond our immediate working environment to our planet where we are committed to ensuring a safe and healthy environment not only for our employees today, but for future generations.

We are committed to ensuring that our business operations embody the spirit of social responsibility through preservation of natural and critical habitats.

We expect our Suppliers to be committed to maintaining a safe working environment for their employees and to promote long term environmental sustainability.

We rely on all Suppliers we work with, including our Suppliers, contractors and consultants (together our "Partners") to achieve our Purpose. When we choose to work with you, we expect you to share our commitment to the highest standards of ethical conduct, good citizenship and sustainable behavior. By working together on issues ranging from business ethics and integrity; to human rights and labor standards; and health, safety and the environment, we believe that we can have a positive impact on people and communities, as we work towards our mission.

This Supplier Code of Conduct (the "Code") shall be incorporated into all our contracts with our Suppliers. The Supplier undertakes that it shall use its best efforts to implement and apply this Code throughout its business operations up to and including putting in place a sustainable procurement policy for their own Suppliers.

1. LABOUR RIGHTS

1.1. Suppliers must protect and respect the human rights of their employees throughout their business activities. This applies to all employees, including temporary employees, migrant workers, trainees, short – terms contractors, and those that are employed through third - parties. Employees must be guaranteed lawful employment and labor rights under local laws and regulations.

1.2. *Prohibition of Forced Labor*

The Supplier will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor – contracting arrangements. The client will not employ trafficked persons.

1.3. *Prohibition of Child Labor*

1.3.1. The Supplier will ensure that all persons under the age of 18 will not be employed in hazardous work and which constitutes worst form of child labor. Any work, activity or service which is economically exploitative or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental or social development shall considered to be hazardous and constituting worst form of child labor.

1.3.2. Subject to paragraphs 1.3.6 to 1.3.8 below, the Supplier shall ensure no children shall be employed to working between the hours of 6.30 p.m. and 6.30 a.m.

1.3.3. All work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working condition and hours of work.

1.3.4. The Supplier shall identify and maintain a record of all persons under the age of 18 that are employed in its work premises. Such records shall be maintained in accordance with the principles of data protection and shall be in strict compliance with the specific requirements under the local data protection laws.

1.3.5. The Supplier shall ensure that their operation fully comply with national child protection laws and the International Labor Organization (ILO) Conventions, in particular: the ILO Declaration on Fundamental Principles and Rights at Work (1998), the Minimum Age Convention (1973) and the Worst Forms of Child Labor Convention (1999).

1.3.6. Children 0 – 12 years

The Supplier shall not employ a child who has not attained the age of thirteen whether gainfully or otherwise. A single hour of economic activity by children under 12 automatically qualifies them as child laborers.

1.3.7. Children 13 – 16 years

The Supplier may employ a child of between thirteen and sixteen years of age to perform light work which is not likely to be harmful to the child's health or development, and which is not likely to prejudice the child's attendance at school, his participation in vocation orientation or training.

More than 2 hours of economic activity each day for more than 6 days in a week even if does not interfere with schoolwork and is not hazardous automatically qualifies them as child laborers. Any work which involves attending to machinery, or working in any opencast workings or sub – surface working that are entered by any means of a shaft or adit shall be classified as hazardous and shall be strictly prohibited.

1.3.8. Children of 17 years

Allowed to work up to a maximum of 40 hours per week subject to the work being age appropriate. Any hazardous work which is likely to jeopardize children's physical, mental or moral health, safety or moral condition will automatically qualify them as child laborers. The national minimum age for work should not be below the prescribed age under the relevant national laws for finishing compulsory schooling.

1.4. *Compliance with working hours*

Working hours should be complied with, and not exceed the maximum working hours stipulated by law. Employers should guarantee workers an average of at least one paid off day per week.

1.5. *Wages and benefits*

Compensation paid to workers comply with all applicable wage-related local laws, minimum wage, overtime hours, and legally mandated benefits.

1.6. *Humane treatment*

1.6.1. Suppliers shall respect workers' inherent right to dignity and respect. There must be no threat or action of harsh or inhumane treatment including violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers.

