

Purpose

The a2 Milk Company Limited (**a2MC, we or our**) recognises that a company's values and principles have an impact well beyond its own operations. We strongly believe in the vital role business plays in upholding human rights and consider it our basic responsibility to ensure that individuals, communities and our environment are treated with respect.

We are committed to high standards of responsible conduct, social responsibility and environmental sustainability in all areas of our business, including our supply chain. Our commitment to these high standards comes not just from an acknowledgement that it is the right thing to do, but from a recognition that the manner in which we and our partners manage social, environment and economic impacts is critical to our long-term success. Our approach to responsible sourcing is integral to our broader purpose to enrich people's lives through the wonder of nature.

The purpose of this Policy is to outline a2MC's expectations of itself, its employees and its suppliers with respect to responsible business conduct. It will help to ensure that a2MC is compliant with applicable laws and regulations in the regions in which it operates, as well as establish standards for the responsible sourcing of products and services in our business as well as in our supply chains.

Scope of Policy

a2MC is a dairy nutritional company operating in targeted regions around the world and, as such, this Policy applies to a2MC and all its subsidiaries globally (a2MC Group).

a2MC expects all directors, officers, employees, consultants and agents (Employees) to actively promote and uphold the standards set out in this Policy in our business. Employees are also expected to work with our suppliers to ensure that the standards set out in this Policy are replicated throughout our supply chain.

a2MC also expects its suppliers to respect and comply with the principles set out in this Policy. Compliance with this Policy will, as far as practicable, form part of a2MC's standard contractual terms.

Compliance with Laws

In addition to the matters set out in this Policy, a2MC requires all its suppliers to comply with all applicable laws and regulations, including applicable laws and regulations in all countries in which they operate, regarding labour, health, safety, and the environment.

Policy

a2MC has established the Minimum Standards of Responsible Business Operations in Appendix 1 (**Minimum Standards**), which set out our expectations of the responsible business practices of a2MC Group's suppliers.

We describe the standards in this Policy as 'Minimum Standards' on the basis that we strongly encourage our suppliers to exceed the Minimum Standards and be active in advancing social and environmental responsibility and responsible business practices. We strongly encourage our suppliers to replicate the Minimum Standards in their own supply chains.

At a minimum, Employees should seek to include the Supplier's compliance with this Policy and the Minimum Standards as an obligation in any relevant supply contract. Depending on the contract and nature of the supply arrangements, further contractual protections may be necessary.



Contractual obligations should include a requirement that Suppliers must notify a2MC or a member of the a2MC Group as soon as practical after the supplier becomes aware that it has, or a member of its group or a part of its supply chain has, contravened the Minimum Standards.

We will investigate suspected breaches of this Policy. Where breaches are identified, our general approach will be to work with our suppliers towards ensuring full compliance with the Minimum Standards. However, we may seek to terminate our contractual arrangements or seek alternative supply sources if our suppliers are unable or unwilling to work towards full compliance with the Minimum Standards, or where the non-compliance is of such a nature that we decide ceasing our association with the supplier is the most appropriate course of action.

This Policy operates alongside other a2MC policies, including but not limited to the a2MC Code of Ethics and Anti-Bribery & Anti-Corruption Policy.

Effective date and review

This Policy is effective on and from 4 August 2020, being the date on which it was approved by the a2MC Board of Directors.

This Policy will be reviewed regularly and amended to reflect material changes in law or practice. At a minimum, this Policy will be formally reviewed once every 2 years.

This Policy may be amended at any time by the a2MC Board of Directors in its absolute discretion.



APPENDIX 1 – Minimum Standards of Responsible Business Operations

Category	Description
1. Bribery & Corruption	a2MC does not tolerate any form of bribery and corruption. Suppliers and their employees must not engage in any such conduct.
2. Voluntary Employment	<p>a2MC does not tolerate any form of abusive or illegal labour in its supply chain. Examples include forced labour and human trafficking.</p> <p>Suppliers must comply with all applicable international laws and regulations in relation to human rights and labour practices, including the principles of the UNHRC Guiding Principles for Business and Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work.</p> <p>Suppliers must not use any type of forced labour, bonded labour, indentured labour or involuntary prison labour.</p> <p>Suppliers must respect and ensure the freedom of their workers’ movement and not unreasonably restrict their workers’ entry or exit from the supplier’s facilities. This includes ensuring that workers can leave the supplier’s facilities at the end of the scheduled shift and leave employment with the supplier upon reasonable notice being given and without penalty.</p> <p>Suppliers must not require workers to lodge their identity papers, passports or work permits with the Supplier, and must not withhold wages or hold money deposits or take any other action to prevent workers from terminating their employment.</p>
3. No child labour and young workers	<p>a2MC does not tolerate any form of child labour in our supply chain.</p> <p>Suppliers must verify the age of their workers and not use child labour.</p> <p>Suppliers must adhere to minimum age provisions of national labour laws and regulations.</p> <p>Where national law is insufficient, suppliers must adhere to international standards including the International Labour Organisation (ILO) Convention No. 138 which prescribes the minimum age for employment or work must not be less than the age for completing compulsory schooling and, in any case, not less than 15 years. Young workers, under 18 years of age, must not perform work that is higher risk from a health and safety perspective. Work must not interfere with young workers’ education or be harmful to their mental, social or moral development.</p>
4. Freedom of association	Suppliers must ensure that workers have the right to form, join or not join trade unions or other organisations of their choosing and collectively bargain without fear of discrimination, harassment, intimidation or reprisal. Where freedom of association is restricted by local law, suppliers must ensure alternative forms of freedom of association are not denied.
5. Working hours	<p>Suppliers must ensure that working hours are not excessive and comply with applicable local laws.</p> <p>Workers should not be required to work more than the maximum hours per week as stipulated by local laws or, in the absence of such law, the applicable ILO convention.</p> <p>Overtime must be voluntarily agreed to between the worker and supplier, must not be excessive and must not be requested on a regular basis.</p>



