

Sustainable Procurement Policy

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1. Introduction

The Sustainable Procurement Policy establishes the process for integrating environmental, social, governance and economic considerations into all purchasing decisions across the organization.

About the Company

Boni Holding is Bulgaria's largest pork producer and a key player in the food industry, supplying 30% of the country's fresh pork. The company primarily focuses on pig breeding and meat processing, complemented by its feed production operations, which support its breeding activities.

We operate seven pig farms for raising our livestock and have three feed production facilities dedicated to our animals. Our main meat processing center is situated in Lovech, featuring an industrial cutting house, a factory for production of salami and delicacies, and a factory for production of meat preparations (meat cuts, minced meats, raw sausages and semi-manufactured products; ready to eat/cook products). The close proximity of these three enterprises creates a highly efficient production complex.

Additionally, we have a unique facility for raw-cured products in Karlovo, known for its specialized microenvironment that imparts a distinctive flavor to our offerings. In 2021, we enhanced our business model by launching Bulgaria's most technologically advanced pig slaughterhouse in Targovishte, which plays a vital role in ensuring the high quality of our livestock throughout the meat processing chain.

Through our feed mills, pig farms, and meat production facilities, we ensure that our products meet the highest quality standards while contributing positively to the Bulgarian economy and society. Our mission is to provide Bulgarians with responsibly produced meat, ensuring care for people, animals, and the environment. To achieve this, we have set four strategic goals to shape the Company's development in the coming years and beyond:

- To increase the share of pork produced in Bulgaria in the consumption of Bulgarians (currently 2/3 of pork comes from Europe).
- To increasingly assert our leadership position and be the leading innovators in the meat industry.
- To respond to our customers' needs through scale and the ability to control more stages of production.
- To work to maintain the image of meat as a necessary food and to focus efforts in this direction.

2. Purpose

This Sustainable Procurement Policy aims to set out a clear framework for responsible sourcing, aligned with our overall sustainability commitments. It focuses on reducing environmental impact, promoting ethical and fair labor practices, ensuring cost efficiency, strengthening transparency and accountability, and supporting ongoing improvement in procurement processes.

The policy is intended to ensure that all goods and services are obtained in a responsible manner, limiting adverse impacts while encouraging ethical conduct and creating lasting value for stakeholders.

3. Scope

This policy applies to all procurement activities within the operations of all entities in Boni Holding, covering raw materials sourcing, manufacturing, packaging, transportation and supplier relationships.

The Sustainable Procurement Policy applies to all divisions and enterprises within the structure of Boni Holding:

Pig farming division:

- Boni Farm Brestak AD
- Boni Farm Krumovo Gradishte AD
- Boni Farm Zimen AD
- Boni Farm Nikola Kozlevo AD
- Boni Farm Shumen AD
- Boni Farm Levski AD
- Boni Farm Pleven AD
- Boni Fodders Pordim EOOD

Meat Processing Division:

- Boni Mesokombinat Lovech AD
- Boni Mesokombinat Karlovo AD
- Boni Mesokombinat Ruse AD

- Boni Marketing EOOD

By integrating sustainability into every aspect of our procurement process, we ensure that our business operations contribute positively to the environment, society, and economy.

4. Regulatory compliance

Our sustainable procurement policy is firmly rooted in adherence to all relevant regulatory requirements and standards. We are committed to ensuring that our procurement practices comply with local, national, and international laws, including those related to environmental protection, labor rights, and ethical business conduct. This involves rigorous vetting of suppliers to ensure they meet or exceed regulatory standards, continuous monitoring of compliance throughout our supply chain, and proactive engagement with stakeholders to stay informed about evolving regulations.

5. Objectives

5.1. Environmental Sustainability

At Boni Holding, we have identified and assessed the key environmental topics across our value chain, taking into account the local context, market dynamics, and the priorities of our stakeholders. We are committed to reducing our environmental footprint through a comprehensive and structured approach to sustainability. This includes strategic investments in our own photovoltaic installations, alongside continuous improvement initiatives aimed at optimizing production processes and enhancing waste management practices. We also place strong emphasis on improving resource efficiency across our operations.

