



Responsible & Ethical Sourcing Policy

VERSION 1, FEBRUARY 2023

Purpose

Foodstuffs' commitment, as a leading grocery retailer in Aotearoa New Zealand, is to support New Zealanders where and when they need it, and to safeguard the future of the global environment in which we all live. Our leadership position in these areas provides strong benefits to our people, our partners and New Zealand.

Foodstuffs' social responsibility strategy focuses on four social pillars or priority areas: Healthy and Affordable Food, Meaningful Work, Supporting Local Communities, and Sustainability Leadership (in operations and sourcing). The strategy was developed following engagement with key stakeholders to identify the social and environmental issues that matter to New Zealanders. Under our Sustainability Leadership pillar, we have a goal to embed responsible and ethical sourcing practices across our entire value chain. Oversight of the strategy is the responsibility of a steering committee, and regular reporting to both Chief Executives and Board members ensures it is an ongoing priority. To ensure it remains relevant as the business and the macro environment evolves, the strategy is reviewed internally every year and, when considered necessary, with input from external stakeholders.

Foodstuffs' intent is to provide sustainable, ethically produced, safe products and services to its stores

and their customers, and to maintain and earn their trust. Our customers are increasingly conscious of where the products they buy come from and whether they have been produced responsibly and ethically. They are looking to us to help them make informed purchase decisions. This is a responsibility Foodstuffs takes very seriously – this Responsible Sourcing Policy (Policy) demonstrates Foodstuffs' commitment to sustainability and social, environmental, and ethical responsibility within its supply chain.

Foodstuffs sources products from thousands of producers and distributors, both domestically and internationally. These suppliers are an integral part of Foodstuffs' business – without them Foodstuffs could not operate as it does. We work in partnership with our suppliers to ensure we have a strong food future, feeding Kiwis sustainably.

This Policy outlines the standards expected of Foodstuffs' Suppliers. While Suppliers are expected to have appropriate management systems in place to ensure compliance with this Policy, including transparency on policies, practices, and interactions with their own supply chains, Foodstuffs seeks to engage and collaborate with Suppliers who share our commitment and approach to conducting business. Foodstuffs encourages Suppliers to apply the standards of this Policy in their own supply chain interactions.

Scope

This Policy applies to all Foodstuffs North Island Limited and Foodstuffs South Island Limited business interactions with Suppliers, including those via our members (store owners), Foodstuffs (N.Z.) Limited and their related companies (including Foodstuffs Own Brands), together referred to as **Foodstuffs** throughout this Policy.

This Policy outlines minimum standards and expectations applicable to all Suppliers (both New Zealand and overseas-based), including their parent, subsidiaries, affiliates, agents and subcontractors ("Suppliers") that sell, or seek to sell goods or services to Foodstuffs. This includes suppliers that sell products to Foodstuffs that are produced by other suppliers further up their supply chain. This Policy is included in Foodstuffs standard contract documentation and signing and complying with the Policy is a requirement of doing business with Foodstuffs. Foodstuffs expects its Suppliers (and all employees, representatives and affiliates of our Suppliers) to meet or exceed the standards set out in this Policy. See the 'Application of this Policy' section below for further detail.

Standards

This Policy was developed with reference to leading international standards for responsible supply chain practice, including the International Labour Organisation (ILO)'s core conventions, the United Nations' (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the UN Global Compact's core values on human rights, labour standards, environment and anti-corruption.

General Sustainability Management

Foodstuffs values working with Suppliers who support its goal of encouraging more responsible supply chain practices. We are committed to working with Suppliers to provide quality affordable food to Kiwis, building a resilient food future and having no negative environmental or social impacts.

Foodstuffs encourages and expects all Suppliers to understand the environmental and social risks present in their supply chains. This understanding should extend back to raw material suppliers.

Human Rights & Labour Practices

Foodstuffs is committed to the protection of human rights and socially responsible employment and labour practices and expects the same of its Suppliers. Suppliers are expected to develop and implement policies and procedures to ensure respect of all human rights in their businesses and those of their own suppliers. The Supplier must always comply with the most demanding requirements, whether relevant applicable laws or this Policy. Where local laws prohibit a Supplier from upholding certain aspects of the Policy the Supplier should comply with local laws while seeking to respect human rights.