6. Wages and benefits	Suppliers must comply with all laws and regulations in relation to local wages, overtime compensation and legally mandated benefits. In no circumstances may a supplier deduct a worker's wages as a form of disciplinary measure.
7. Working conditions	<p>Suppliers must do all things necessary to ensure a safe and hygienic working environment is provided, having regard to the nature of the industry and any specific hazards or risks.</p> <p>Suppliers must take adequate steps to prevent occupational accidents and injury to health arising out of, associated with or occurring in the course of work by minimising, so far as reasonably practicable, the causes of hazards that are inherent in the working environment.</p> <p>Suppliers must provide workers with protective equipment and machinery safeguards as well as ensure that workers are appropriately trained. Any personal protective equipment and machinery safeguards must meet or exceed the standards of local laws. If there are no applicable local laws, the standards must meet international standards including the ILO standards.</p> <p>Suppliers must ensure that all workers have the right to refuse and report unsafe working conditions.</p>
8. Hiring and employment	<p>Suppliers must provide each of their workers with a written and understandable contract which contains the terms and conditions of employment that meet or exceed local law and practice.</p> <p>Particular attention should be taken when hiring vulnerable classes of workers – such as migrant workers, refugees or asylum seekers. As part of the hiring process, prior to commencement of employment, vulnerable workers recruited from overseas must be provided with a written and understandable employment agreement in their native language. The employment agreement must have a description of the terms and conditions of employment prior to the worker leaving their country.</p>
9. Record keeping	<p>Record keeping relating to a worker's employment must be transparent and accurate.</p> <p>Suppliers must provide their workers with understandable information about their wages for each pay period.</p>
10. No discrimination	<p>a2MC does not tolerate any form of discrimination in the workplace and is committed to a diverse work environment.</p> <p>Suppliers must not discriminate against any worker on the basis of their personal characteristics, such as gender, ethnic origin, religion, age, disability, personal beliefs, marital status, sexual orientation, union membership or political affiliation.</p> <p>Suppliers must provide their workers with reasonable accommodation for religious practices.</p> <p>Suppliers must not perform inappropriate medical or physical testing as part of the recruitment process.</p>
11. No harassment or abuse	<p>All workers must be treated with dignity and respect.</p> <p>Suppliers must provide a workplace free from distress or interference caused by unethical treatment, threats of or actual violence, or any form of physical, mental or sexual harassment.</p>



	Suppliers must have policies and procedures in place to ensure compliance with this requirement and ensure that these policies and procedures are adequately communicated to workers.
12. Conflict of interest	Suppliers must at all times act honestly, with high standards of integrity and in good faith. Suppliers must promptly make a2MC aware of any situation which involves an actual or potential conflict of interest such as if an a2MC Employee has an interest in the supplier's business or organisation.
13. Food safety & quality	Suppliers must ensure that products and services delivered must meet or exceed food safety and quality standards required by applicable law and a2MC's strict quality standards. If a supplier has any concerns about product safety or quality, this must be immediately reported to a2MC.
14. Environmental compliance	Suppliers must comply with applicable international and local laws and regulations in relation to environmental protection and sustainability. At a minimum, suppliers are expected to: <ul style="list-style-type: none"> ▪ minimise waste and recycle whenever practicable; ▪ ensure chemicals and other hazardous materials are to be managed in a safe way for both workers and the environment, with emergency plans in place; ▪ monitor, control and manage prior to emission all volatile chemicals, aerosols, corrosives, ozone depleting chemicals, particulates and by-products that are generated from operations; ▪ consider the use of recycled, renewable and reusable materials whenever practicable and avoid undue and unnecessary use of material; ▪ strive to minimise their energy consumption and greenhouse gas emissions; ▪ adhere to all applicable international and local laws and regulations regarding prohibited or restricted substances including when labelling for recycling and disposal; ▪ aim to select products in its operations that are environmentally sustainable and beneficial; and ▪ understand and manage the environmental impact of their sourcing and activities, including in relation to greenhouse gas emissions, water usage & quality, deforestation and biodiversity.
15. Animal welfare	Suppliers must treat animals in their business operations humanely and with respect. Suppliers must meet international and local laws, whichever imposes the higher standard, in relation to animal welfare to prevent cruelty. In farming enterprises, basic physiological and behavioural needs of animals must be met, including ensuring: <ul style="list-style-type: none"> ▪ a level of nutrition that is adequate to sustain good health and welfare; ▪ access to sufficient water of suitable quality to meet physiological needs; ▪ sufficient social contact with other animals; ▪ sufficient space to perform normal patterns of behaviour;



	<ul style="list-style-type: none"> ▪ handling facilities, equipment and procedures minimise stress, risk of pain, injury or disease to animals; ▪ appropriate treatment in the event of illness, injury or disease; ▪ reasonable protection against extremes of weather and the effects of natural disasters; and ▪ any milking machinery and equipment is tested regularly and maintained so there is minimal risk of discomfort, injury and disease. <p>Animals should only be used in a scientific testing process after alternate methods have been fully explored and is not detrimental to the animal’s health and welfare. Suppliers must ensure that all animals experience minimal stress and pain.</p>
16. Sub-contractors	Suppliers must have adequate measures in place to ensure any of their sub-contractors comply with this Policy.
17. Confidentiality	All information concerning a2MC Group’s business and operations made available to the supplier will be kept confidential by the supplier and will not be disclosed to a third party, subject to any exceptions as agreed between a2MC or the relevant member of a2MC Group and the supplier.