1.6.2. Suppliers should not use any unfair discipline against their workers or threaten them with unfair discipline.

1.6.3. Suppliers should establish, implement, and promote policies and procedures relating to discipline that ensure humane treatment of their workers.

1.7. *Equality and Non – discrimination*

The Supplier shall not expose any of its employees to any form of discrimination including but not limited to discrimination on the basis of their ethnic or national background, caste, religion, age, physical or mental stability, sex, religious or political convictions, or membership in employee organisations. The Supplier shall uphold the principles of equal opportunity and fair treatment and shall not discriminate with respect to any aspects of the employment relationship.

2. SAFETY AND HEALTH

2.1. Suppliers should recognize that a safe and healthy work environment not only minimizes work related injuries and illnesses, but also enhances the quality of products and services, the consistency of production, and worker retention and morale. Moreover, Suppliers should endeavor to identify and solve health and safety issues in the workplace according to local laws and regulations.

2.2. *Occupational Safety*

2.2.1. Every worker has the right to work in a safe environment, and return from work each day, unharmed. Pearl Dairy Farmers Limited is committed to providing safe and secure offices, warehouses and workplaces for all its employees and contractors.

2.2.2. The Supplier shall provide a safe and healthy work environment, taking into account the inherent risks and specific classes of hazards in its work areas. Suppliers should design, develop and implement safe processes, technical and administrative controls, preventive maintenance, safety regulations and safety measures, and conduct regular training sessions for workers which may potentially be exposed to health and safety hazards.

2.2.3. Where such hazards cannot be adequately controlled, Suppliers should provide workers with educational materials about the hazards, as well as personal protective equipment for work and manage and supervise its proper wearing by workers.

2.2.4. Additionally, Suppliers should take reasonable steps to remove pregnant or lactating women from highly hazardous working conditions, remove or reduce workplace health and safety risks to those women, and provide accommodation for lactating women at work.

2.3. *Response to Emergency*

2.3.1. Suppliers must minimize harm to life, environment, and property by identifying and assessing potential emergencies and incidents.

2.3.2. Emergency plans and response procedures include emergency monitoring and reporting, notification and evacuation procedures for workers, evacuation facilities, fire detection, fire extinguishing equipment recovery and recovery plans.

2.4. *Health and Safety Training*

2.4.1. Suppliers should identify labor that is physically intensive, such as repetitive work and handling of heavy objects, and implement relevant measures such as process improvement.

2.4.2. Suppliers provide relevant health and safety information and training about all identified workplace hazards to which workers are exposed, including but not limited to mechanical, electrical, chemical, fire and physical hazards, in an understandable language to workers.

2.4.3. Health and safety – related information in readily identifiable locations that are accessible by workers. Suppliers should encourage workers to raise any health and safety concerns at any time.

3. ENVIRONMENTAL RESPONSIBILITY AND SUSTAINABILITY

3.1. In a world of scarce natural resources, climate change and fragile habitats and biodiversity, businesses have a heavy responsibility to reduce their environmental impact. We recognize this responsibility and we rely on our Suppliers to help us to deliver sustainable growth. We expect all our Suppliers to ensure that its operations shall take into consideration the health and safety of the environment and shall employ sustainable resource management practices. In undertaking their activities, the Supplier shall observe the following principles:

3.2. *Environmental permits and licenses*

The Supplier must obtain, maintain, and manage all required environmental – related permits and licenses necessary for business operations, and reflect the latest legal amendments and comply with the reporting obligations.

3.3. *Conservation and Responsible Resource Management*

3.3.1. Active stewardship of natural resources. The Supplier shall actively implement processes to reduce, reuse and recycle materials throughout their production/service cycles.

3.3.2. Practice responsible waste management at its premises and/or farms. Suppliers should endeavor to minimize or eliminate pollutant emissions and waste discharge through process improvement, substitution of raw material, preventive maintenance, resource conservation, recycling, reuse etc. The Supplier should identify and separately manage hazardous waste and non – hazardous solid waste through identification marks or labels for safe storage, transportation and disposal of waste. All waste should be managed and



disposed of as per the relevant laws and regulations, while committing to reduce the amount generated.

3.3.3. Preservation of biodiversity. Operations should not contribute to degradation of natural ecological resources or loss of biodiversity. The Supplier shall employ and implement policies and commitments to protect and preserve natural and critical habitats.

