



# DUE DILIGENCE POLICY TO ENVIRONMENTAL AND HUMAN RIGHTS

ROYAL A-WARE FOOD GROUP B.V.  
Public version April 2025

## Introduction

As a family business, Royal A-ware Food Group (Royal A-ware) is determined to safeguard the needs of future generations. Sustainability is therefore a key pillar at Royal A-ware. Sustainability entails creating long-lasting partnerships with our suppliers and customers and protecting the environment and human rights close by and further away. In her due diligence policy Royal A-ware presents her approach to address human rights and environmental risks in our value chains. This approach is based on the six due diligence steps from the OECD Guidelines and also details how we prevent, cease, or mitigate negative impacts that may arise along our value chains.

The relations with our business partners are key to Royal A-ware's due diligence policy. We seek sustainable supply chains through long-lasting and direct relationships. Supported by regular and direct contact with our suppliers, risks are identified, monitored, and adequately addressed. Reinforced by our public grievance mechanism, we are open to receiving signals from a broad variety of stakeholders. This allows us to timely address potential or actual negative impacts and adjust our due diligence policy accordingly.

The due diligence policy as described in this public summary is fully endorsed by the board of management of Royal A-ware .

## Scope

Royal A-ware operates in the food and agri-sector, specialising in the production, ripening, and trading of cheese, fresh dairy, and other food products. Royal A-ware is also involved in the transportation of agricultural products, animal feed, flour, and dairy. The due diligence policy applies to the entire Royal A-ware. If relevant we make clear if the information refers to our dairy activities or transport activities.

This document presents the public summary of Version 2.0 of the Royal A-ware Due Diligence approach. The policy is approved by the board of management in April 2025. The due diligence approach is reviewed annually in June, initiated by the ESG team, and reviewed by the board of management. As the due diligence approach is subject to continuous monitoring, adjustments can be made more frequently.

## Step 1: Due diligence policy and commitment



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At Royal A-ware our overall commitment is that we mitigate human rights and environmental risks in our supply chains by following the six-step due diligence policy outlined by the OECD. A risk-based approach is central to our policy, meaning we prioritize the risks. Additionally, our capacity to influence and leverage change within our value chain helps guide the prioritization of actions.

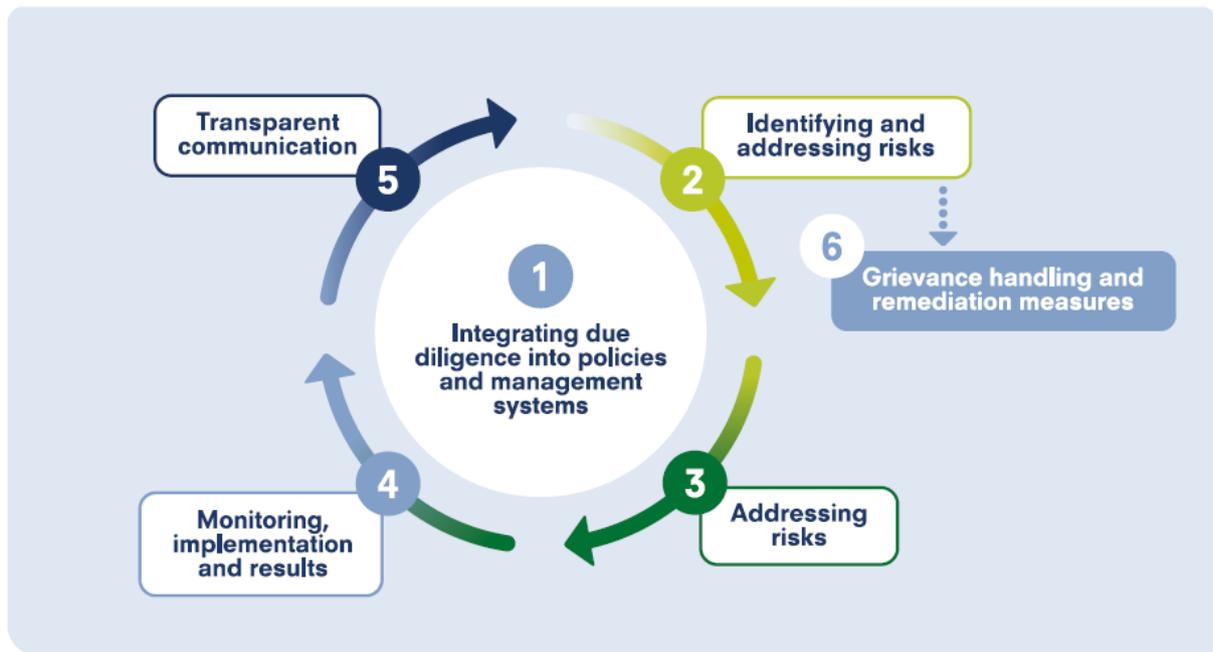


Figure 1 Six-step due diligence policy

## 2024-2025

In 2024, we developed our due diligence approach. As part of this, we began mapping our supply chains and collecting information about potential risks, in line with the International Responsible Business Conduct Agreement for the Food Products Sector (FNLI et al., 2022, p. 32). Based on these insights, we gained a better understanding of the risks and started developing mitigation measures to address them.

