

# CODE OF CONDUCT FOR SUPPLIERS TO MILCOBEL



## Introduction

Milcobel is one of the largest dairy cooperatives in Belgium, collecting milk from 2000 dairy farms and processing it into high-quality dairy products, including milk powder, cheese, ice cream, butter, cream and whey.

Our dairy farmers do more than merely delivering milk. They are also the shareholders of our cooperative. Using our operational and commercial excellence, we strive for sustainable sales of our milk. Our member dairy farmers and employees work hard every day to realise a guaranteed milk collection with the best possible milk valorisation.

The result of our cooperative model is a fair milk price for all our affiliated member dairy farmers. Milcobel stands for transparency, reliability and sustainability. We want to engage every segment of the dairy chain, from collection to commercialization.

Milcobel has a general Code of Business Conduct, containing 12 principles, that are applicable to all of its employees. These principles also apply to the business relationships with our Suppliers and are therefore translated into this Supplier Code of Conduct.

This Supplier Code of Conduct explains how we expect all of our Business Partners, Suppliers, Subcontractors, Manufacturers (hereinafter referred to as "Supplier") to work with us. It applies to all Suppliers from whom Milcobel purchases goods or services and outlines those elements which we deem to be the most relevant for our Suppliers.



## Legal Requirements, Sanctions Lists and Watch Lists

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.

The Supplier shall ensure that no entity within the Supplier's group of companies, its management or owners, being legal entities and/or legal 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). Furthermore, the Supplier must inform Milcobel 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.



## Integrity and Reliability

Milcobel considers integrity and reliability to be key elements for conducting sustainable business and forming profound partnerships with our Suppliers.



## Anti-Bribery, Corruption and Business Ethics

Milcobel expects its Suppliers to always act in an ethical, fair and professional manner, as it will too, in all of our engagements and to report instances where these standards are breached or likely to be breached.

Suppliers shall comply with all applicable laws and regulations relating to anti-bribery and anti-corruption and maintain in place, enforce and report policies, procedures and internal control measures adequate to ensure such compliance to prevent corruption and accusations of corruption.

Milcobel's 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 Milcobel's relationship to the Supplier or which may be conceived as a bribe.

Suppliers shall not, directly or indirectly, reward or offer to reward any employee, agent or subcontractor of Milcobel for entering into a contract or for requesting the supply of goods or services.



## Avoid conflict of Interest

In order to avoid conflict of interest situations, no business shall be done with related parties (e.g. family members and friends or with suppliers in which the buyer has a direct substantial interest). Whenever a potential situation as described above may arise, the CPO of Milcobel must be informed about this and give her/his approval in writing before interaction with the supplier concerned will take place



## Human Rights

Milcobel supports the values as stated within the eight Fundamental Conventions of the International Labor Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as the International Bill of Human Rights.

- The Supplier shall respect those international agreements on human rights, and provide proof of good human rights practices in its operations upon request by Milcobel.
- Where national law and these international human rights standards differ, the Supplier must follow the higher standard, where they are in conflict, the Supplier must seek to respect international conventions, standards and guidelines to the greatest extent possible.
- 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.
- The Supplier shall employ people based on the principle of equal opportunity without discrimination on the basis of race, colour, gender, religion, affiliation or origin.
- The Supplier cannot use forced labour and shall at all times respect the rights of employees to form and join trade unions of their choice, including labour organisations, and bargain collectively.
- The Supplier shall at minimum comply with the requirements of applicable laws, rules, regulations and industry standards concerning working hours and minimum wages.

- The Supplier will respect the principle of free, prior, and informed consent concerning the resources and tenure rights of indigenous communities.



## Breach of Supplier's Obligations

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, Milcobel is entitled in whole or in part to terminate its cooperation with the Supplier, without incurring any liability towards the Supplier.

Any products, which have been manufactured by the Supplier in breach of its obligations under this Code of Conduct for Suppliers, are deemed non-conform. Milcobel reserves the right to reject such products, without prejudice to any other rights of remedy available to Milcobel under any purchase contract or the law.



