

Dairy Crest Ethical Trading Policy



1. POLICY STATEMENT

Dairy Crest recognises that its commercial operations have impacts on its stakeholders.

As a socially responsible company, Dairy Crest believes that its stakeholders have a right to expect that:

- Products manufactured and sourced by Dairy Crest are produced under working conditions that are hygienic and safe.
- All workers involved in the production and supply of Dairy Crest products are treated with full consideration to their basic human rights.
- Dairy Crest acts in an ethical manner above that required by basic legal requirements.

Dairy Crest is therefore committed to following and implementing the principles of the Ethical Trading Initiative Base Code.

This policy sets out Dairy Crest's commitment to its stakeholders, setting out the measures being taken to ensure that the company is acting in an ethical manner.

A handwritten signature in blue ink, appearing to read "Mark Allen".

Mark Allen

Chief Executive

November 2007

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2. Dairy Crest's Commitment to Stakeholders

i. Shareholders

Dairy Crest is committed to taking appropriate account of the ethical and social components of its business, whilst building shareholder value. Dairy Crest recognises that its ethical and social performance and reputation are key parts of overall commercial success.

ii. Employees

Dairy Crest is committed to ensuring the protection of the rights of all those who work for Dairy Crest, through well established and widely available personnel policies. In many areas the company aims to operate above the minimum standards required by law to ensure that employees are safe, rewarded and valued. This is monitored and confirmed through independent audits of our manufacturing sites against the Ethical Trading Initiative Base Code.

iii. Consumers

Dairy Crest is committed to demonstrating its ethical and social responsibility credentials to enable consumers to make informed choices about products they purchase. To support this commitment, further detailed information is provided on the company website.

iv. Retailers

Dairy Crest is committed to satisfying the Ethical Trading and Social Responsibility requirements of its customers. This is achieved through the policies set out and verification through independent audits of our manufacturing sites against the Ethical Trading Initiative Base Code.

v. Suppliers

Dairy Crest is committed to monitoring social standards in the supply chain, and the company encourages suppliers to operate to the same ethical standards employed by Dairy Crest itself.

The ethical trading practices of direct suppliers are initially monitored by self-assessment questionnaires, followed by Ethical Trading assessments of key suppliers as part of the Dairy Crest Supplier Assurance Procedure.

As a minimum direct suppliers are required to comply with or have time defined plans to adopt ethical trading standards based on the ETI base code at their own manufacturing and supply sites, and to drive Ethical Trading requirements along their own supply chain.

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3. Dairy Crest Ethical Trading Code of Practice

3.1 This Code of Practice applies to:

- Staff directly employed by Dairy Crest on temporary or permanent contracts.
- Staff employed or provided by employment agencies to work on Dairy Crest premises.

3.2 No forced, bonded or involuntary labour shall be used.

- All employment with Dairy Crest is freely chosen.
- Staff are not required to lodge deposits or identity papers with us.
- Staff are free to leave Dairy Crest after reasonable notice.

3.3 No child labour shall be used.

- There shall be no recruitment of child labour.
- Young persons under the age of 18 are not employed at night or required to undertake hazardous activities.

3.4 All employees have the right to join a recognised trade union and to bargain collectively.

- Dairy Crest has an open attitude towards the activities of trade unions.
- Union representatives are able to carry out their activities without hindrance.

3.5 Working conditions are safe and hygienic.

- Dairy Crest takes adequate measures to prevent accidents and minimise potential hazards.
- Staff receive regular health and safety training.
- Staff have unrestricted access to toilet facilities and drinking water.
- Dairy Crest has published a Health & Safety Policy, which details responsibility at manufacturing site and Group level.

3.6 Working hours and remuneration are reasonable and comparable to other companies within the dairy industry, and regular employment is provided.