## 2026-2030

Between 2026 and 2030, we will focus on implementing and scaling up the mitigation measures developed in the 2024-2025 period. During this time, we will also review the remaining portfolios of our dairy activities and integrate the portfolio of our transport activities. This ensures that we stay up to date on potential risks and continue to develop effective actions within our supply chains.

This structured and phased approach allows us to progressively mitigate risks while collaborating with stakeholders to drive meaningful, long-term sustainability improvements throughout our supply chain.



# DUE DILIGENCE POLICY TO ENVIRONMENTAL AND HUMAN RIGHTS

## ROYAL A-WARE FOOD GROUP B.V.

### Public version April 2025

Our due diligence policy translates into concrete tasks, procedures, and ways of working in our company. The procurement teams of our divisions, the quality departments, and the ESG team work closely together. More about the day-to-day governance can be found in the chapter governance.

#### Step 2: Identifying and addressing risks

Given our diverse portfolio and over 4,000 suppliers, it is not feasible to assess and address all risks at once. That's why we follow a risk-based approach, prioritising materials based on their overall risk, defined as the product of likelihood and impact.

#### Dairy activities

- **Likelihood:** In some supply chains, the risk of environment, human rights and governance violations is higher. This may occur, for example, when materials originate from high-risk countries or are directly linked to deforestation. A list of these kind of materials have been identified in the IRBC Agreement for the Food Products Sector<sup>1</sup>. We refer to these as critical materials.
- **Impact:** We examine supply chains where the materials most relevant for our operations are involved. These are the materials defined as 'material inflows' conform ESRS E5<sup>2</sup>. We refer to these as key materials.

	Critical Materials	Key Materials
Definition	Commodities with a high likelihood of environmental harm, human rights violations and governance failures.	Commodities for which the impact on ROYAL A-WARE would be significant in the event of environmental harm, human rights violations and governance failures.
Scope	IRBC Agreement for the Food Products Sector	Material inflows under ESRS E5

#### Transport activities

AB Texel has identified the supply chains of raw materials and ingredients that potentially have human rights or environmental risks. Examples of those are tires (rubber, carbon black), batteries (cobalt and lithium), and fossil fuels. Over the coming period (2024-2027), AB Texel will enter into dialogue with suppliers about these risks.

<sup>1</sup> <https://www.imvoconvenanten.nl/-/media/imvo/files/voedingsmiddelen/stappenplan-imvo-risicomanagement.pdf?la=nl&hash=B805C43A8AE953992C045FF2FA552329>

<sup>2</sup> For more information see the chapter raw materials of the annual report: <https://www.annualreport-royalaware.com/2024/>



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ROYAL A-WARE FOOD GROUP B.V.  
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## Risk assessment methodology

Our risk assessment starts with publicly available data like reports from international organizations like the International Labour Organization (ILO), independent assessments from NGOs, industry benchmarks, and the amfori BSCI risk classification system. This public data helps us identify red flags early on, setting the stage for more detailed investigations.

While publicly available information provides a solid foundation, it is essential that we engage directly with our suppliers to obtain a clearer picture of their operations and whether these risks also play a role in their supply chains.

We use a Supplier Questionnaire, which is an integral part of our risk assessment process. This questionnaire is designed to gather specific information about a supplier's policies, practices, and commitments. We take care to verify the accuracy of the information provided, often through independent audits, certifications, or additional documentation.

## Step 3: Addressing risks

At Royal A-ware, we take active steps to prevent, mitigate, and address identified risks in our supply chain. Depending on the type of risk, our relationship with the supplier, and customer requirements, we adopt various measures to ensure responsible practices.

### Direct supplier engagement

Before engaging with any new supplier, we collect information to assess the supplier's commitment to sustainable practices with a supplier questionnaire. This questionnaire, managed by our quality department, covers important sustainability topics. Developed with input from our due diligence coordinators and ESG team, it ensures we consider human rights and environmental risks from the outset.

Additionally, sustainability, human rights, and environmental topics are key points in ongoing dialogues with our suppliers. This helps to maintain transparency and encourages continuous improvement in our shared supply chains. For suppliers operating in high-risk regions, we take additional steps to ensure compliance. This may include more frequent audits, stricter contractual obligations, or even limiting the volume of business we conduct with these suppliers unless they can demonstrate a commitment to improving their practices.

### Contracting Agreements

Our Supplier Code of Conduct is a vital tool in managing sustainability risks. It outlines our ethical standards on human rights and environmental protection, based on international principles such as those of the International Labour Organization (ILO). All suppliers are required to sign this document, which not only serves as a legal agreement but also guides our discussions on responsible business practices.



