



Conflict of Interest Policy

Morliny Foods Holding Ltd. and its subsidiaries (collectively Morliny Foods Holding) adhere to the Conflict of Interest Policy, according to which one of Morliny Foods Holding's primary corporate responsibilities is to prevent conflicts of interest.

1. Purpose and Scope

- **Conflict of interest, understood as a contradiction between the interests of the Employee and the Company**, is a negative phenomenon for the Company, which is why the intention of this document is to prevent such situations.
- From the point of view of the Company's interest, **it is crucial to have information about the occurrence of Conflicts of Interest**, while ensuring that, in the event of disclosure by an Employee, **the Company seeks optimal solutions for both parties to the Conflict of Interest**.
- The Company's primary interest is to educate Employees to avoid Conflict of Interest situations, so **the Company encourages each Employee to consult with the local Legal or Compliance Department about questionable situations**.
- **If there is no local Legal or Compliance Department in the company's structure, the HR Department takes over the responsibility for the Policy. In such situation when the local Legal or Compliance Department is mentioned in this Policy it means HR Department**
- The Company will only draw consequences against the Employee in the case of a deliberate concealment of a Conflict of Interest.
- In order to enable disclosing existing Conflicts of Interest, selected Employees may be asked by the Legal or Compliance Department to answer questions on conflicts of interest and declare whether they have a conflict of interest.
- The Legal Department or the Compliance Department is required to maintain a Register and keep all files relating to the reporting of Conflicts of Interest in order to keep the information within the Company.

2. Definitions

The company means the companies in the Morliny Foods Holding Ltd. group and its direct or indirect subsidiaries (collectively Morliny Foods Holding).

An employee means a member of the body and any person employed by the Company under a contract of employment, contract of mandate, contract for specific work or any other contract of a similar nature, including during a business activity.

A close relative means a spouse, ascendants (e.g. parents, grandparent, grandmother), descendants (e.g. children, grandchildren), siblings, spouse of sibling, a person in an adoption, guardianship or custody



relationship, a relative (e.g. father-in-law, mother-in-law, brother-in-law, sister-in-law, daughter-in-law, son-in-law) or a person in a shared household with the Employee.

A conflict of interest is a conflict between the interests of the Company and the personal, property interests of an Employee or a close relative, which could influence the objective fulfillment of his or her duties.

The Employee's personal interest means any material or other advantage, pursued or obtained, directly or indirectly, for themselves or for others, by the Employee through the use of the reputation, influence, facilities, relationships, information to which they have access, as a result of exercising their position within the company.

A potential conflict of interest means circumstances that may give rise to a contradiction between the interests of the Company and the personal, pecuniary interests of the Employee or their close Relative.

Competitive activity- activity competitive with the Company carried out by third parties, an Employee or their close Relative. In particular, such activities include the operation of a farm, the production and sale of feed, the operation of a hatchery, the operation of a slaughterhouse, meat processing, the sale of meat and meat products (wholesalers and retail shops), the processing of animal by-products (especially the production of feathers and down and bedding products).

3. Conflict of Interest – Examples

a) Conflicts of interest may arise in particular when:

- The Employee or their close Relative obtains a pecuniary or personal benefit or avoids a loss as a result of a decision made in connection with the Employee's work or the use of information held about the Company,
- The Employee or their close Relative is engaged in a Business that competes with the Company's business,
- The Employee or their close Relative has a financial or capital ties or works or provides services for an entity that conducts Business competitive with the Company and their tasks are in conflict with the Company's interests,
- The Employee is engaged in a business in which they offer goods or services to the Company,
- The Employee performs work not for the Company, but with the use of the Company's facilities and while working at the Company.

b) Examples of Potential Conflict of Interest or Conflict of Interest are described in Appendix 1.