In parallel, we are strengthening our sourcing practices to promote sustainability throughout our value chain. We remain committed to achieving a science-based emissions reduction target aligned with the standards of the Science Based Targets initiative (SBTi). To support this ambition, we systematically assess our carbon footprint across the entire value chain and prioritize collaboration with suppliers that demonstrate strong environmental management systems, hold relevant certifications (such as ISO 14001), and share our commitment to sustainable and environmentally responsible business practices.

5.2. Animal Welfare Standards

Boni Holding is committed to upholding high standards of animal welfare across its operations and supply chain, recognizing its critical importance to ethical business conduct and product quality. We ensure full compliance with all applicable EU animal welfare regulations and continuously strive to adopt best practices in humane treatment and handling. This includes minimizing stress and discomfort throughout the animals' lifecycle, from farming to slaughter. We require that transportation conditions meet established welfare standards, ensuring that animals are transported safely, for appropriate durations, and with proper care. In addition, we prioritize collaboration with suppliers who adhere to recognized animal welfare certification schemes and labeling programs, demonstrating transparency and accountability. Through these efforts, Boni Holding seeks to promote responsible livestock management practices that respect animal well-being and align with evolving societal expectations.

5.3. Ethical Sourcing and Human Rights

Boni Holding is committed to upholding fair labor practices and ensuring full compliance with all applicable labor laws and regulations, promoting fair wages and benefits, and maintaining safe and healthy working conditions for all employees and contractors. We are dedicated to the continuous improvement of workplace conditions through initiatives and programs that foster employee well-being.

In addition, we integrate labor and human rights considerations—such as fair working hours and adequate remuneration—into our supply chain management processes, alongside

traditional procurement criteria such as price, quality, and reliability. This approach ensures that our sourcing practices are not only efficient and effective but also respectful of the dignity and rights of workers throughout our supply chain. We prioritize working with suppliers that demonstrate strong labor and human rights management systems.

We expect our suppliers to proactively identify and eliminate all forms of modern slavery, including forced labor and human trafficking, within their operations and supply chains. Suppliers must ensure that all employment relationships are voluntary and free from any form of coercion or exploitation. Boni Holding is also fully committed to preventing child labor in all aspects of its operations and requires its suppliers and partners to adhere to the same standards.

Suppliers are expected to provide a fair, respectful, and inclusive working environment where all individuals are treated with dignity and are free from harassment, discrimination, or any form of degrading behavior. This includes upholding the right of employees to work in an environment free from discrimination or bias based on gender, race, ethnicity, caste, skin color, disability, political beliefs, family background, religion, age, pregnancy, or sexual orientation.

Furthermore, we are committed to equipping our employees with all relevant trainings and procedures regarding all human rights topics—particularly those involved in procurement—with the knowledge and skills necessary to effectively address sustainability, human rights, and labor conditions across the value chain.

5.4. Local Sourcing and Community Impact

Boni Holding is committed to actively supporting the communities in which we operate. We prioritize local sourcing wherever feasible to strengthen regional economies, reduce environmental impacts, and enhance community resilience. By collaborating with local suppliers and producers, we aim to shorten supply chains, minimize transportation-related emissions, and improve product traceability. We seek to establish long-term partnerships with local businesses, farmers, and service providers, thereby contributing to job creation and sustainable economic development in our operating regions. At the same time, we encourage our suppliers to engage responsibly with their own communities, ensuring that their activities generate positive social impact while respecting local needs, cultural traditions, and the natural environment.

5.5. Transparency and Traceability

Boni Holding is committed to ensuring a high level of transparency and traceability across its entire supply chain. We strive to maintain clear visibility over the origin, movement, and handling of all raw materials and products, enabling us to monitor quality, safety, and sustainability performance at every stage. By implementing robust tracking systems and requiring accurate record-keeping from our suppliers, we strengthen accountability and enable timely identification and mitigation of risks. We also promote open communication

and disclosure of relevant information, fostering trust among stakeholders and supporting informed decision-making.