Child Labour

The Supplier must not use child labour. The Supplier must be able to verify the age of all employees. In the absence of stronger child protection legislation in the location(s) in which they operate, the Supplier must as a minimum comply with the requirements of International Labour Organisation Convention 138.

Forced & Compulsory Labour & Treatment of Employees

The Supplier must not use forced, bonded or compulsory labour or modern slavery in any form, and ensures that employees are employed voluntarily and of their own free will. No employee is forced to accept employment, to pay any sums of money to obtain their employment, work excessive overtime, or have their identification papers retained. Overtime shall be used responsibly, considering the extent, frequency and hours worked by individual staff and the workforce as a whole, including any laws or regulations that prescribe any maximum hours of work or breaks from work.

The Supplier will ensure staff have the right to leave the workplace premises after completing their standard workday and are free to terminate their employment, provided they give reasonable notice to their employer. The Supplier will treat all personnel with dignity and respect and comply with any laws and regulations applying to the termination of employment. The Supplier will not engage in, or tolerate, the use of corporal punishment, mental or physical coercion or verbal abuse of personnel.

Workplace Health & Safety

Foodstuffs' Suppliers must ensure the health and safety of all people within their organisation and ensure its operations comply with all health requirements and laws that apply to their business and operations.

Foodstuffs expects Suppliers to maintain sound health and safety policies and systems that promote the health and wellbeing of workers, reduce work-related

accidents, injuries and illness, and help to ensure the safety and quality of products and services. Each Supplier's health and safety policies should be made available to all its workers and the Supplier should provide its workers with appropriate health and safety training.

Action should be taken to minimise the causes of potential hazards inherent in the work environment. Worker exposure to potential safety hazards should be controlled by risk analysis evaluation, administrative controls, preventative maintenance, and safe work procedures, with on-going safety training. Where hazards cannot be adequately controlled through these means, Suppliers should provide their staff with appropriate, well-maintained personal protective equipment.

Suppliers should provide their workers with a healthy and safe working environment, including safe drinking water, adequate lighting, ventilation, and sanitation.

While at any Foodstuffs' premises (including stores), all Supplier workers and representatives must comply with any notified Foodstuffs' health and policies and procedures.

Migrant Workers

Migrant workers (whether directly employed by the Supplier or through third-party contractors) must be employed in accordance with relevant local immigration laws. Any commission and other fees due to a third-party contractor in connection with employment of a migrant worker must be paid by the Supplier. The Supplier must not require a migrant worker to surrender, withhold or restrict the worker's access to personal identity documents. Personal identity documents include but are not limited to passports, identity papers, travel documents, and other personal legal documents. All migrant workers must be provided with a written employment contract in a language they understand and this should be signed by the worker. The information must be clear and unambiguous.

Working Hours

Overtime is used responsibly to avoid excessive hours, it is agreed with the worker (e.g., as stated in their employment agreement), and is managed in accordance with relevant local labour laws. Record keeping on hours must be accurate, complete and transparent at all times.

Subcontracting

The Supplier must not subcontract any of its rights or obligations without the prior written consent of Foodstuffs. Where subcontracting has been approved by Foodstuffs, suppliers must document this subcontracting relationship and, upon request, make available to Foodstuffs any records of subcontractors' company names and locations. Suppliers must have adequate policies and procedures in place for properly managing subcontracting to ensure that subcontractors operate in accordance with applicable laws, regulations and this Policy.

Discrimination & Harassment

All conditions of employment by the Supplier must be based on an individual's ability to fulfil the requirements of their role, and not based on personal characteristics such as gender, ethnic origin, religion, or personal beliefs. Suppliers must ensure they provide an environment where their employees can work without distress or interference caused by harassment, discrimination, abuse or any other inappropriate workplace behaviour.

Compensation

The Supplier must comply with all laws regulating local wages, penalty rates, overtime compensation and legally mandated benefits. Wages and benefit policies must satisfy all applicable laws and regulations. The Supplier must also ensure all record keeping is accurate and transparent at all times.

Freedom of Association & the Right to Collective Bargaining

The Supplier must ensure that all their staff have the right to form and join trade unions of their choice and for them to organise and to bargain collectively on their behalf with the supplier. In situations where the right to freedom of association and collective bargaining are restricted under law, the Supplier will allow workers to freely elect their own representatives to advocate for their rights and benefits.