3.3.4. The Supplier shall practice responsible water management. Operation should not contribute to water scarcity or pollution. The Supplier shall implement water management initiatives aiming to achieve the efficient use of water as well as minimize any negative impact on water resources.

3.3.5. The Supplier shall employ sustainable forest management. Where feasible, the Supplier shall demonstrate that they have developed policies and procedures to minimize any adverse impacts caused by their operation including non – deforestation and re – forestation measures.

3.3.6. Energy consumption and Green House Gases (GHG) emissions. Suppliers should consider establishing a GHG reduction target and seek ways to improve energy efficiency and minimize their energy consumption and GHG emissions.

3.4. *Identification and Mitigation of Risks*

3.4.1. The Supplier shall identify and assess the risks that its activities and operations pose to the environment, surrounding natural resources and bio – diversity. In conducting this risk assessment, the Supplier shall be required to identify whether the location of its operations and premises fall within one or a combination of the following zones:

- a. Natural Habitats - Land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions.
- b. Modified habitats – where there has been apparent alteration of the natural habitat, often with the introduction of alien species of plants and animals, such as agricultural areas.
- c. Critical Habitats – a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value, including habitat required for the survival of critically endangered or endangered species; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities.



- d. Legally protected areas – areas lawfully designated for the protection or conservation of biodiversity, including areas proposed by government for such designation.

3.4.2. The Supplier shall not engage in any activities or operations that are likely to result in the conversion or degradation of natural or critical habitats unless, upon the conduct of an environmental risk and impact assessment.

3.4.3. In developing appropriate mitigation measures, the Supplier shall ensure that its aim to achieve no net loss of biodiversity where feasible and shall include taking actions such as:

- a. The post – operation restoration of habitats.
- b. Compensation to direct users of bio-diversity.

4. ETHICS AND FAIR TRADE

Pearl Dairy Farms Limited is committed to fostering ethical and fair business practices and honoring its commitment in fulfilling its social responsibilities and achieving sustainable growth. In order to realize this commitment, Pearl Dairy Farms Limited expect its Suppliers to comply with the following:

4.1. Business integrity

Suppliers must maintain the highest standards of integrity in all business interactions. Suppliers shall apply a zero-tolerance policy to prohibit all forms of bribery, corruption, extortion, and embezzlement.

Suppliers must not promise, offer, authorize, give or accept bribes or other means of obtaining an unfair or improper advantage. This prohibition includes any act of promising, offering, authorizing, giving or accepting any valuable, either directly or indirectly from a third party, to acquire from or to provide to a certain person a business opportunity, or otherwise to gain an improper advantage.

4.2. Social Responsibility

4.2.1. The Supplier recognizes and acknowledges that it has a responsibility to protect and uphold internationally proclaimed human rights in business operations. Suppliers undertake that they shall ensure that they engage in business practices that are non – discriminatory, inclusive and respectful of all persons right to equal and humane treatment.

4.2.2. Suppliers should actively participate in developing the local community as well as creating a sound corporate ecosystem through shared growth and social contribution.

4.2.3. The Supplier shall ensure that its business activities shall not negatively impact the local community's environmental health and safety.

4.2.4. The Suppliers shall in place relevant policies to ensure that this obligation is implemented by itself and its suppliers, including but not limited to: a gender and sexual harassment policy, a corporate social responsibility policy, an environmental health policy, an occupational health and safety policy and a code of ethics.

4.3. *Compliance with special terms and conditions*

Suppliers are obliged to comply with the provisions of Pearl Dairy Farms Limited's Special Terms and Conditions for Ethical Practice, and if a Supplier violates these provisions, sanctions shall be imposed according to such Terms and Conditions and contract-related regulations.

4.4. *Information Disclosure*

4.4.1. All transactions of Suppliers must be transparent and accurately recorded and maintained in their books of account.

4.4.2. Information regarding Suppliers' labor, health and safety, environmental practices, business activities, governance, financial status, and performance should be disclosed as per the applicable laws, regulations, and prevailing industry practices. Forgery or misrepresentation are not permitted.

