

Pilgrim's Pride Ltd. Supplier Code of Conduct

September 2020

About this Supplier Code of Conduct

This Supplier Code of Conduct (Code) defines the minimum requirements that our Suppliers of goods and services must comply with when conducting business with Pilgrim's Pride Ltd. Compliance with this Code is a prerequisite for collaboration and is legally binding for all Suppliers to Pilgrim's Pride Ltd.

The Code reflects Pilgrim's Pride Ltd.'s commitment to the UN Global Compact, the ETI (Ethical Trading Initiative base code) which is based on the ILO (International Labour Organisation) core conventions and draws upon compliance with applicable national, international law, rules and regulations as well as recognised international, national standards (such as where applicable the Gang Master Licensing Authority Standard) and treaties (collectively referred to as Law throughout this Code).

Implementation

To ensure and deliver compliance on each of the requested areas, Suppliers are expected to implement and maintain Management Systems, appropriate to the size and sector of the business, including:

- Suppliers shall appoint a senior member of management to be responsible for the implementation of this Code and act as focal point for Pilgrim's Pride Ltd. regarding related compliance matters.
- Suppliers are expected to fully integrate the standards of this Code into their business and operations and are encouraged to contact Pilgrim's Pride Ltd. for advice if needed.
- Suppliers are expected to implement suitably documented food risk reduction and control policies and procedures in accordance with legal and Pilgrim's Pride Ltd. requirements including compliance with 3rd party certification and customer-specific standards.
- Suppliers must ensure that transparent, full and correct documentation is available to verify compliance with this Code upon request.
- Suppliers shall communicate this Code to their Sub-suppliers, thus extending the standards throughout the entire supply chain.
- Suppliers must notify Pilgrim's Pride Ltd. if they detect or have reasons to suspect a violation of this Code in their own or Sub-supplier's operations.

All Suppliers are required to provide full access at reasonable times to on-site inspection, by Pilgrim's Pride Ltd. or its designated representatives, and access to all records that might determine compliance or non-compliance with the Code.

It is a requirement of Pilgrim's Pride Ltd. that all Food Contact Material suppliers and Packaging suppliers are registered on SEDEX, linked to Pilgrim's Pride Ltd. (ZC1061698), and share their SEDEX

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membership number with Pilgrim's Pride Ltd. Other social audits, demonstrating compliance with the core values and principles of human rights, labour standards, the environment, and anti-corruption might also be used for evaluation and should be presented upon request.

In case of non-compliance, the Supplier must submit a corrective action plan to address any specific non-compliance issues. The corrective action plan must be fulfilled within a given timeframe and be agreed with Pilgrim's Pride Ltd.

Pilgrim's Pride Ltd. may terminate the agreement with the Supplier due to the seriousness of a breach or repeated non-compliance with this Code.

Product stewardship

Pilgrim's Pride Ltd. does not compromise to uphold the highest standards of legality, food safety, integrity and quality of all of our products. Pilgrim's Pride Ltd. will only source goods and services from Suppliers sharing the same threshold.

Suppliers are therefore expected to comply with Pilgrim's Pride Ltd.'s supply food risk and quality management requirements. These are set out in our supplier quality assurance protocols and agreed supplier specifications for foodstuffs, packaging and food-related services.

Pilgrim's Pride Ltd. expects all suppliers to comply with all food and packaging-related legislation relating to their products and operations including as relevant:

- Council Regulation 852/2004/EC of 29 April 2004 (as amended) on the hygiene of foodstuffs
- Council Regulation 853/2004/EC of 29 April 2004 (as amended) laying down specific hygiene rules for food of animal origin

As a minimum requirement, Suppliers are required to be certified to a GFSI (Global Food Standard Initiative) recognised Food Safety Certification for the supply of food products, packaging materials, storage and transportation services.

Additional certification may be required for aspects such as animal welfare, organic goods, allergens, genetically modified organisms and meat traceability.

Pilgrim's Pride Ltd. expects Suppliers of any meat related product to have a special focus on limiting the use of antibiotics and ensuring both animal and human health.

Animal welfare and biosecurity

Suppliers of livestock, livestock transportation services and meat products must ensure that all animals delivered to, or used in the production of meat products for, Pilgrim's Pride Ltd. are produced, processed and transported in a legal, humane and responsible manner at all times and in compliance with the following EU Directives/Regulations:

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Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes

- Council Directive 2008/120/EC of 18 December 2008 laying down minimum standards for the protection of pigs.
- Council Regulation 1/2005/EC of 22 December 2004 on the protection of animals during transport and related operations.
- Council Regulation No 1099/2009/EC of 24 September 2009 on the protection of animals at the time of killing.

