

	LUNDEN FOOD OÜ PROCUREMENT POLICY			
Document number: KR-15	Page: 1(5)	Date of Approval: 07.08.2025	Prepared by: C. Marjamaa Procurement Manager	Approved by: E. Toomela Managing Director – Member of the Board

The purpose of this document is to describe the principles of procurement at Lunden Food. At Lunden Food, we prioritize strategic and sustainable procurement. Strategic procurement is considered value-creating, proactive, forward-looking, systematic, and continuous.

Principles of Sustainable Procurement Policy

These principles apply to the procurement of raw materials, packaging materials, equipment, and services.

Lunden Food OÜ's social and environmental responsibility is a purposeful and continuous contribution to serving the interests of society, which reflects the consideration of economic, social, and environmental impacts in our business activities.

Our business partners are required to comply with all applicable regulations within their operations and supply chains, respect and adhere to all internationally recognized human rights, the principles of the UN Convention on the Rights of the Child, and mitigate impacts on the climate and biodiversity caused by their activities.

We expect our partners to demonstrate responsible environmental management (e.g., optimizing and, where possible, reducing energy and water usage), ensure safe working conditions, treat employees with respect and dignity, and follow ethical business practices.

Partners must assess their environmental impacts and risks with due diligence, use resources efficiently, and aim to reduce air, soil, and water pollution. Suppliers are encouraged to use renewable raw materials, sustainable packaging, and energy sources.

Measuring and reporting on sustainability outcomes and impacts to stakeholders is recommended. We also encourage suppliers to measure greenhouse gas emissions (Scopes 1–3) and to set reduction targets.

If there are any concerns related to social or environmental responsibility within the supply chain of products or services delivered to Lunden, the partner must investigate and address the issue and notify Lunden immediately, providing an action plan or mitigation measures.

Suppliers are expected to respond at least once a year to Lunden's survey on social and environmental values.

Lunden Food's sustainable procurement goals are outlined in our ESG strategy and reviewed semi-annually by the steering group.

	LUNDEN FOOD OÜ PROCUREMENT POLICY			
Document number: KR-15	Page: 2(5)	Date of Approval: 07.08.2025	Prepared by: C. Marjamaa Procurement Manager	Approved by: E. Toomela Managing Director – Member of the Board

Lunden Food’s Sustainability Key Impact Areas (DMA)

The AB Lunden OY Group has assessed its key impacts using the double materiality principle in accordance with the CSRD Directive, as documented in “AB Lunden OY DMS results.” The assessment considers the impacts, risks, and opportunities of all group companies, identifying the following key areas relevant to sustainable procurement:

- 1) **Climate Change (ESRS E1)**
 - a. Climate change mitigation
 - b. Climate change adaptation
- 2) **Consumers and End-users (ESRS S4)**
 - a. Health and safety of consumers and/or end-users
 - b. Information impacts on consumers and/or end-users
- 3) **Business Conduct (ESRS G1)**
 - a. Company culture
 - b. Management of relationships with business partners, including payment practices
- 4) **Circular Economy (ESRS E5)**
 - a. Waste
 - b. Resource usage

Procurement Process and Requirements for Raw Materials

The procurement inputs originate from the product development department and drive the following purchasing process:

- 1) Determining the required characteristics, specifications, and quantities of raw materials, including packaging, in cooperation with product development and sales;
- 2) Identifying potential suppliers;
- 3) Collecting bids, reviewing product specifications, and performing checks;
- 4) Requesting prices, ordering samples, and conducting quality control;
- 5) Performing shelf-life testing if necessary;
- 6) Formalizing agreements, organizing the supply chain, and concluding contracts.

We strive to minimize resource waste throughout the procurement cycle. To reduce greenhouse gas emissions, we aim to consolidate purchases with fewer suppliers, thus reducing excess transportation.

One of Lunden Food OÜ’s priorities is to avoid raw material shortages. Therefore, we ensure the possibility of purchasing the same product from multiple suppliers and avoid overdependence on any one raw material or supplier. We regularly monitor the movement of goods and forecast accuracy and adjust purchase volumes accordingly.

	LUNDEN FOOD OÜ PROCUREMENT POLICY			
Document number: KR-15	Page: 3(5)	Date of Approval: 07.08.2025	Prepared by: C. Marjamaa Procurement Manager	Approved by: E. Toomela Managing Director – Member of the Board

In cooperation with suppliers, we ensure that raw material stock levels do not fall to critical levels. We always maintain a secondary supplier who is prepared to step in if issues arise with the primary supplier.