5.6. Economic Viability

Ensuring economic viability requires balancing financial performance with strong sustainability commitments. At Boni Holding, we strive to make procurement decisions that deliver cost efficiency while upholding high environmental and social standards. By embedding sustainable practices into our operations, we aim to minimize waste, improve efficiency, and reduce long-term costs. This approach enhances the resilience and competitiveness of our business, demonstrating that responsible sourcing and sustainability are in fact compatible with our economic objectives.

Additionally, Boni Holding maintains a formal grievance mechanism allowing stakeholders to confidentially report sustainability, ethical, or human rights concerns, which are reviewed and addressed appropriately.

6. Supplier Engagement

6.1. Selection Process

At Boni Holding, sustainability is a key element in our supplier evaluation and selection process. Alongside conventional business considerations, we assess the environmental, social, and governance performance of our partners. Suppliers are expected to proactively aim at managing their environmental footprint, using resources efficiently, and limiting waste. They should also demonstrate strong commitment to fair labor practices, active community involvement, inclusive workplaces, and, where applicable, high standards of animal welfare. Furthermore, we place significant emphasis on transparency, regulatory compliance, and conducting business with integrity and strong ethical principles.

6.2. Evaluation and Monitoring

We conduct regular assessments to ensure that our suppliers consistently meet our sustainability standards. To support transparent and structured engagement, we have established internal frameworks, including our Supplier Code of Conduct and Supplier Assessment Procedure. The latter incorporates Tier 1 and Tier 2 questionnaires designed to capture key environmental and social aspects of supplier performance. Ongoing monitoring involves maintaining open dialogue, ensuring continuous transparency in relations.

Assessment results are carefully reviewed by Boni Holding's team, taking into account performance indicators, reliability, compliance, sustainability practices, and demonstrated commitment to continuous improvement. These factors play a key role in supplier and contractor selection decisions. At the same time, we prioritize building and maintaining

long-term partnerships with our suppliers to ensure consistency, quality, and reliability across our procurement activities.

6.3. Collaboration

Boni Holding believes that strong collaboration with suppliers is essential to advancing sustainable procurement and driving meaningful innovation across the value chain. We actively engage with our partners to share best practices, develop sustainable solutions, and address common challenges related to operational efficiency.

6.4. Accountability

Accountability is fundamental to the effectiveness of our sustainable procurement approach. We expect all stakeholders – our suppliers, employees, and our organization – to uphold the established sustainability standards. This is supported through sustainability requirements embedded in contracts and supplier agreements, regular monitoring and evaluation to verify compliance and identify opportunities for improvement. By reinforcing accountability at every level, we ensure that all participants in our supply chain act responsibly, adhere to ethical principles, and contribute to achieving our sustainability objectives.

7. Sustainable Procurement Implementation Strategies

7.1. Training and Awareness

At Boni Holding, we recognize that training and awareness are essential to the effective implementation of our Sustainable Procurement Policy. We are committed to equipping our procurement teams with the knowledge and skills needed to make informed and responsible sourcing decisions. To support this, we conduct trainings for all employees assigned with relevant procurement functions, covering key topics such as environmental impact assessment, social responsibility standards, and economic sustainability.

We also promote awareness through regular communication channels, such as newsletters and sustainability reports, reinforcing our commitment to responsible and sustainable business practices.

7.2. Technology and Innovation

At Boni Holding, we continuously invest in technologies and solutions that enhance sustainability across our operations. These include the development of our own renewable energy sources, the use of energy-efficient equipment, the adoption of sustainable packaging, and the optimization of logistics and production processes. Such investments enable us to reduce our environmental footprint while improving overall operational efficiency.

We remain committed to advancing the use of technology and innovative practices to support our sustainability objectives. By leveraging modern and forward-looking solutions, we aim to drive continuous improvement and ensure that our procurement processes remain efficient, effective, and fully aligned with our long-term strategic goals.

8. Monitoring and Reporting

We are committed to maintaining transparency and accountability in our sustainability efforts. To this end, we will regularly report on our sustainability performance to all stakeholders. This includes the publication of annual sustainability reports that provide detailed insights into our environmental, social, and economic impacts. These reports will highlight our progress towards sustainability goals, outline the initiatives undertaken, and present key performance indicators. By sharing this information, we aim to keep our stakeholders informed and engaged, demonstrating our dedication to continuous improvement and responsible business practices.

