# QUALITY AND SUSTAINABILITY APPENDIX FLOWERS AND ORNAMENTAL PLANTS

## Parties

| | Supplier: | Buyer: |
|---|---|---|
| Name of company | (hereinafter the Supplier) | **SUOMEN OSUUSKAUPPOJEN KESKUSKUNTA** (hereinafter the Buyer or SOK) |
| Visiting address | | FLEMINGINKATU 34, HELSINKI, FINLAND |
| Postal address | | PO Box 1, 00088 S-GROUP |
| Business ID | | 0116323-1 |
| VAT number | | FI01163231 |

## 1 General Requirements

### 1.1 Supplier's responsibility

With respect to production and products, the Supplier shall comply with the following Buyer's general requirements for Suppliers and products. The Supplier is responsible for ensuring that the products and the production and the products' placing on the market meet the requirements of the European Union/European Economic Area and the Finnish legislation. The Supplier shall not have the right to supply the Buyer with products that are contrary to the requirements of the applicable legislation.

For the sake of clarity, the Supplier shall know and answer for the entire supply chain of the raw materials with respect to all components.

### 1.2 Product information and due diligence

The Supplier shall provide the Buyer with all information and evidence that is necessary to fulfil the requirements of the applicable legislation and authority guidelines as well as the requirements of this agreement. Such information includes, for example: product markings, the classification in accordance with the EU Combined Nomenclature (hereinafter CN), certificates, the country of origin of the product and its raw materials, compliance information, emission factors of the products, information related to the assessment and reduction of risks (e.g. environmental and human rights risks) and evidence and information of having exercised due diligence. Unless otherwise agreed, the information and evidence shall be submitted in compliance with the technical practices and guidelines determined by the Buyer. The Supplier shall allow the Buyer, an independent party or an authority to carry out the inspections and investigations required by the

applicable legislation and authority orders and provide the Buyer and/or authority with all necessary assistance to ensure that the products comply with the requirements.

The markings in products and their packaging shall be in Finnish and Swedish. Unless otherwise agreed, the Supplier is responsible for all environmental registrations and registrations of origin as well as other corresponding registration and notification procedures with the authorities and other relevant parties required for the Supplier's products. Plants imported from countries outside the EU shall have a plant health certificate. The Supplier is responsible for the correctness of the product information, including the origin and the classification in accordance with the EU's Combined Nomenclature. For the sake of clarity, the CN guides the legislative requirements directed at the Buyer.

The Supplier shall exercise due diligence before placing the products on the market or exporting them so that it can be verified that the products in question are in accordance with the applicable legislation. The Supplier has a due diligence system under the applicable legislation, in accordance with which the Supplier ensures that the products are in compliance with the requirements. The Supplier shall describe its due diligence system and provide the Buyer with the essential information of it upon request. In the event the applicable legislation requires giving a due diligence statement, the Supplier shall not place the products on the market or export them before submitting the due diligence statement.

In addition to the authority, the Supplier shall also immediately inform the Buyer if it observes substantiated concerns as set out in the applicable legislation that imply, for example, that there is a risk that a product placed on the market is not in accordance with the applicable legislation and authority guidelines.

The Supplier undertakes to without undue delay provide the Buyer with all information required by the legislation and authority guidelines applicable to the product and to assist the Buyer if a competent authority submits a request to the Buyer to receive the aforementioned information.

### 1.3 Use of subsuppliers

The Supplier is responsible for the operations and their lawfulness of the supply chain and all the subsuppliers it uses as well as for the compliance with the requirements of this agreement as for its own. The Supplier shall oblige its subsuppliers to comply with the terms of this agreement. Thus, the Supplier is obliged, inter alia, to ensure that its subsuppliers also comply with the Buyer's quality and sustainability requirements in their own activities and the Supplier shall remain responsible for compliance with these requirements by its own subsuppliers. The Supplier is obliged to regularly monitor the activities of its subsuppliers.

# 2 Product Safety and Quality

## 2.1 Quality and quality systems

The Supplier shall ensure that the marketed products are safe.

The flowers' and ornamental plants' quality shall meet the Buyer's requirements. The Supplier shall ensure that the products are inspected according to IPPC's (International Plant Protection Convention) standards. The Supplier ensures that the requirements of regulation (EU) 2016/2031 on protective measures against pests of plants are fulfilled and that plants and harmful pests mentioned in directive (2000/29/EY) are controlled in the country of origin. The plant health certificates or plant passports meeting the requirements of the legislation are attached to the shipment when applicable. The Supplier shall ensure that the quality of the cut flowers meets the UNECE standards http://www.unece.org/trade/agr/standard/flowers/flower_e.html.