Long-term cooperation and trust with suppliers reduce our risks. We value rapid information exchange and continuously monitor and prevent quality issues during product reception.

We use raw materials produced with consideration for environmental protection and ethical principles.

Key criteria in supplier selection:


- 1) The supplier must have an implemented quality management system, HACCP, or PTA approval;
- 2) Product quality must meet Lunden Food and EU legislative requirements;
- 3) Pricing and payment terms must be acceptable;
- 4) Supplier must provide compliant specifications and certifications;
- 5) Geographic location must be reasonable;
- 6) Packaging materials must comply with EU laws and regulations;
- 7) The supplier must be independent (i.e., not directly affiliated with raw material sources).

Suppliers must provide a product specification that complies with Lunden Food's raw material specification requirements or fill out our template (Appendix 1: *Raw Material Specification, VO-17.1*), allowing us to assess conformity with the following principles:

- 1) No azo dyes;
- 2) No artificial sweeteners;
- 3) No artificial flavor enhancers;
- 4) GMO-free;
- 5) RSPO-certified palm oil (if applicable);
- 6) Cage-free eggs: the supplier must ensure that eggs and egg products come from barn hens;
- 7) No prohibited substances (e.g., drugs, veterinary drugs, heavy metals, pesticides) in meat, fish, or seafood. Specifications must clearly state the absence of such substances.

Exceptions must be pre-agreed with the supplier and client.

Where alternatives exist, we avoid sourcing raw materials from the following BSCI risk countries: Bulgaria, Tuvalu, Grenada, Jamaica, Seychelles, Puerto Rico, Tonga, Hong Kong, Bolivia, Maldives.

	LUNDEN FOOD OÜ PROCUREMENT POLICY			
Document number: KR-15	Page: 4(5)	Date of Approval: 07.08.2025	Prepared by: C. Marjamaa Procurement Manager	Approved by: E. Toomela Managing Director – Member of the Board

Raw material suppliers are categorized as A, B, and C, where suppliers in categories A¹ and B are required to sign a Quality and Responsibility Agreement. Raw materials from A-category suppliers are used in the production of products for Lunden Food's A-category clients².

Emergency procurement procedure:

In urgent situations, the quality department must swiftly evaluate and approve new suppliers to ensure they meet our standards. The raw material specification must be confirmed by the quality department. If no suitable alternative is found in an emergency, production of the affected product will be halted.

Procurement Process and Requirements for Services and Equipment

Laboratory analyses and equipment inspections must be conducted in accredited laboratories using accredited methods.

Purchased equipment must have a manufacturer-issued certificate confirming hygienic design. Preference is given to energy-efficient, quieter, and safer equipment.

Transport service providers must comply with legal and Lunden Food requirements. A bilateral agreement titled "Food Safety Requirements for Food Transport at Lunden Food OÜ" must be signed.

Providers of maintenance, security, laundry, cleaning, and janitorial services must meet Lunden Food's standards. Service quality is evaluated annually. All representatives of on-site service providers must sign the "*Food, Environmental, and Occupational Safety Information*" form.

Our main service, packaging material, and equipment partners are required to sign the Code of Conduct for Business Partners, which is published on our website www.lunden.ee. The same requirements apply to all cooperation partners.

Scope of the Document

All Lunden Food employees who directly interact with third parties must be familiar with this procurement policy (integrated into onboarding). The policy is available on our website: www.lunden.ee

¹ A-category supplier: A-category suppliers are subject to higher quality and responsibility requirements than B- and C-category suppliers.

² A-category client: a client whose designated products must meet higher quality, safety, and/or certification requirements.

	LUNDEN FOOD OÜ PROCUREMENT POLICY			
Document number: KR-15	Page: 5(5)	Date of Approval: 07.08.2025	Prepared by: C. Marjamaa Procurement Manager	Approved by: E. Toomela Managing Director – Member of the Board

Procedure for Approval

The procurement policy is reviewed by the procurement manager, environmental and quality manager, and sustainability development manager. Revisions are approved by the steering group. The review frequency is specified in document *KR-01, Document Control Procedure*.

Loo, 07.08.2025

Evelin Toomela

Managing Director

Lunden Food OÜ

The original version of this document is written in Estonian. In case of any discrepancies or ambiguities in translations, the Estonian version shall prevail.