4.5. *Protection of intellectual property*

4.5.1. Suppliers should respect intellectual property rights and protect relevant rights when transferring technology and/or know-how. Suppliers shall safely and actively protect all information (technical data, information, intellectual property, etc.) of Pearl Dairy Farms Limited that is acquired through transactions with Pearl Dairy Farms Limited.

4.5.2. Furthermore, Suppliers must not infringe or use intellectual property, such as patents, software, designs, or trademarks of others illegally while supplying products and services to Pearl Dairy Farms Limited

4.6. *Fair trade, advertising, and competition*

Suppliers should comply with the standards for fair trade, advertising, and competition and not engage in acts that undermine the order of fair trade, such as unfair trade practices.

4.7. *Protection of identity and prohibition of retaliation*

Pearl Dairy Farms Limited takes all reports of breaches or potential breaches very seriously and will not tolerate reprisals against any Suppliers who report their concerns in good faith. Please report any concerns, any breaches or potential breaches of this Code to your regular business contract, or if you prefer you may contact this email: whistleblower@pearldairy.com

4.8. *Data protection*

Suppliers should endeavor to protect the personal information of all stakeholders (including Suppliers, customers, consumers, and officers and employees) in their business. Suppliers must comply with data protection and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

5. QUALITY MANAGEMENT

5.1. Pearl Dairy Farms Limited is committed to offering its consumers products made with high industry standards for safety, nutritional value and quality. We rely on our raw milk and dairy suppliers to provide us with high quality produce and believe in a culture of continuous improvement.

5.2. Suppliers should endeavor to supply products so that the company can maintain the quality of its products. Suppliers shall notify the Company in advance and prevent defects if there are factors that may affect the quality due to changes in equipment, materials and work methods.

5.3. The Company shall provide reasonable technical and quality support to their suppliers, to contribute to security of its products.

6. ENFORCEMENT AND IMPLEMENTATION

Pearl Dairy Farms Limited supports its Suppliers to observe this Supplier Code of Conduct, the other codes policies and guidelines, and all applicable laws. We expect our Suppliers to adopt and design systems and procedures to ensure that this Code is fully complied with.

6.1. *Training*

Suppliers should have training programs in place for managers and officers and employees to implement their policies, procedures, and improvement objectives and to comply with applicable legal and regulatory requirements.

6.2. *Communication*

Suppliers should have a procedure for communicating clear and accurate information regarding their policies, practices, expectations, and performance to employees, Suppliers, and customers.

6.3. *Worker feedback, participation, and grievance handling*

Suppliers should establish a process, including an effective grievance mechanism, to obtain worker feedback about the demands in the Code of Conduct for continuous improvement. Suppliers must provide an environment in which employees can provide grievances and feedback without fear of reprisal or retaliation.



6.4. *Risk assessment and management*

Suppliers should have a process to identify legal compliance, environmental, health, safety, labor practices and ethical risks associated with their business operations. Suppliers should determine the relative significance of each risk, control the identified risk and check regulatory compliance in a regular manner.

6.5. *Audits and assessments*

Periodic self-evaluations must be implemented to ensure conformity with Pearl Dairy Farm Limited's requirements, such as legal and regulatory requirements, the provisions of the Code of Conduct, and social and environmental responsibilities.

6.6. *Corrective action process*

Suppliers should have a procedure in place for a timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

6.7. *Documentation and records*

Suppliers should create, keep a record of, and maintain documents to ensure regulatory compliance and conformity with their own requirements along with appropriate confidentiality to protect privacy.

6.8. *Supply chain participation and responsibility*

Suppliers should have a process of communicating the requirements of the Code of Conduct to their Suppliers and monitor their compliance with the Code of Conduct.

6.9. *Regular audits*

We may audit (or engage a third-party to audit) compliance with this Supplier Code of Conduct, and we expect all Suppliers to support our audits by providing us with such information, documentation and access to sites as we may require.

For any questions or further information, please contact your regular business contact.

I..... being the Supplier hereby confirm that I have read and understood the Company's Supplier Code of Conduct and shall adhere to the stated conditions. I also understand that any non-adherence may lead to the terminations of our company's services

Signed for and on behalf of (Company Name):

Name:

Designation

Signature: