



## Valio's Supplier and Distributor Code of Conduct (7 Feb 2022)

### INTRODUCTION

Valio is committed to sustainability and all principles listed in this document. Our mission is to make life better together with our stakeholders. Suppliers and distributors play a vital role in this mission, helping Valio offer high quality products that are produced, marketed and merchandised in a sustainable way.

This Supplier and Distributor Code of Conduct ("Code of Conduct") sets out the minimum requirements that Valio Ltd.'s and its affiliates ("Valio") suppliers/distributors must comply with in their own operations and supply chain. In this Code of Conduct, "supplier" means a legal entity that provides Valio with products, materials or services of any kind, or a vendor, agent, co-packer, joint venture partner or other third parties who do business with or on behalf of Valio.

Through this Code of Conduct we aim to promote respect for universally accepted human rights and the adoption of international principles of responsible business practices in our supply chain. These rights and principles are found in the Universal Declaration of Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and further articulated in several international declarations, covenants, standards, guidelines and codes established by organizations such as the the International Labour Organization (ILO), the Ethical Trading Initiative (ETI) and the International Organization for Standardization (ISO).

### BUSINESS PRINCIPLES

#### Compliance

The supplier/distributor shall comply with all applicable national and international laws, regulations and permits in the countries and jurisdictions in which they operate. In case of any differences between the requirements of this Code of Conduct and any applicable laws, regulations or standards (collectively the "Laws"), the supplier/distributor must comply with the requirements that are more stringent.

#### Confidential Information and Personal Data Protection

The supplier/distributor shall respect the privacy of business partners and employees, and protect data and intellectual property from misuse.

#### Business Integrity

All forms of corruption are prohibited; including the offering or acceptance of any bribes or engaging in extortion, or embezzlement. The supplier/distributor shall have adequate procedures in place to prevent corruption in its business.

The supplier/distributor shall avoid any unfair trading practices. The supplier/distributor shall keep accurate and transparent records of their business and commercial dealings and comply with any export control and other trade control regulations. The supplier/distributor shall not participate or attempt to participate in money laundering.

The supplier/distributor shall avoid situations where there is a conflict of interest between the supplier/distributor and Valio.

#### Gifts and Hospitality

The aim of any business hospitality, gifts or entertainment for Valio or its employees shall be reasonable in cost and nature, intended solely to maintain professional business relations and not to influence Valio's business decisions. Major travel expenses for the individual representing Valio shall be paid by Valio.

In turn, the supplier/distributor shall not receive any inappropriate gifts, favours, entertainment, or other personal benefits from its own suppliers that might affect, or appear to affect, its business decisions in connection with the supplier's/distributor's work with Valio.

#### Grievance Mechanism

The supplier/distributor shall have an internal process for handling workplace grievances and ensuring that employees reporting grievances or complaints are protected from retaliation.

### HUMAN AND LABOUR RIGHTS

#### Human Rights

The supplier/distributor shall respect all human rights including those of women, children and migrant workers.

#### Child Labour and Young Employees

Child labour is prohibited. The supplier/distributor shall not employ any person under the age of 15 (14 in certain countries according to ILO Convention 138) or minimum age allowed under the Laws, whichever is higher. The supplier/distributor shall verify the age of job applicants and take other appropriate measures to ensure that no child labour occurs on their own premises or on contractors' sites of production or operations. If any violations of the minimum working age are found, the supplier/distributor must create and implement a proper remediation plan that prioritizes the affected person's needs and wishes and does not further harm him or her. The remediation plan and its reporting should be consistent with the Code of Conduct's section titled "Reporting, Remediation and Continuous Improvement."

The supplier/distributor must not have employees under 18 years of age working at night, or performing duties which are hazardous to their health and safety or interfere with their schooling.

#### Involuntary Labour

Forced labour is prohibited including all forms of involuntary labour such as human trafficking, slavery, bonded labour and involuntary prison labour.

Employees shall be free to leave the workplace premises after their shift and be free to terminate their employment after reasonable notice. All work must be conducted on a voluntary basis and not under threat of any penalty or sanctions.

Neither employers nor their intermediaries shall charge employees any fees to secure employment, including recruitment fees, application fees, administrative or medical fees, passport or visa costs or other fees. Employees shall not be required to lodge deposits or original identity documents with the supplier/distributor, or the contractor, employment agencies or other intermediaries of the supplier/distributor.

#### Non-discrimination, Harassment and Abuse

The supplier/distributor shall treat all employees with respect and dignity. No person shall be subject to any discrimination in employment, including hiring, compensation, access to training, promotion, termination or retirement based on race, ethnicity, skin colour, caste, national origin, religion, age, disability, gender, marital status, pregnancy status, sexual orientation, union membership, political affiliation, or any other status protected under the Laws.

Any form of physical, mental, sexual or verbal abuse, intimidation, threat or harassment is prohibited.

Protective measures for pregnant employees and new parents, including parental leave, reduced hours, work reassignment, or other accommodations should be implemented in accordance with the Laws.

### **Working Hours**

The standard workweek should be defined, and should not, on average, exceed 48 hours per week (including overtime), depending on the Laws and prevailing industry norms (Based on: The ILO Hours of Work (Industry) Convention, 1919 (No. 1)). Employees shall be allowed at least one (1) day off inside every seven (7) day period, and any overtime worked shall be voluntary. Overtime must always be compensated in accordance with the Laws premium rate minimum of at least 25 percent, the legally required country rate or the industry prevailing rate, whichever is higher. Overtime should not be used as a replacement for regular employment.

Employees shall be granted annual leave and sick leave, to which they are entitled according to the Laws, without any form of negative sanctions.

### **Employment Status**

The supplier/distributor shall ensure that all employees—whether directly hired or hired through an intermediary such as an employment agency—are legally authorized to work in their facilities. Before entering employment, employees shall be provided with written and understandable documentation about their employment terms and conditions, including including job function or tasks, wage rates, fringe benefits, incentive systems, pay period and method, and other information required under the Laws.

The supplier/distributor shall ensure that human and workplace rights are applied to all employees, including part-time/ temporary employees, subcontractors, and migrant labour.

The supplier/distributor shall not avoid obligations to employees through the excessive use of fixed-term contracts of employment, subcontracting etc. or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

### **Wages and Wage Deductions**

All employees shall be compensated according to the Laws and any binding labour agreements, including requirements for minimum wage, overtime and premium pay as well as equal pay for equal work without discrimination. In any event, wages should continuously be developed to meet basic needs and to allow some discretionary income.

Wage deductions for loan advances, food or lodging, for disciplinary measures or other reasons threaten to create conditions of possible forced or bonded labour. Therefore, any deductions may only be made with the employees' express consent and without pay falling under the legal minimum wage in any given pay period.

Deductions from wages as a disciplinary measure are inappropriate in most cases and should be avoided. If used, the employer must have a policy and procedure in place for due process for employees. All disciplinary measures should be recorded.

### **Freedom of Association**

The supplier/distributor shall respect the employees' right to join or form trade unions of their own choosing and to bargain collectively. Neither employees, their representatives, or trade union members shall face retaliation, harassment, abuse or threats for legally protected activity. Employee representatives shall have the necessary facilities to carry out their representative functions in the workplace, including access to workplaces.

### **Community Rights**

The supplier/distributor shall respect the rights of communities to land and natural resources, including water. Land acquisitions should be made respecting legitimate tenure rights with zero tolerance for land grabbing.

## **HEALTH, SAFETY AND SECURITY**

### **Working Conditions and Accommodation**

Employees shall be provided with a safe and healthy working environment. Both the workplace and accommodation, where provided, should meet all the requirements under the Laws related to health, safety and the environment. This includes fire and structural safety, adequate ventilation, proper lighting, access to clean toilet facilities and to potable water and, if appropriate, sanitary facilities for food storage.

### **Health and Safety**

The supplier/distributor shall have systems to identify and assess potential risks to the safety, health and security of employees. Special risks for pregnant women and nursing mothers need to be considered.

Potential hazards are to be eliminated wherever possible, technically isolated (by structures, safety equipment etc.) and the remaining ones minimized and controlled. Where necessary, the supplier/distributor must provide all employees effective, well maintained and appropriate personal protective equipment (PPE) and ensure they are used as required. Any accidents shall be reported and investigated, with the necessary corrective measures implemented.

All employees, shall receive regular and documented health and safety training (based on the safety risks) and must be provided with access to adequate medical care.

### **Emergency Preparedness**

Potential emergency situations shall be identified and responses prepared by implementing emergency plans and procedures. This includes employee notification and evacuation procedures, emergency training and drills, installing, testing and maintaining appropriate detection devices, adequate emergency exits and appropriate equipment. Emergency exits shall be clearly marked, visible, obstacle-free, and able to be opened from the inside. Fire extinguishers and first aid kits shall be immediately available and in working order.

### **Food Safety Procedures**

If the supplier supplies any food or food safety related products or services to Valio, the supplier also commits to [Valio Food Safety Supplier requirements and guidelines \(available from Valio.com\)](#).

## **ENVIRONMENT AND CLIMATE CHANGE**

The supplier/distributor must comply with local environmental Laws and permits in force where operations take place.

The supplier/distributor shall identify, control and mitigate its significant environmental impacts and demonstrate continual improvement of its environmental performance. Reasonable measures to protect the

environment and optimize consumption of natural resources shall be implemented.

Supplier/distributor shall identify the major climate impact of its operations and undertake to reduce greenhouse gas emissions where reasonable.

The supplier/distributor shall identify hazardous materials, chemicals and substances and ensure their safe and proper handling, storage, recycling and disposal. Personnel handling hazardous materials must be trained in material safety practices.

## **IMPLEMENTATION AND MONITORING**

### **Implementation**

The supplier/distributor shall implement the requirements of this Code of Conduct in its operations and adopt similar requirements within its own supply chain.

The supplier/distributor shall ensure the compliance of requirements and maintain appropriate evidence to demonstrate compliance with the requirements of this Code of Conduct if needed.

### **Monitoring**

Valio has the right to monitor the supplier's/distributor's compliance with this Code of Conduct by requesting the supplier/distributor to provide documents or perform self-assessments, or by conducting audits. Any self-assessment evaluations will be made either via Valio questionnaire or an external system such as Sedex (Supplier Ethical Data Exchange) as agreed between supplier and Valio. Any audits may be conducted by Valio or an independent third-party auditor.

### **Reporting, Remediation and Continuous Improvement**

Valio aims for open and honest relationships with its suppliers/distributors based on trust and mutual cooperation. Valio recognizes that global supply chains are inherently complicated and that non-compliance may be identified. Valio encourages proactive dialogue with supplier/distributor about the possible challenges when implementing this Code of Conduct in its supply chain.

If the supplier/distributor suspects or becomes aware of any non-compliance with this Code of Conduct, supplier/distributor shall inform Valio immediately. If necessary, concerns may be reported confidentially through [Valio Whistle Channel](#) (available from Valio.com).

Valio expects the supplier/distributor to take corrective actions to remediate such identified non-compliance in a respectful and inclusive way. If requested, Valio may offer support to the supplier/distributor as resources and leverage permit.

### **Breaches and Right of Termination**

This Code of Conduct forms an essential part of all contracts between the supplier/distributor and Valio.

If Valio becomes aware of any severe breach of this Code of Conduct, Valio reserves the right to demand corrective measures, which the supplier/distributor shall implement promptly. If the supplier/distributor shows no willingness or ability to correct the identified violations, Valio reserves the right to terminate any contract between Valio and the supplier/distributor according the terms of the contract.

## **SUPPLIER'S/DISTRIBUTOR'S DECLARATION**

As a supplier/distributor, or potential supplier/distributor, we confirm to Valio that we have received and will comply with The Valio's Supplier and Distributor Code of Conduct.

**Company:**

**Date:**

**Name and Title:**

**Signature(s) of authorized representative(s):**