Animal welfare must take its starting point in the recommended Five Freedoms referenced by the World Organisation for Animal Health (OIE). The Five Freedoms for animal welfare under human control are: freedom from hunger, malnutrition and thirst; freedom from fear and distress; freedom from heat stress or physical discomfort; freedom from pain, injury and disease and freedom to express normal patterns of behaviour. Suppliers shall ensure their animal welfare standards are consistent with the principles of the recommended Five Freedoms.

Suppliers are also expected to assess biosecurity risks within their operations. They must ensure that appropriate risk reduction and control procedures are documented, implemented and monitored for the prevention of, and response to, any significant biosecurity breach or disease outbreak.

All pigs and pig meat sourced from pigs slaughtered in UK must, in addition to the above EC directives and regulations, be approved/assured to the Red Tractor Standard. Additional standards, such as RSPCA Assured and specific Pilgrim's Pride Ltd. customer requirements may be required in certain circumstances.

Labour & Human Rights

Suppliers shall support and respect Human Rights and ensure that they are not complicit in Human Right abuses.

Where Suppliers have an adverse impact on Human Rights within any of their stakeholders, they shall address these issues and enable effective remediation based upon a policy endorsed at the highest management level.

Freely chosen employment

Suppliers must ensure that no forced, bonded, involuntary prison labour is employed nor involved in the work on behalf of Pilgrim's Pride Ltd. Suppliers must not require Employees to lodge deposits or original ID-papers and any Employee must be free to leave their Supplier after reasonable notice. Nor is it acceptable for any Employee to be requested to pay a recruitment fee at any time in the recruitment process.

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Freedom of Association

Employees, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively.

Where the right of freedom of association and collective bargaining is restricted under Law, Suppliers shall facilitate, and will not hinder, the parallel means for independent and free association and bargaining.

Employee Representatives are not discriminated against and have access to carry out their representative functions in the workplace.

Health and safety

Suppliers shall provide a safe and hygienic working environment.

Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, causes of hazards inherent in the working environment.

This approach includes conducting an occupational safety and health risk assessment as well as providing regular and recorded training for all applicable Employees. Adequate lightning, ventilation and fire safety is part of a safe and healthy working environment and Personal Protective Equipment (PPE) must be provided for free.

Access to clean toilet facilities and potable water shall be provided.

Accommodation

Where part of the Employee's compensation package provides long or short-term accommodation, Suppliers shall ensure that health, security, legal conditions and Employee's rights are fair, decent and comply with all applicable Law. This includes, but does not limit to, fire safety, risk protection, sanitation, electrical, mechanical and structural safety as well as meeting the basic needs for the Employee.

Child Labour and Young Workers

Suppliers shall adhere to the principle that no child should be harmed by any related business operation, either directly or indirectly, and are committed to effectively abolish Child Labour.

The minimum age of the Employees should not be less than the age of completion of compulsory schooling, and generally not less than 16 years of age for standard work if allowed by Law.

Young Workers, defined as being above the minimum age, but under the age of 18 years shall not be employed at night or work in hazardous conditions. Suppliers should undertake a full risk assessment to ensure young workers are protected and not subject to any hazardous conditions.

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Age verification should be carried out for all Employees and evidence of age documented and kept on record.

Wages, Benefits, Working Hours & Overtime

Suppliers shall ensure that wages and benefits paid for a standard working week meet, at a minimum, national legal standards or food industry benchmark standards. In any event wages should always be enough to meet basic needs, to provide some discretionary income collective and be based on collective bargaining agreements, where applicable.

All Employees must be provided with an Employment Contract, in a comprehensible language, clearly stating employment conditions including wage, prior to entering into employment, and a fully understandable pay slip for each pay period. The Employment Contract must be signed by Employee and Supplier.

Deductions from wages as a disciplinary measure shall not be allowed nor shall any deduction not provided for by Law be permitted, without the express permission of the Employee concerned.

All disciplinary measures must be recorded in writing.

Suppliers shall ensure that working hours comply with Law or collective bargaining agreements, whichever affords the greater protection for the Employee.