Grievance Mechanisms & Remediation

The Supplier must provide multiple confidential channels for their staff to raise grievances, for example, a dedicated hotline, email address or staff committee, and ensure that all staff are aware of these options and can communicate without risk to their human rights or their employment.

Environment

Foodstuffs is committed to operating our business in a sustainable manner that reduces our negative impact on the environment. Foodstuffs expects its Suppliers to do the same.

Environmental Policy

The Supplier shall have an Environmental Policy, or in the absence of a formal Environmental Policy, have systems in place to identify and reduce the negative environmental impacts from their direct operations and their supply chain. This should generally cover energy use, carbon emissions, water use, waste, hazardous materials, as well as product and packaging design. The Environmental Policy, where one exists, or the systems in place, should ensure compliance with all relevant national and local environmental regulations and should include the principles of operational efficiency and continuous improvement. The Supplier shall provide Foodstuffs with a copy of their Environmental Policy or be able to provide evidence of the appropriate systems, if requested.

Logistics

Shipping of products by air has a significantly higher carbon footprint than other forms of transportation. The Supplier will ensure that air freight shipping of its products to Foodstuffs sites is minimised, with no domestic air freight shipping of products occurring unless agreed between Foodstuffs and the Supplier.

Packaging & Paper

The Supplier will regularly review the packaging they use at all stages in their supply chain and take all steps to comply with Foodstuffs 10 Packaging Principles.

Carbon Emissions

The Supplier will take all practical steps to reduce the Greenhouse Gas emissions generated across all parts of their operations.

Water Use

The Supplier will ensure that water usage from all facilities, including showers, toilets, dishwashers, and hand washing amenities, is minimised. Where practicable, water should be recycled and used in other parts of the business and / or environmentally friendly products should be used to ensure that wastewater does not pollute the water system.

Waste Management

The Supplier will take all steps to ensure that waste is minimised. Effective controls of waste in respect of ground, air and water pollution must be adopted. In the case of hazardous materials, emergency response plans must be in place.

Animal Welfare

Foodstuffs is committed to the humane and respectful treatment of animals and is guided by the principles of the Farm Animal Welfare Committee's (FAWC 2009) 'Five Freedoms of Animal Welfare':

- Freedom from hunger and thirst by ready access to fresh water and a diet to maintain full health and vigour;
- Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area;
- Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment,
- Freedom to express normal behaviour by providing sufficient space, proper facilities and company of the animal's own kind; and
- Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.

The Supplier must comply with all relevant legislation regarding animal welfare wherever animals are raised, cared for, transported, or processed within their own operations, and have measures in place to verify compliance further up the supply chain.

Animals are sentient beings, as recognised under New Zealand law. This is why animal welfare has evolved over the years to focus not only on meeting basic animal needs (Five Freedoms) but to also encourage positive experiences (Five Domains). The Supplier should be guided by the Five Freedoms while striving for ongoing improvement beyond those freedoms towards the FAWC's defined goal of a good life at all points in the supply chain and as described in the Five Domains.

Fair Operating Practices

Foodstuffs expects its Suppliers to meet high standards of fair and ethical conduct. All business conducted by Foodstuffs' Suppliers should be handled with integrity, fairness and honesty.

Suppliers must comply with all laws that apply to their business and operations (including laws relating to competition, privacy, fair trading, anti-bribery and corruption). Suppliers must also ensure that all products and services supplied to Foodstuffs and its stores comply with New Zealand and all other relevant laws and standards.

Business Integrity

The highest standards of integrity are to be upheld by the Supplier in all business interactions. Suppliers will have a zero-tolerance policy towards all bribery, corruption, extortion and embezzlement. All business dealings should be transparently performed and accurately reflected on Suppliers' business books and records. Monitoring and enforcement procedures will be in place to ensure compliance with anti-corruption laws.

Information Security

Foodstuffs' Suppliers must comply with our requirements relating to confidentiality, data, privacy and personal information, and security. Foodstuffs' Suppliers are expected to ensure appropriate controls are in place to protect Foodstuffs' brands and intellectual property rights against unauthorised use and damage.

