

The Valio Supplier Code of Conduct

The Valio Supplier Code of Conduct sets out the minimum requirements that we expect our suppliers to comply with when conducting business with Valio Ltd. We also expect our suppliers to adopt similar principles in dealing with their own suppliers.

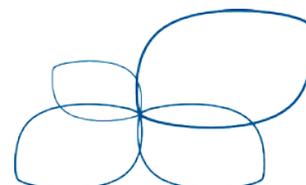
This Code of Contact is based on international standards such as the UN Guiding Principles on Business and Human Rights, the Core Conventions of the International Labour Organisations (ILO), the Ethical Trading Initiative (ETI) Base code and the 10 Principles of the United Nations Global Compact.

In addition to this Code of Conduct, Valio Ltd expects all suppliers to comply with all applicable national and international laws and standards.

Requirements

1. Forced labour
 - 1.1 There shall be no forced, bonded or involuntary prison labour.
 - 1.2 Workers shall not be required to lodge deposits or original identity documents with the supplier's company (their employer).
 - 1.3 Workers 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.
 - 1.4 The supplier shall only employ workers who are legally authorized to work in their facilities and are responsible for validating employees' eligibility to work through appropriate documentation.

2. Freedom of association and collective bargaining
 - 2.1 Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively.
 - 2.2 The supplier must adopt an open attitude towards worker representation and the activities of trade unions.
 - 2.3 Workers representatives or trade union members shall not be discriminated against or otherwise penalized and they shall have access to carry out their representative functions in the workplace.
 - 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.



3. Child labour

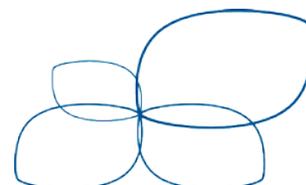
- 3.1 Child labour is prohibited. Child labour is defined as work conducted by children, which interferes with a child's right to healthy growth and development and denies him or her the right to quality education. The minimum age for workers shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (14 in certain countries according to ILO convention 138).
- 3.2 The supplier shall take the appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their sub-contractors' sites of production or operations.
- 3.3 The supplier must not employ young workers under 18 years of age to work at night, or in work which is hazardous to their health and/or safety.

4. Fair and Equal Treatment

- 4.1 The supplier must treat all workers with respect and dignity.
- 4.2 There shall be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- 4.3 Any form of physical, mental, sexual or verbal abuse, intimidation, treat or harassment must be prohibited.
- 4.4 All workers with the same experience and qualifications should receive equal pay for equal work.
- 4.5 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, home-working arrangements or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

5. Wages and benefits

- 5.1 Wages and social benefits shall meet, at a minimum, national legal standards or industry standards, whichever is higher, as well as binding collective agreements, including those pertaining to overtime work and other premium pay arrangements. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with a written and understandable information about their employment conditions in respect to wages before they enter employment and about details of their wages for the pay period concerned each time that they are paid.



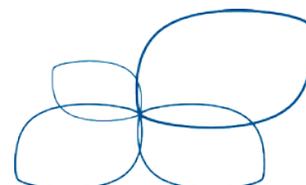
5.3 Deductions from wages as a disciplinary measure shall not be permitted. Neither shall the supplier make any deductions from wages which are unauthorized and not provided for by national law. Workers must be fully informed of any deductions made to their pay and all deductions must be recorded.

6. Working hours

- 6.1 Working hours must comply with national laws and benchmark industry standards, whichever affords greater protection to ensure the health, safety and welfare of workers.
- 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week. Workers shall be provided with at least one day off for every 7 day period.
- 6.3 All overtime shall be voluntary and must not be requested on a regular basis. Overtime shall not exceed 12 hours per week and it must always be compensated at a premium rate.
- 6.4 Workers shall be granted annual leave and sick leave, to which they are entitled according to national legislation, without any form of negative sanctions. In case of pregnancy, female workers shall be given maternity leave in accordance with the national legislation.

7. Working conditions

- 7.1 The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 7.2 Access to clean toilet facilities and to drinkable water and, if appropriate, sanitary facilities for food storage shall be provided.
- 7.3 The supplier must provide all workers effective personal protective equipment as needed.
- 7.4 Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.
- 7.5 The supplier must assign the responsibility for health and safety to a senior management representative.
- 7.6 The supplier must provide adequate safeguards against fire. The supplier shall be prepared for emergency situations, this includes worker notification and evacuation procedures, emergency training and drills, adequate exit facilities and appropriate equipment.
- 7.7 The supplier must provide access to adequate medical care.
- 7.8 Accommodation, where provided, shall be clean, safe and adequately ventilated and be equipped with clean toilet facilities and clean water supplies.



8. Environment

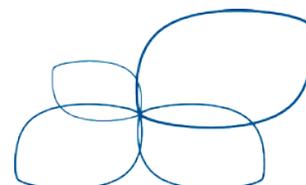
- 8.1 The supplier must comply with all local and national environmental regulations and demonstrate continual improvement of its environmental performance.
- 8.2 The supplier shall identify, control and mitigate its significant environmental impacts.
- 8.3 Sound measures to protect the environment and optimize consumption of natural resources shall be implemented.
- 8.4 The supplier shall identify hazardous materials, chemicals and substances and ensure their safe and proper handling, storage, recycling and disposal. Personnel handling hazardous chemicals must be trained in product safety practices.

9. Business integrity

- 9.1 The supplier shall comply with all applicable ethical laws and regulations, for example concerning bribery, corruption, fraud and any other prohibited business practices. The supplier shall not offer, promise or give any improper benefit to a third Party, whether public or private. The supplier shall not pay or accept bribes.
- 9.2 The supplier shall not, directly or indirectly, offer gifts to Valio employees or persons representing Valio or anyone closely related to these, unless the gift is of insignificant value. Hospitality, such as social events, meals or entertainments may be offered if there is a legitimate business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing Valio shall be paid for by Valio. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or award.
- 9.3 The supplier shall not cause or be part of any breach of general or special competition regulations and laws, such as illegal cooperation on pricing or illegal market sharing.

10. Supplier's responsibility

- 10.1 The supplier shall take positive actions to respond to the requirements of this Code of Conduct and to incorporate these standards into its operations. The supplier is also responsible to take steps to enforce these requirements with their own supply chain.
- 10.2 The supplier shall maintain appropriate records to demonstrate compliance with the requirements of this Code of Conduct. We reserve the right to monitor compliance with this Code of Conduct by audits, conducted by Valio or independent, third party auditors. We may also request suppliers to do self-assessment of their own business based on this Code of Conduct. The self-assessment evaluations can be made via either Valio internal or external systems like Sedex (Supplier Ethical Data Exchange).





Supplier's Declaration

As a supplier, or a potential supplier, to Valio Ltd we confirm that we have received and will comply with The Valio Supplier Code of Conduct.

Company:

Name and title:

Signature:

Place and date:

This document must be signed by an authorized representative of the Supplier and returned to the requesting Valio Sourcing Organization.