Working hours, excluding overtime hours, shall be defined by Employment Contract, and shall not exceed 48 hours per week*.

Overtime shall be voluntarily and used responsibly taking into account, the extent, the frequency and hours worked by the individual Employee and the workforce as a whole. Overtime hours shall not be used to replace regular working hours due to inferior production planning.

Overtime shall as a minimum be compensated in accordance with local law. In case collective bargaining sets a higher premium, this must be adhered to.

In exceptional circumstances working hours may, however, exceed 60 hours/week in a 7-day period if all the following criteria are met:

- This is allowed by Law.
- This is allowed by collective bargaining agreement freely negotiated with an Employee organisation representing a significant portion of the workforce.
- Appropriate safeguards are taken to protect the Employee's health and safety.
- The Supplier can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

* International standards recommend the progressive reduction of normal hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages as hours are reduced.

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Employees shall be provided with at least one full day off in any seven consecutive-day period, or where allowed for by Law two full days off in every 14 days period.

Non-Discrimination & Fair Treatment

Suppliers shall ensure non-discrimination in hiring, compensation, access to training, promotion, termination or retirement in relation to race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political opinion.

Suppliers shall treat their Employees with fairness, dignity and respect. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse, or other forms of intimidation shall be prohibited.

Regular Employment

Any Employee recruited via Supplier's or Employment Agencies must be legally authorised and be documented appropriately prior to engagement to work in the applicable location/country.

Obligations to Employees under labour or social security Laws and regulations arising from regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting or home working agreements or through apprenticeship schemes where this is not a real intent to impart skills or to provide regular employment, nor shall any such obligation be avoided through the excessive use of fixed term contracts of employment.

Suppliers are requested to use only Employment Agencies who adhere to the requirements stated in this Code, and who supply only workers registered with them. And the requirements in this Code adhere to the hiring and management of all Employees irrespective of status: Migrant, Contract, Agency, Temporary or Casual.

Sub-contracting & Home Working

No Suppliers must engage in any subcontracting to 3rd party or home working arrangements for the production related to Pilgrim's Pride Ltd., unless previously agreed with Pilgrim's Pride Ltd.

Environment

Suppliers are expected to take full responsibility for their impact on the climate and environment.

Suppliers must as a minimum meet the requirements of local Law.

Suppliers must pursue a sustained and systematic approach to environmental impacts and risks and be committed to take action to combat climate change and protect the environment.

Suppliers must be able to demonstrate that they have all the relevant and valid permits including permits for the use and disposal of resources e.g. water, waste, chemicals, etc. and fulfil other legal

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requirements in relation hereto. Documentation should be provided to Pilgrim's Pride Ltd. or its designated representative on request.

Suppliers shall be aware of environmental standards and code requirements from end clients/customers.

Suppliers should have an environmental policy, covering environmental protection and means to combat climate change. The policy shall be communicated to all appropriate parties, including sub-suppliers.

Suppliers shall be aware of the significant environmental impact of products, processes and services delivered to Pilgrim's Pride Ltd. Upon request supplier share this information with Pilgrim's Pride Ltd. for environmental impact and life cycle assessments.

On the sites, Suppliers shall assess the adverse impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use.

Suppliers must ensure that transparent, full and correct documentation is available to verify compliance with this Code upon request. This also includes data on e.g. environmental performance of products and services.

Suppliers shall make continuous improvements in their environmental performance and actions towards climate change.

Suppliers should present to Pilgrim's Pride Ltd. the most environmentally and climate friendly alternatives and solution. Equipment to be used in Pilgrim's Pride Ltd. production must live up to BAT requirements (Best Available Technologies).

Anti-corruption

Suppliers shall conduct their business responsibly without engaging in corruption, in all its forms, including extortion, facilitation payment, money laundering, kickbacks, embezzlement and bribery or any type of fraudulent business practice and shall comply with all applicable Laws.

Suppliers must be able to demonstrate that they comply with all fiscal and other legislative requirements and provide relevant documentation to Pilgrim's Pride Ltd. on request.

Suppliers shall have an anti-corruption policy covering corruption, including extortion, bribery or any type of fraudulent business practice.

Suppliers should ensure that the staff, whose positions carry a higher level of risk in the area of corruption (e.g. sales, purchasing, logistics) are trained on actions to follow in the event of an issue arising in their area.

Pilgrim's Pride Ltd. (Co no: 608077), Seton House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA

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