The GAP principles (Good Agricultural Practice, GLOBALGAP, More Profitable Sustainability (MPS-GAP), the Finnish Laatutarhaohjeistus guidelines), the IP principles (Integrated Production) or other similar principles shall be observed in the cultivation and production of flowers and ornamentals.

At the Buyer's request, the Supplier shall deliver documentation relating to product safety and quality assurance.

In the event the Buyer or the authorities notice deviations in the quality of the products in their own inspections, the Buyer may request the Supplier to order additional analyses from an accredited laboratory.

## 2.2 Requirements related to production and raw materials

### 2.2.1 Genetically Modified Raw Materials

If genetically modified raw materials have been used in a product, the Supplier shall inform the Buyer thereof in writing in advance.

### 2.2.2 Organic Production Methods

The Supplier is responsible for ensuring that products sold or marketed as organic products have been produced organically. Upon request, the Supplier shall demonstrate a monitoring system and certificate to the Buyer according to which the requirements of organic production are fulfilled.

### 2.2.3 Traceability of Products

Suppliers shall have a functioning and described traceability system with which raw material batches and packaging used in the manufacturing of products and the suppliers thereof can be identified.

Upon the request of the Buyer, the Supplier shall be able to provide the Buyer information on the origin of the product and its raw materials as well as on the entire supply chain.

In case a product has caused or is suspected to have caused a health hazard, the Supplier shall give the Buyer the information on the batch in question immediately, and in other cases within 48 hours.

# 3 Sustainability

## 3.1 Human rights and environmental due diligence

The Supplier exercises due diligence in all its operations and strives to identify, prevent and mitigate the human rights and environmental impacts of its operations and its supply chain and to promote the realisation of human rights and protection of the environment.

Upon request, the Supplier shall demonstrate how it complies with the requirements of this agreement (e.g. the due diligence process concerning environmental and human rights matters) in its operations and supply chains, including risk assessment, risk reduction and corrective measures, among other things. The Supplier undertakes that the Buyer's representative or a person authorised by it, has access to the production facilities and relevant documentation to assess conformity with the requirements.

The Supplier shall put the requirements of this agreement into practice with its suppliers that produce raw materials or components for the products to be delivered to the Buyer and monitor their implementation in the supply chains. In supply chains where the Supplier does not have a direct business link to all stages of the supply chain and where human rights risks have been identified, the Buyer expects the Supplier to strive for continuous improvement and to increase its possibilities to influence in order to minimise the identified risks.

The Supplier shall inform the Buyer if concerns or deviations related to the environment or social responsibility arise in its due diligence process. The Supplier shall investigate and remedy any such deviations and report the revealed deficiencies and corrective measures to the Buyer.

## 3.2 Social Responsibility and Human Rights

In its operations and in the procurement of products and services, the S Group is committed to social responsibility and to respect all internationally recognised human rights. In its human rights principles, the S Group is committed in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines to diligently identify, prevent, minimise and address human rights risks, as well as to a transparent mode of operation, and expects the same from its partners.

In its operations and supply chains, the Supplier shall undertake to respect all internationally recognised human rights, the International Labour Organisation ILO's fundamental principles and rights at work, the principles of the UN Declaration of Human Rights and the conventions on the rights of children and women, and the laws and collective agreements of the target country.

In addition, the S Group is committed to the international social and environmental responsibility system amfori BSCI's (Business Social Compliance Initiative) Code of Conduct and to promote its principles in its operations and in all its procurement. The Supplier undertakes to get acquainted with amfori BSCI's Code of Conduct as in force from time to time and the content and requirements of its appendices which are available at https://s-ryhma.fi/en/for-suppliers/chain-supplier. These documents form an integral part of this agreement.

