

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY – CODE OF CONDUCT

Purpose

KM Commodities AG, hereafter referred to as KMC Group, is an internationally operating supply-chain manager involved in the sourcing, refinement and distribution of food and feed raw materials and ingredients. The KMC Group's sourcing markets are spread across the globe, and some of them are in developing and emerging countries. Some of these are categorised as risk countries based on political instability, legal situations and so on. The subject of sustainability especially in such risk countries is becoming increasingly important to us to ensure our desire to preserve our planet and its limited resources for our future generations. The KMC Group takes its corporate and social responsibilities seriously vis-à-vis its clients and employees, the society and the environment. These duties include adhering to the relevant laws, respecting ethical principles and acting sustainably - everywhere and at all times. It is the KMC Group's ambition to achieve its strategic goals and visions through responsible and legally compliant actions, as well as identifying solutions that are sustainable and fair in the long term for all its stakeholders.

This Code of Conduct draws on international agreements such as the Universal Declaration of Human Rights, UNICEF's Children's Rights and Business Principles, the United Nations economic and human rights guidelines, the UN Global Compact and the treaties and recommendations of the International Labour Organization (ILO), which are instrumental in improving working conditions in our supply chain.

Area of application

In accordance with our corporate responsibility and sustainability framework, the principles of the Code of Conduct apply to the KMC Group and its subsidiaries as well as everyone else involved along the value-added chain. The KMC Group expects its suppliers (that means every contractual partner that supplies the KMC Group with raw materials or services) and business partners (including business partners who act in the interests or on behalf of the KMC Group such as brokers, agents and dealers) to act responsibly and adhere to the basic principles outlined in its Code of Conduct.

The KMC Group reserves the right to check, in situ, whether suppliers and business partners are complying with these requirements, either by its own means or through third-party audits, following prior announcement and in compliance with whatever laws apply.



SOCIAL RESPONSIBILITY

All involved parties guarantee that the applicable labour laws will be complied with in their organisations, and suppliers and business partners must ensure that their own suppliers do the same. In particular, they ensure to comply at every production and processing stage with the conventions and recommendations of the International Labour Organization (ILO) regarding child labour (138, 182, 146), forced labour (29, 105), freedom of assembly (87, 98, 135), discrimination in the workplace (100, 111), working conditions (1, 131) and occupational safety (155). The KMC Group officially acknowledges the following basic principles and expects its suppliers and business partners to comply with them as well.

Human rights

Respect for international regulations on the protection of human rights is considered a fundamental and globally applicable stipulation. In particular, this means that forced labour and child labour may not be used, and the regulations laid down in the ILO conventions on the minimum legal age for the employment of children must be observed. Employees who are not yet adults must be given special protection. If young people are employed, then it must be demonstrated that their work does not expose them to any unreasonable physical risks that might impair their physical, mental or emotional development.

The right to freedom of association

The basic right of employees to form and join unions and employee organisations must be respected. If this right is limited by local laws, then alternatives, which are legally compliant, must be encouraged.

Equal opportunities and non-discrimination

Interactions between business partners and employees shall take place in an environment of respect, dignity and integrity. There shall be no discrimination on account of ethnic, national or social origin, skin colour, gender, religion, world view, age, physical condition, sexual orientation, political views, membership of unions, medical examinations or family status.

Safety in the workplace and working hours

The applicable legal regulations governing safety and the protection of health at the workplace must be upheld at all times. Minimum requirements include the provision of drinking water, adequate lighting, temperature and ventilation, adequate sanitary facilities and personal protective equipment, and properly equipped workplaces. We support the development and improvement of working conditions. Working hours must at least comply with national statutory regulations or the minimum standards applicable in the national industry sector. Any form of psychological, physical or verbal abuse, intimidation, threatening behaviour or harassment will not be tolerated. Work is performed as far as possible within the framework of a correct employment relationship as laid out in national laws and practices. The duration of the employment relationship and the work performed shall be defined in an employment contract.

Appropriate pay

Employees shall be remunerated appropriately, and at least in line with minimum wages guaranteed by law. If there are no legal or collective agreement regulations, then pay shall be oriented around the remuneration and benefits specific to that sector of industry and that place, which offers employees and their families a reasonable standard of living. Wages may not be deducted as a disciplinary measure.

CORPORATE RESPONSIBILITY

Transparency is the key to credibility and trust in business transactions. The KMC Group adheres to the following basic principles and expects its suppliers and business partners to adhere to them as well.

Ethical business practices

The KMC Group does not tolerate corruption, extortion, embezzlement or bribery. The KMC Group's suppliers and business partners are obliged to fully comply with ethical trading laws and regulations that apply in the countries in which raw materials are sourced and manufactured. The production and procurement of raw materials may not contribute to the destruction of those resources that form the basis of income for certain demographic and ethnic groups. This includes impacting on large areas of land or other natural resources upon which those demographic and ethnic groups rely on. Natural resources such as water, land, plants and animals may only be used in compliance with the law. This means, for example, that suppliers and business partners must not illegally acquire land ('land grabbing').

Product safety

The regulations and guidelines governing product safety must be observed and complied with as far as possible, especially legal regulations relating to safety, labelling and packaging of raw materials, and the use of dangerous substances and materials.

CAREFUL USE OF RESOURCES AND ENVIRONMENTAL PROTECTION

The KMC Group supports the sustainable use of resources to ensure that our planet is still habitable in the future. In order to ensure that we contribute to the protection of the environment and the climate, the KMC Group also expects its suppliers and business partners to adhere to the following basic principles in particular:

Compliance with legal regulations

All involved parties shall take responsibility to improve environmental protection and adhere to all legal regulations regarding environment protection and sustainability.

Acquisition and use of environmental management systems

Everyones environmental performance should be improved continuously. Suppliers and business partners with production facilities must introduce appropriate environmental management systems (e.g. ISO 14001 or the EU's EMAS scheme).

Increasing energy and resource efficiency

Natural resources shall be used sparingly and its environmental impact shall be minimised in the relevant production processes and products. Everyone should contribute towards reducing energy consumption and carbon emissions.

IMPLEMENTING AND ENFORCING THE CODE OF CONDUCT

The Code of Conduct shall be implemented as follows:

- Suppliers and business partners shall be categorised according to risk countries pursuant to BSCI.
- Assessing of existing certificates, memberships, audits.
- Code of Conduct Agreement to confirm adherence to the Code of Conduct.
- Cascade effect: everyone in the supply chain should persuade their business partners to take the appropriate steps needed to implement the Code of Conduct.

The implementation of these basic principles is subject of a continuous development and improvement process. The KMC Group supports its suppliers and business partners in implementing the Code of Conduct whenever support is required, to assure proper implementation and progress.

If one of the suppliers or business partners does not adhere to the basic principles laid down in this Code of Conduct or shows no willingness to cooperate in implementing them, this will have a direct impact on the assessment and the future cooperation with that supplier.

The KMC Group encourages its suppliers and business partners to be assessed by external institutions. The aim is to build up a steadily growing group of externally certified suppliers and business partners. The KMC Group is already active in various official schemes for sustainable sourcing such as UTZ, Soja Netzwerk and Bio Suisse.

In its 2017 Sustainability Check of Bio Suisse, KMC Group was especially highly rated in Corporate Ethics, Involvement of Stakeholders and Fair Trade Practices.



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