

## CODE OF CONDUCT FOR SUPPLIERS TO THE ARLA FOODS GROUP OF COMPANIES

### 1.0 Introduction

- 1.1 Arla Foods as a company and group is dedicated to operating and developing our business in a sustainable and responsible manner, while at the same time adding value to people's lives. We strive to source all our products with this aim in mind and we ensure safe products of high quality throughout our global supply chain. For this purpose Arla Foods has implemented Arla Foods' Code of Conduct: "Our Responsibility" ([www.arlafoods.com](http://www.arlafoods.com)) which covers all aspects of Arla Foods' business and lies within every decision made every day, at all levels and everywhere in Arla Foods.
- 1.2 We expect our Suppliers to comply with the requirements set out in "Our Responsibility", including environmental, social and human rights aspects, in addition to meeting our expectations in relation to quality and food safety. For this purpose, Arla Foods has issued this "Code of Conduct for Suppliers to the Arla Foods group of companies" (hereinafter referred to as the "Code of Conduct for Suppliers").
- 1.3 Arla Foods requires any Supplier to acknowledge, accept and adhere to this Code of Conduct for Suppliers, as set out below.

### 2.0 Compliance with this Code of Conduct for Suppliers

- 2.1 The Supplier shall at all times ensure compliance with or exceed its obligations as set out in this Code of Conduct for Suppliers.
- 2.2 The Supplier must be open for and collaborate with Arla Foods concerning issues stated in this Code of Conduct for Suppliers, as well as other Corporate Social Responsibility issues that might fall outside the scope of it.
- 2.3 Upon the request of Arla Foods, the Supplier shall provide evidence of its compliance with all obligations set out in this Code of Conduct for Suppliers.
- 2.4 The Supplier shall use all reasonable efforts to ensure that its agents and sub-contractors comply with the requirements under this Code of Conduct for Suppliers.

### 3.0 Breach of Supplier's Obligations

- 3.1 In the event of a material and/or repeated breach by the Supplier of any of its obligations under this Code of Conduct for Suppliers, Arla Foods is entitled in whole or in part to terminate its co-operation with the Supplier, without incurring any liability towards the Supplier.
- 3.2 Any products, which have been manufactured by or for the Supplier in breach of its obligations under this Code of Conduct for Suppliers are deemed non-conform, and Arla Foods reserves the right to reject such products, without prejudice to any other rights of remedy available to Arla Foods under any purchase contract or the law.

### 4.0 Legal Requirements, Sanctions- and Watch Lists

- 4.1 The Supplier shall at all times comply with, or exceed the requirements of all applicable laws, rules and regulations in the countries in which the Supplier is conducting business.
- 4.2 The Supplier shall ensure that no entity within the Supplier's group of companies, its management or owners, being legal entities and/or persons and subcontractors appear on any Watch and/or Sanctions lists issued by i.e. the UN, UK, EU and /or the US governmental bodies (collective Sanctions- and Watch lists). Further, the Supplier must inform Arla Foods immediately if the Supplier becomes aware that any of its group of companies, management or owners, being legal entities and/or persons or business partners appear on any such Sanctions- and Watch lists.

## **5.0 Gifts, Benefits and Business Ethics**

- 5.1 Arla Foods has a zero fraud and bribery tolerance. Arla Foods' employees cannot accept, and the Supplier shall not offer or provide, neither directly nor indirectly, any gifts, gratuities or other benefits, which may influence decisions with respect to Arla Foods' relationship with the Supplier or which may be conceived as a bribe.
- 5.2 The Supplier shall not, directly or indirectly, reward or offer to reward any employee, agent or sub-contractor of Arla Foods for entering into a contract or for requesting the supply of goods or services. If requested, the Supplier will promptly provide Arla Foods with access to the Supplier's relevant records to verify that the Supplier has complied with this undertaking.
- 5.3 The Supplier shall comply with all applicable laws and regulations relating to anti-bribery and anti-corruption, and maintain in place and enforce policies and procedures adequate to ensure such compliance.

## **6.0 Human Rights**

- 6.1 The Supplier shall respect international agreements on human rights, and provide an example of good human rights practices in its operations.

## **7.0 Child Labour**

- 7.1 The Supplier shall respect the rights of children to develop and to receive an education, and cannot engage in or tolerate the use of child labour. Child labour is defined as employing young people under the age of completion of compulsory schooling or younger than 15 years (14 years where this is allowed according to ILO convention 138). If local legislation or local regulations stipulate a higher age limit, this has to be observed.

## **8.0 Equal Opportunities and Forced Labour**

- 8.1 The Supplier shall provide equal opportunities for its employees and may not discriminate on the basis of race, sex, age, religion, marital status or sexual orientation, or use forced labour.

## **9.0 Trade Unions, Working Hours and Wages**

- 9.1 The Supplier cannot use forced labour and the Supplier shall respect the rights of employees to form and join trade unions of their choice, including labour organisations, and shall at minimum comply with the requirements of applicable laws, rules, regulations and industry standards concerning working hours and minimum wages.

## **10.0 Health and Safety**

- 10.1 The Supplier shall provide a safe and healthy working environment.
- 10.2 The Supplier must provide an example of good labour practise and the Supplier must ensure continuous improvements of the working environment in its business.

## **11.0 Environment**

- 11.1 The Supplier shall take full responsibility for their impact on environment and shall proactively try to improve their business and environmental performance in order to protect the environment.

## **12.0 Contractual Arrangements**

- 12.1 The obligations under this Code of Conduct for Suppliers are additional to the Supplier's other obligations pursuant to any purchase contract between Arla Foods and the Supplier.
- 12.2 The obligations under this Code of Conduct for Suppliers shall continue in force in respect of any deliveries from the Supplier to Arla Foods, regardless of the termination or expiry of any purchase contract between the parties.