## Environment

Milcobel expects its Suppliers to take full responsibility for their impact on the environment and to proactively strive to improve their business and environmental performance in order to reduce their ecological footprint.

Milcobel encourages its Suppliers to minimize their environmental impact by ensuring that they are:

- Complying with applicable environmental laws regulations and international standards.
- Demonstrating a clear understanding of the environmental risks, impacts and responsibilities associated with the products and services they provide (especially in running operations with high environmental impact).
- Having effective environmental programs with measurable targets in place which strive to reduce environmental impacts through efforts such as, amongst others:
  - Ending deforestation
  - Minimizing greenhouse gas emissions in line with the Paris Agreement (Dec 2015)
  - Using resources efficiently and minimizing waste
  - Protecting water resources by minimizing use of water in their operations, avoiding contamination from their operations, and reducing the impact on the water resources of the surrounding communities.



## Health and Safety

The Supplier shall comply with all relevant work health and safety regulations and legislations. The Supplier shall provide a safe and healthy working environment and treat occupational health and safety of employees as a priority throughout all significant aspects of its activities, including but not limited to following policies, standards, procedures, contingency measures and management systems to prevent occupational illnesses and work related accidents.

Any form of psychological, physical, sexual or verbal abuse, intimidation, threat or harassment must not be tolerated.

The Supplier must provide an example of good labour practice and the Supplier must ensure continuous improvements of the working environment in its business.



## Compliance with this Code of Conduct for Suppliers

Milcobel requires its Business Partners to adhere to the social, business-ethical and environmental criteria listed above. Business partners who are proactive in implementing, or those who already have met these criteria, will be considered for preferred partnerships. This encompasses the following:

- The Supplier must be open for and collaborate with Milcobel concerning issues stated in this Code of Conduct for Suppliers, as well as other Corporate Social Responsibility issues that might fall outside its scope.
- Upon request of Milcobel, the Supplier shall provide evidence of its compliance with all obligations set out in this Code of Conduct for Suppliers.
- The Supplier shall use all reasonable efforts to ensure that its agents, suppliers and subcontractors comply with the requirements under this Code of Conduct for Suppliers.



## Contractual Arrangements

The obligations under this Code of Conduct for Suppliers are additional to the Supplier's other obligations pursuant to any purchase contract between Milcobel and the Supplier.

The obligations under this Code of Conduct for Suppliers shall continue in force in respect of any deliveries from the Supplier to Milcobel, regardless of the termination or expiry of any purchase contract between the parties.



## Follow-up and monitoring

We ask our Suppliers to confirm their commitment to this Supplier Code of Conduct by filling out and signing the last page, and mailing it back to us.

Milcobel requires its Suppliers Business Partners to maintain adequate documentation which demonstrates their compliance with the above-mentioned criteria or which proves the intention and willingness to comply with the criteria by establishing an action plan with corrective measures. Milcobel will monitor and follow up on Suppliers Business Partner compliance with these criteria through surveys and ad hoc audits.

When there is a concern on the above, Milcobel's practice is to work with you, the Supplier, to support building a solution.

Should a Supplier's Business Partner fail to comply with this Supplier Code of Conduct or be unwilling to engage to work towards compliance, Milcobel reserves the right to require corrective actions. In the case of a serious failure to comply, Milcobel may reconsider its business relationship with the Business Partner.

Karine De Wachter

Chief Procurement Officer Milcobel

# Commitment to Milcobel's Supplier Code of Conduct

By signing Milcobel's Supplier Code of Conduct, the Supplier acknowledges having read, understood and accepted the required principles of business conduct as described in the Supplier Code of Conduct. Milcobel expects its Suppliers to fulfil the key elements by incorporating those in their own business practices.

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(Name of business partner)

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(Job Title)

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(Company)

has read and understood the Milcobel Supplier Code of Conduct and is committed to fully comply with all criteria and requirements in this document.

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Signature

Date

*(Please e-mail filled out and signed page to [admin.procurement@milcobel.com](mailto:admin.procurement@milcobel.com) and your Procurement Contact Person)*