Any information used by a Supplier in its business relationship with a Foodstuffs entity that is non-public and proprietary must be protected against loss or infringement. Any disclosure or use of such information must only be for the purposes authorised by the Supplier's contract with the Foodstuffs entity.

Disclosure of Information

Information regarding business activities, structure, financial situation, and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices is unacceptable. Our Suppliers should disclose any actual or perceived conflict of interest to Foodstuffs, including any employee or contractor of Foodstuffs or a Foodstuffs store who may have a financial or other interest of any kind in the Supplier's business.

Product Origin & Claims Disclosure

Any Supplier that provides goods to Foodstuffs for sale in Foodstuffs stores must, if requested by Foodstuffs, disclose all of the countries of origin of products or services that are being provided to Foodstuffs or a Foodstuffs store by that Supplier. Foodstuffs may also require a Supplier to promptly provide full supply chain mapping for all ingredient components of products or services supplied to Foodstuffs and our stores.

Foodstuffs expect that any environmental or social claims made by a Supplier on or in relation to the packaging, advertising or marketing of its products and services to be accurate, not misleading and (where relevant) able to be substantiated.

Fair Business Advertising & Competition

High standards of fair business, advertising and competition are to be upheld by the Supplier, as expected and regulated by the Commerce Commission.

Foodstuffs Own Brands

In addition to the above 'Standards' which define minimum Supplier requirements for responsible sourcing, 'Foodstuffs Own Brands' (FOB) has defined specific policy positions related to products sourced by FOB. In addition to this Policy, suppliers of Own Brand products should refer to the following policies and position statements, and any other Own Brand policies and position statements introduced in the future:

- Animal Welfare - Cage-free Eggs Policy
- Genetic Modification Policy
- Sustainable Palm Oil Policy
- Responsible Timber, Bamboo, Pulp & Paper Products Policy
- Responsible Seafood Policy
- Modern Slavery Position Statement

Application of this Policy

All Foodstuffs' Suppliers are expected to comply with this Policy, and Foodstuffs will seek confirmation from its Suppliers that they are and will continue to comply with this Policy.

Suppliers should actively review and monitor their business and operations to ensure ongoing compliance with this Policy. Suppliers are also responsible for communicating the requirements of this Policy to employees, agents, and their own suppliers.

Foodstuffs (acting reasonably) reserves the right to undertake unannounced assessments, audits, and inspections of (and request information from) Supplier facilities in respect of their business and operations to verify their compliance with the requirements of this Policy. Our due diligence takes a risk-based approach and prioritises areas of higher risk.

Foodstuffs recognises that achieving compliance to all standards contained within this Policy may be an ongoing process. Foodstuffs is committed to working with Suppliers to develop remediation plans that will ensure timely compliance. Foodstuffs encourages its Suppliers to proactively communicate with it as soon

as they are aware of non-compliance with the Policy so that remediation plans can be promptly put in place.

Where Foodstuffs are aware of issues in the Supplier's supply chain, working with the Supplier to address the issue is the preferred course of action. However, Foodstuffs cannot accept serious unaddressed human rights issues. If a Supplier is unable or unwilling to demonstrate compliance with the Policy, Foodstuffs reserves the right to exercise any termination rights available and end the relationship with that Supplier.

The requirements of this Policy are in addition to the terms of any contract between a Supplier and Foodstuffs. To the extent of any inconsistency between a section of the contract between a Supplier and Foodstuffs and this Policy, then the relevant section of the contract will prevail.

Foodstuffs recognises the importance of demonstrating the behaviours and standards expected under this Policy, and as a result is committed to ensuring that its practices and its people actively support the purpose and content of this Policy.

Updates to this Policy

This Policy has been approved by the Chief Executives of Foodstuffs North Island and Foodstuffs South Island and will be formally reviewed every two years. Foodstuffs may update or replace this Policy at any time by publishing a revised version on the Foodstuffs Exchange supplier website. Information on the Policy will also be communicated via Foodies supplier email updates. By continuing to provide products or services to Foodstuffs, its Suppliers will be deemed to accept any update or replacement of this Policy.

Last updated: February 2023

Questions

The Foodstuffs Head of Responsible & Ethical Sourcing administers this Policy and any questions about this Policy should be directed to the Responsible & Ethical Sourcing team (responsiblesourcing@foodstuffs.co.nz).