# DUE DILIGENCE POLICY TO ENVIRONMENTAL AND HUMAN RIGHTS

ROYAL A-WARE FOOD GROUP B.V.  
Public version April 2025

Our due diligence coordinators ensure that signed codes of conduct are properly documented and that no business is conducted with suppliers who have not agreed to these standards. If we suspect or confirm a violation of the code of conduct, the purchasing department engages with the supplier to develop an improvement plan. If a supplier is unwilling or unable to comply, we may end the partnership as a last resort.

## Collaboration with Industry Initiatives

In some cases, addressing risks requires collective action. For risks that are beyond our direct control, we work (if possible) with other industry stakeholders by participating in multi-stakeholder initiatives. These collaborations help us address human rights and environmental challenges more effectively, especially in areas where our influence is limited. An example of such an initiative is our participation in the Round Table on Responsible Soy (RTRS).

## Use of Certified Materials

Sourcing certified sustainable materials is one of the ways we manage sustainability risks in our supply chain, especially for products that pass through multiple suppliers. We are committed to increasing the number of certified products in our high-risk categories. For example, the procurement of certified carton through programs like FSC.

## Targeted Sustainability Projects

In cases where a specific sustainability risk needs to be addressed, we collaborate closely with a limited number of suppliers and other partners in the value chain. These targeted projects allow us to take a more focused approach to addressing issues in areas where we have strong supplier relationships and where other stakeholders are equally invested in the solution.

All of the measures mentioned above are detailed in our **Responsible Sourcing Strategy**. This strategy enables us to maintain the right priorities and implement appropriate actions for each specific risk.

## Step 4: Monitor implementation and results

Monitoring the effectiveness of our due diligence policy is essential for compliance with OECD Guidelines. The following mechanisms are key to monitoring implementation and results:

- **Supplier Feedback**  
We gather direct input from our suppliers, as they have deeper insights into their operations and supply chains. Regular meetings and site visits, especially with suppliers in high-risk regions or those dealing with high-risk ingredients, provide opportunities to discuss sustainability risks and jointly develop solutions.
- **External Insights**  
We stay informed about evolving risks by monitoring reports and developments from NGOs, industry initiatives, and relevant organizations such as the Federation of the Dutch Food Industry (FNLI) and the Dutch Association for Transport and Logistics (TLN). These external inputs are integral in shaping our approach to due diligence.



# DUE DILIGENCE POLICY TO ENVIRONMENTAL AND HUMAN RIGHTS

ROYAL A-WARE FOOD GROUP B.V.  
Public version April 2025

- **Grievance Mechanism**

Our grievance mechanism, open to all stakeholders, is a key tool for monitoring due diligence effectiveness.

These measures ensure that our due diligence efforts are consistently monitored, adapted, and aligned with sustainability standards.

## **Step 5: Transparent communication**

At Royal A-ware we are committed to ensuring transparent communication about implementing our due diligence policy. We do so both internally and externally. The results of the due diligence policy are embedded in the combined report of Royal A-ware Food Group which is in line with the CSRD.

## **Step 6: Remediation and grievance mechanisms**

At Royal A-ware, maintaining strong communication with employees, suppliers, customers, and other stakeholders is key. To address sustainability risks and issues, we have implemented several mechanisms, including a grievance system aligned with OECD Guidelines.

Our external grievance mechanism, as outlined by OECD guidelines, is open to workers in our supply chains, communities, and other stakeholders. Grievances can be submitted via online forms (available in five languages), email, or post. We ensure a standardized process for addressing ESG-related grievances across different operations.

Grievances received are directed to the ESG grievance coordinator, who assesses and forwards them to relevant departments for follow-up. The ESG team is responsible for appointing and training coordinators and ensuring front-line staff can identify and escalate relevant issues.



# DUE DILIGENCE POLICY TO ENVIRONMENTAL AND HUMAN RIGHTS

**ROYAL A-WARE FOOD GROUP B.V.**  
Public version April 2025

## Governance

To embed the OECD due diligence process within ROYAL A-WARE, we have established clear responsibilities.

Who	Responsibility
Management Board	Accountable for overseeing the impacts, risks, and opportunities related to sustainability due diligence, including setting commitments and targets.
Due Diligence Coordinator	Responsible for the overall coordination of the implementation of the due diligence policy within his/her business unit.
Director Public Affairs, ESG and Corporate Communication	Internal alignment and internal communication.
ESG team	Sounding board for other departments on due diligence and responsible for collecting data to monitor and report on progress
Procurement departments	Responsible for building strong relations with suppliers, exchanging knowledge with suppliers on sustainability risks in their value chains, and requesting accurate proof of addressing sustainability risks in their value chains.
Legal department	Supports the departments with legal advice and relevant legal documentation in the area of due diligence.
Quality department	Supports the procurement departments assuring that safety and quality criteria are met following standardized procedures
ESG grievance coordinator	Assesses the grievance and approach the relevant departments for further expertise and follow-up action.