By signing this agreement, the Supplier undertakes to comply with the amfori BSCI's Code of Conduct and its appendices as in force from time to time. In its operations and supply chain, the Supplier undertakes to comply with and to promote, among other things, the following principles based on the principles of BSCI:

- The Supplier commits to adopt and publicly communicate a written human rights policy statement, in line with the Supplier's business operations and size of operations. The human rights policy statement shall be approved by the senior management.
- The workers have the right to freedom of association and collective bargaining.
- The Supplier is expected to take or promote specific steps, such as trainings, to ensure that workers are aware of their rights and responsibilities, with special attention to vulnerable persons, to involve and protect workers.
- Workers shall be treated equally without discrimination, harassment or violence. The wages and working conditions of foreign workers in Finland shall not be worse than the general conditions prevailing in the Finnish labour market.
- Workers shall be guaranteed the right to fair remuneration. Workers shall be paid salary of an amount at least at the level required by law and overtime work shall be compensated with overtime compensation, in minimum in accordance with national legislation.
- Decent working hours shall be guaranteed for workers by applying the national legislation, industry benchmark standards or collective agreements in accordance with the international framework set out by the ILO, and to promote working hour practices that enable a healthy work-life balance for workers shall be promoted.
- The workers shall be offered healthy and safe working conditions. Vulnerable persons, such as young workers, new and expecting mothers and persons with disabilities, need special protection.
- The Supplier commits to not employ children, directly or indirectly. The minimum working age cannot be lower than required by national legislation and the provisions of ILO Minimum Age Convention (ILO 138).
- The Supplier commits to ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, and development.

- The Supplier commits to ensure that work is performed on the basis of a recognised and documented employment relationship, established in compliance with relevant national legislations, custom or practice, or international labour standards, whichever provides greater protection for the worker. Before entering employment, workers shall be provided with understandable information in their own language and it shall be ensured that they are aware about their rights, responsibilities, and employment conditions, including working hours, remuneration and terms of payment in their own language.
- No slavery, forced labour or human trafficking. The employment relationship shall be voluntary, workers cannot be required to provide collateral, a payment for employment agency services or any other security in exchange for the employment relationship. Workers have the right to change employer. Workers shall have the liberty to leave the workplace at the end of their work shift. In particular migrant workers shall be guaranteed freedom of movement and the possibility to a safe return.
- The Supplier commits to implement a process- and risk-based environmental due diligence management system in their business practices, adjusted to the business model of the company.
- The Supplier commits to comply with the processes of ethical business behaviour and the related principles.

### 3.2.1 Compliance with social responsibility requirements

The Supplier shall have procedures in accordance with UN Guiding Principles on Business and Human Rights (UNGP) to identify, reduce and remedy human rights risks. Such procedures shall include processes to identify, minimise, prevent and remedy detrimental human rights impacts, both in the company's own operations and in the supply chain of the products and services, including potential subsuppliers and procurement of raw material. The Supplier shall have a confidential channel in accordance with the UNGP to which workers can anonymously report labour and human rights violations, abuses and corruption.

The Supplier can use the S Group's whistleblowing channel (https://report.whistleb.com/fi/sgroup) for reporting concerns related to the supply chain. Workers working in supply chains can also report violations of labour and human rights. The Supplier shall inform workers about the anonymous reporting channel that is used by the Buyer or managed by a third party (e.g. amfori's Speak for Change channel, the S Group's whistleblowing channel).

### 3.2.2 Auditing the social responsibility

For Suppliers whose production or whose subsupplier's production is located in a risk country, or who import or market products manufactured in risk countries, the Buyer requires that the production facility located in a risk country has a valid Amfori BSCI audit or that an equivalent social responsibility audit process, accepted by the Buyer, has been carried out by a third party. Otherwise, BSCI or an equivalent audit shall be arranged immediately upon the commencement of the cooperation. The Supplier is responsible for all costs related to the audit. Upon request, the Supplier shall provide the Buyer with a copy of the certificate or the audit report.

The social responsibility audits carried out by third parties approved by the Buyer are:

- Amfori BSCI (Business Social Compliance Initiative)
- SA8000
- SMETA (Sedex Members Ethical Trading Audit), 4-pillar (2-pillar is accepted as first audit)
- FLA (Fair Labour Association)
- FWF (Fair Wear Foundation)
- ICTI (International Council of Toy Industries)
- WRAP (Worldwide Responsible Accredited Production)
- RBA (Responsible Business Alliance)
- SIZA (Sustainability Initiative of South Africa)
- GLOBALG.A.P GRASP

Audits shall be carried out by third parties, and they shall be either unannounced or semi-announced.

The valid risk country list can be found herein: https://s-ryhma.fi/en/for-suppliers/chain-supplier
Responsible procurement: List of risk countries, source: Amfori's Risk Compass tool.