- Staff pay rates comply with national legal standards as a minimum.
- Staff are not forced to work in excess of 48 hours per week on a regular basis, and are provided with at least 1 day off per week. All overtime is voluntary.
- Staff are given written terms and conditions of employment that details the employment relationship between and the respective obligations of the employee and employer, rates of pay, working hours, grievance and disciplinary procedures, holiday entitlement, absence & sick pay rules and notice periods for termination of employment.
- No deductions are made from wages as a disciplinary measure, and pay slips detailing lawful deductions (tax, national insurance) and voluntary

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deductions (pension, save-as-you-earn, charity donations, social club) are provided for each pay period.

- Sub-contracting and fixed term contracts are not used as a means to avoid obligations under labour or social security laws

3.7 No discrimination is practised.

- There is no discrimination in pay, hiring, compensation, access to training, promotion, termination of employment or retirement on the grounds of race, nationality, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- Opportunities for personal and career development are equally available to all employees.

3.8 No harassment, threats, abuse or intimidation shall be practised.

- Physical, verbal and sexual threats, abuse, harassment or intimidation is expressly prohibited.

3.9 As a matter of policy, Dairy Crest does not make irregular payments.

4. EMPLOYMENT AGENCIES

4.1 Employment agencies contracted to supply temporary staff shall demonstrate commitment to and application of the requirements of this code.

4.2 Employment agencies contracted to supply temporary staff shall ensure that all staff supplied to Dairy Crest are eligible to work in the United Kingdom and Ireland by:

- Following Immigration and Nationality Directorate Guidelines on Amendments to Section 8 of the Asylum and Immigration Act 1996.
- Ensuring that the requirements of the Immigration and Asylum Act 1999 Section 22 Code of Practice are met.
- Retaining copies of identity papers, work permits or passport stamps as detailed in the Home Office List of Specified Documents and UK Passport Stamps.

4.3 Employment agencies contracted to supply temporary staff shall ensure that all staff supplied to Dairy Crest have sufficient command of English to understand:

- The agency's responsibilities under this Code of Practice.
- Dairy Crest Health and Safety requirements.
- Dairy Crest Food Safety requirements.
- Written statements of employment particulars.

Or have other measures in place to ensure that these requirements are communicated in the employee's native language.

5. ORGANISATION

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Dairy Crest Management Boards have overall responsibility for ethical trading at work within their respective businesses and areas of control.

The **Group Human Resources Director** and the **Group Technical Director** take a lead in planning, developing, reviewing and communicating ethical trading policy and standards and ensuring improvement action is taken where necessary. The **Group Quality Services Manager** is responsible for monitoring compliance and for providing advice.

General Managers and Site Managers are responsible for the implementation of this policy by:

- Appointing a competent site coordinator for ethical trading matters.
- Ensuring that internal assessments have been carried out for all potential ethical trading issues, with appropriate procedures, controls, reviews, and adequate records.
- Identifying and investigating any incidents or non-conformances and taking corrective action.
- Monitoring and recording the performance of the site against this policy.
- Communicating necessary instructions and information to employees, visitors and contractors.
- Completing actions following any ethical trading audits.

Line Managers are responsible for:

- Promoting ethical working practices and following appropriate procedures.
- Investigating and reporting any incidents or non-conformances against this policy.

The site **Ethical Trading Coordinator** has the role of:

- Identifying and advising upon non-conformances against this policy, and the provision and use of appropriate systems and procedures.
- Informing management of the requirements of this Code and how it affects them and their responsibilities.

Each **Employee** also has a duty to co-operate with management so far as is necessary to enable the latter to fulfill their statutory obligations. This includes:

- Co-operating in the introduction and operation of all measures designed to fulfill management's obligations under this policy.
- Drawing attention to actual or potential problems.
- Suggesting ways in which ethical trading practices could be improved.

6. ARRANGEMENTS

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- All sites will regularly review their arrangements against the Dairy Crest Ethical Trading Policy and Code of Practice. Any non-conformances will be rectified against a documented action plan.
- The Group Quality Services Manager will arrange audits every two years against the Policy and Code. Any required corrective action will be addressed against a documented action plan.
- Training will be provided to ensure that relevant staff are aware of current legislation and responsibilities.