4. Identification of Conflicts of Interest

- Each Employee is obliged to assess whether he or she is in a Potential Conflict of Interest or a Conflict of Interest and report this fact to the Legal or Compliance Department.
- The Employee also has the following obligations:
 - to refrain from any act, decision or action that could materialize in a conflict of interest
 - to notify the superior in writing regarding the existence of the conflict of interest situation.
- The Legal or Compliance Department may ask selected Employees to complete a survey using the template provided in Appendix 2 to the Policy. Once a year the following Employees are required to complete the survey and send it to the Legal or Compliance Department: Members of the Board; Top Management; Department Managers at Headquarters and Plants; Sales and Marketing Department; Purchasing Department; Legal and Compliance Department; PR Department; Technical Department - employees participating in investment and purchasing processes.
- HR departments will ensure that newly recruited Employees are familiar with the Code of Business Conduct and Ethics and this Policy, and will collect statements of commitment from Employees.
- Employees must immediately inform the Legal or Compliance Department of any of their own or their close Relative's actions that may give rise to a Conflict of Interest.

5. Management of Disclosed Conflicts of Interest

The Legal or Compliance Department will verify and assess the information disclosed by the Employee, after consultation with the supervisor or Management (if the situation requires it). The information will be classified into one of the following categories:

- **Acceptable**

This means that the situation reported by the Employee is a Potential Conflict of Interest, and its occurrence does not affect the transparency of business decisions. No further action is required. The Legal or Compliance Department communicates a report about the situation reported and its recommendation to the Management Board

- **Conditionally acceptable**

This means that the situation reported by the Employees is Conflict of Interest, and requires determining how to manage it, e.g. by including additional people in the decision-making process or limiting the Employee's access to secret and confidential information. It is also necessary to apply measures to monitor the transparency of decisions made so that the existing Conflict of Interest does not result in damage to the Company.



The Legal or Compliance Department communicates a report about the situation reported and its recommendation to the Management Board

- **Unacceptable**

Legal or Compliance Department communicates a recommendation to the Management Board
Examples of recommendations could be:

- inducing an Employee who has a Conflict of Interest to discontinue the relationship with another entity,
- inducing an Employee who has a Conflict of Interest to give up the personal interest that causes the conflict,
- transferring an Employee with a Conflict of Interest to another department, position, etc.

6. Monitoring Conflicts of Interest

a) Employee supervisors are responsible for:

- appropriate division of tasks among Employees to prevent Conflict of Interest and ensure transparency of processes,
- implementing internal organisational and technical arrangements to ensure supervision of the activities of Employees who have a Conditionally Acceptable Conflict of Interest,
- monitoring areas where Conflicts of Interest are more likely to arise due to their specificities.

b) The Employee's supervisor, if they identify a Conflict of Interest in their department, must report it to the Legal or Compliance Department.

c) Legal Department or Compliance Department:

- analyses and evaluates the information contained in the applications and questionnaires, and surveys
- assesses and categorises the various Conflicts of Interest identified in view of the level of risk they may generate,
- establishes and maintains the Register on conflicts of interest records identified Conflicts of Interest in the Register, and makes recommendations on how to proceed,
- presents applications that have the appearance of Unacceptable Conflicts of Interest to the Management Board for decision, together with recommendations for further action,
- Once a year reports identified Conflicts of Interest and recommendations to the Management Board,
- provides training on the subject of Conflicts of Interest.

d) Audit Department:

- Verifies the information contained in Employee reports and surveys, Verifies the actions implemented to manage the Conflict of Interest,



Audits compliance with this Policy and includes the topic of Conflicts of Interest in the audit plan

7. Training

The Legal or Compliance Department provides annual training on Conflicts of Interest. The training covers the following groups of employees; Members of the Board; Top Management; Department Managers at Headquarters and Plants; Sales and Marketing Department; Purchasing Department; Legal and Compliance Department; PR Department; Technical Department - employees participating in investment and purchasing processes.

The Legal or Compliance Department requests from HR Department, a list of employees who are required to participate in the training to the Legal or Compliance Department, by the end of January of each year. Following this, the necessary trainings are being scheduled.

The HR department sends a list of employees who are required to participate in the training to the Legal or Compliance Department.