### 3.3 Products Manufactured in Palestine or Israel

A product can only be marked as originating from Israel if it has been manufactured in the territory of the state of Israel as determined by the United Nations in 1948. If a product has been manufactured in the so-called Occupied Palestinian Territories, the Supplier will mark the product's origin as 'manufactured in the Occupied Palestinian Territories'.

### 3.4 Environment and climate

In its operations the S Group promotes the principles of UN's sustainable development and the S Group is committed in its own operations and in its supply chain to mitigate the effects on climate and biodiversity. The S Group's central goal is to mitigate climate change by observing the reduction pathway of 1.5°C degrees defined in the Paris Agreement and in the Science Based Targets initiative. The Buyer also expects suppliers to take those into account in their own operations.

The S Group is committed to the international environmental and social responsibility system amfori BEPI's (Business Social Compliance Initiative) Code of Conduct and to promote its principles in its operations and in all its procurement. The Supplier undertakes to get acquainted with amfori BEPI's Code of Conduct as in force from time to time and the content and requirements of its appendices which are available at https://s-ryhma.fi/en/for-suppliers/chain-supplier. These documents form an integral part of this agreement.

By signing this agreement, the Supplier undertakes to comply with the amfori BEPI's Code of Conduct and its appendices as in force from time to time. The Supplier undertakes to comply with

and promote the following operating models and practices described in the BEPI principles in its own operations and in its supply chain and to implement risk and impact assessment and reduction in accordance with the due diligence obligation in the following fields:

- Energy and climate
- Emissions into air
- Water and sewage
- Waste
- Biodiversity
- Chemicals
- Other material environmental impacts

The Supplier shall have procedures in accordance with OECD Guidelines and UN Guiding Principles on Business and Human Rights (UNGP) to identify, reduce and remedy environmental risks. Such procedures shall include processes to identify, minimise, prevent and remedy detrimental environmental impacts, both in the company's own operations and in the supply chain of the products and services, including potential subsuppliers and procurement of raw material.

The Supplier shall identify the relevant environmental legislation applicable to its operations, act in accordance with it and be able to present evidence of conformity as required by such legislation. The Supplier shall have an environmental management system that includes environmental impact assessment, the model for continuous improvement and describes the procedures for the administration and management of material environmental matters with respect to waste, chemicals, emissions and sewage, among other things. Accounting for the nature of the Supplier's operations, the environmental management system shall comply with the requirements of ISO 14001 or the EU Eco-Management and Audit Scheme (EMAS). The Buyer is entitled to perform an auditing or inspection visit to verify the aspects of environmental responsibility.

The Supplier is expected to measure the greenhouse gas emissions of its operations. A Supplier that supplies its products for more than EUR 10 million to companies in the S Group shall commit to setting its own science based targets (e.g. SBTi). This means that by the end of 2025 at the latest, the Supplier has submitted its commitment letter for setting its science based climate targets. The Supplier commits to provide the Buyer with the necessary emission factors concerning the Supplier's products for the Buyer's emission calculation.

The Supplier is expected to pay special attention to the production and acquisition of raw materials and products causing deforestation and to prevent the adverse impact related to these.

The Supplier is encouraged to give priority to the use of renewable materials, raw materials and energy sources, as well as to utilise circular economy operating models in which recyclability and reusability are carried out as well as possible.

Unnecessary packaging is avoided when packaging products. The Suppliers are recommended to use recyclable packages that are labelled with appropriate markings to facilitate recycling. The use of PVC plastic is not accepted in packaging. The use of oxo-degradable plastic in products or in their packaging is not accepted. It is forbidden to use bleaching methods based on elemental chlorine for the bleaching of materials used for packaging.

## 4 Date and Signatures

This agreement has been executed in two identical counterparts, which have been reviewed, approved and signed by each party. Each party has received one original counterpart signed by both parties.

| | |
|---|---|
| [Place and date] | [Place and date] |
| Supplier | Supplier |
| [Company name] | [Company name] |
| [Department] | [Department] |
| | |
| [Name in print] | [Name in print] |
| [Position] | [Position] |
| | |
| [Place and date] | [Place and date] |
| Buyer | Buyer |
| Suomen Osuuskauppojen Keskuskunta | Suomen Osuuskauppojen Keskuskunta |
| Groceries & Consumer Goods | Groceries & Consumer Goods |