

As a member of the Hochland Group, Hochland Poland is obliged to implement and comply with the **German Supply Chain Due Diligence Act** Lieferkettensorgfaltspflichtengesetz (LkSG for short).

The obligations under this legal regulation became binding on Hochland Poland from 1 January 2024 and their intention is to enforce **human rights and environmental protection in international supply chains**. Sound and responsible supply chain management encompasses one's own business activities as well as direct and indirect suppliers and subcontractors.

Ensuring due diligence is based on risk analysis. **Due diligence obligations** aim to identify, minimize and/or eliminate risks and breaches and take preventive actions. Risk analysis process is conducted regularly at least once a year.

The stages of the risk analysis process that is carried out at Hochland are illustrated in the diagram:



In addition to the regular annual risk analysis, there are **risk analyses related to occasional events**, which should be carried out whenever breaches of the law in the supply chain come to light or **significant changes occur in the Company's business context** (e.g. new products or services, countries, suppliers).

A 6-point scale was assumed to assess the level of risk:

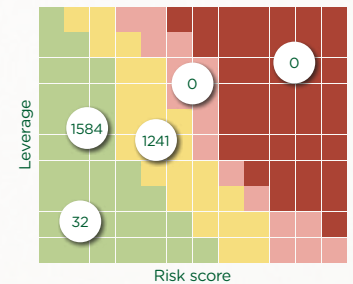
RISK LEVEL	SCALE
Very low risk	<0, 5
Low risk	0, 5- <1, 5
Medium risk	1, 5 - <3
High risk	3-<3, 5
Very high risk	>=3,5 - 6

Hochland Poland analysed 2857 suppliers. The risk was assessed as low and medium according to the graphics below:

RISK SCORES OVERVIEW



BREAKDOWN OF BUSINESS IMPACTS



There are 13 protected legal positions protected by the LkSG:

Prohibition of:

1. Soil, air, and water pollution /contamination
2. Use of persistent organic pollutants
3. Export of hazardous waste
4. Use of mercury
5. Unequal treatment
6. Forced eviction
7. Forced labour
8. Child labour
9. Slavery

Warranty for:

10. Occupational health and safety
11. Freedom of association adequate remuneration
12. Commissioning of security companies when human rights are at risk or violated