9. Roles and Responsibilities

➤ **Boni Holding Management is responsible for:**

- Defining, approving, and overseeing the implementation of the Sustainable Procurement Policy, ensuring alignment with EU regulations, ESG principles, and corporate sustainability objectives
- Ensuring the integration of environmental, social, and governance (ESG) considerations into procurement strategies and decision-making processes
- Overseeing supplier performance, sustainability risks, and compliance, and ensuring transparent reporting to internal and external stakeholders
- Allocating resources for implementing sustainability initiatives.

➤ **Procurement and Sustainability Teams (or designated responsible employees) are responsible for:**

- Embedding sustainability criteria into supplier selection, evaluation, and contracting processes
- Ensuring compliance with applicable environmental, social, and human rights regulations and standards across the supply chain
- Collaborating with suppliers and stakeholders to improve sustainable procurement practices
- Monitoring supplier performance, managing corrective actions, and maintaining accurate records of sustainability performance and risks

- Promoting responsible sourcing practices, including traceability, transparency, and continuous improvement initiatives
- Training and educating team members on sustainable procurement practices.

➤ **Operational and Production Staff are responsible for:**

- Supporting sustainable procurement objectives by following guidelines and procedures outlined in the policy
- Participating in any training and awareness programs conducted by the company
- Applying resource-efficient practices in daily operations, including minimizing waste, conserving energy, and optimizing material use
- Identifying and reporting any non-compliance, risks, or sustainability-related issues within the supply chain or operations
- Collaborating with procurement and sustainability teams to ensure alignment between operational practices and sustainable sourcing requirements

➤ **Suppliers are responsible for:**

- Complying with sustainability standards while fostering collaboration
- Adopting sustainable practices within their operations
- Maintaining transparency by sharing documentation of their sustainability initiatives
- Taking part in both initial and follow-up assessments
- Continuously striving to improve their sustainability performance

By clearly outlining these roles and responsibilities, Boni Holding ensures that all stakeholders are aligned and actively engaged in supporting the company's sustainability objectives.

10. Review and Amendments

We are committed to regularly reviewing this Sustainable Procurement Policy to ensure its continued relevance and effectiveness. These periodic assessments enable us to respond to emerging sustainability challenges, incorporate evolving best practices, and strengthen our procurement processes.

11. Continuous Improvement

Continuous improvement is a fundamental principle of Boni Holding's Sustainable Procurement Policy. We are committed to regularly reviewing and enhancing our procurement processes to respond effectively to evolving sustainability challenges, regulatory requirements, stakeholder expectations, and opportunities for innovation. This includes monitoring developments in our industry, emerging technologies, sustainable sourcing practices, and international best practices.

To measure the effectiveness of this commitment, Boni Holding has established the following objectives:

- **Supplier Compliance:** Ensure that at least 80% of strategic suppliers comply with the Company's Supplier Code of Conduct, covering environmental, social, ethical, and governance requirements, by 2028.
- **Training and Competence:** Provide sustainable procurement training to 100% of procurement employees and budget holders by 2027. Refresher training shall be delivered at least once every two years to maintain awareness of current sustainability requirements and procurement practices.
- **Continuous Supplier Improvement:** Engage with strategic suppliers to promote continuous improvement in sustainability performance through regular communication, performance monitoring, and corrective action plans where gaps are identified.

Progress against these objectives shall be monitored annually by management, and corrective actions shall be implemented where targets are not achieved. The results of these reviews will be used to drive continual improvement of Boni Holding's sustainable procurement practices.

12. Conclusion

We reaffirm our strong commitment to sustainable procurement and ongoing improvement. By embedding sustainability into all procurement activities, we aim to reduce environmental impacts, uphold ethical principles, and contribute positively to the well-being of communities. We prioritize transparency, accountability, and long-term collaboration with our suppliers, while continuously refining our practices to address emerging sustainability challenges.

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