Luis Cerdan

CEO Morliny Foods Holding Limited

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Appendix 1:

Examples of Potential Conflict of Interest/Conflict of Interest situations

- A purchasing employee has a shareholding in the company of our supplier of goods or services, e.g. providing film or marketing services.
- The warehouse manager in the technical department always says that the best range is at the nearby wholesaler and has the small purchases made there. The co-owner of this wholesale business is his brother.
- An IT employee provides IT services to an entity providing us with materials or services on behalf of the IT department.
- A quality department employee carries out additional gainful activity that interferes with their official duties, carrying out the activity during working hours.
- The Employee does not disclose a family connection to the job applicant.
- When preparing the supplier selection criteria for the Purchasing Department to carry out a procurement procedure to select a supplier for renovation services, an employee of the Research and Development Department identifies as an essential selection criterion of high importance a certificate that is objectively not needed for the planned work, and this certificate is only held by one entity owned by the Employee's brother-in-law.
- The Company's employee tasked with optimising production costs provides his consultancy services in the same area to competing companies.
- To the purchasing procedure to select a new service provider, the Employee conducting it invited a company owned by the Employee's father-in-law.
- The manager of the meat department or his wife runs a butcher shop, catering or butchery, in a village 70 km away.
- The Employee approves the sale of products by granting an additional discount to a customer where, as a purchasing agent, his daughter works, who has the direct benefit of the Employee's decisions.
- The HR manager owns shares in the company that supplies us with catering for the Plant.
- The manager, when organising monthly team meetings, always invites team members to the same restaurant owned by his sister.



- An HR employee is involved in the recruitment process of a job candidate with whom they are socially close.
- A close Relative of the Employee is employed by a carton supplier with whom the Company plans to enter into a partnership. The choice of supplier depends, among other things, on the quality tests of the cartons carried out by this Employee. As it turned out that only this one company passed the tests, it was selected as the supplier, despite the more expensive bid.
- A close Relative of an employee from the trade marketing department is employed by the client company and influences purchases from our Company.
- The Employee is involved in negotiations for the purchase of land for the construction of a new plant, which is owned by a member of their family.
- The Employee rents to the Company a flat that he or someone close to him owns.
- A technologist who is an employee of our Company is self-employed as a consultant in the field of meat and meat products technology or intends to start such a business and provide services to competitors.
- The lawyer provides legal services to companies competing with our Company.
- A logistics employee, in addition to his employment with our Company, runs a business selling transport services and one of his clients is our Company.
- A family member of one of the managers responsible for environmental matters, among other things, runs a business selling environmental training services, and one of his clients is our Company.
- The husband of a Technical Department employee works for a building services provider. In the tender that was launched, another company gave better terms than this supplier. The employee informs the friendly supplier over the phone to reduce the quote, and in the course of the service the supplier will be able to make up for this loss anyway by extending the scope of work to include an emergency floor repair.
- A technical department employee, who decides on the ordering and billing of gate services, maintains a close relationship with the owner of the gate service company, from whom he receives gifts of considerable value.



Appendix 2:
Survey Template

Employee Name: _____

Department: _____

Date: _____

CONFLICT OF INTEREST STATEMENT

Please answer the following questions truthfully. If you have any questions, the Legal or Compliance Department may contact you.

1. Do you or someone in your family (Close Relative's) conduct business that is competitive with the business of any of the Morliny Foods Companies (e.g., cooperate with such a company, have shares in it, hold a position in it)?

2. Do you or someone in your family (Close Relative's) work/collaborate with/have shares in or hold a position in an entity that provides goods or services to any of the Morliny Foods Companies?

3. Do you or someone in your family (Close Relative's) currently perform any paid or unpaid work outside the Company that may be related to the food/meat/agricultural industry and that may cause a Conflict of Interest?

4. Can you or someone in your family (Close Relative's) personally benefit from any decision you make in your position at the Company?

5. Is there any other situation that may affect your actions in the best interests of the Company?

6. -Have you been offered any gifts, incentives, or favors by a supplier, vendor, or business partner?

Comments (optional):

Employee Signature: _____ Date: _____