

P-PZ-340 e	General Procedure	
Valid from: June 2016	Ethical Code and Standards for Professional Conduct	

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## ETHICAL CODE AND STANDARDS FOR PROFESSIONAL CONDUCT

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## 1. INTRODUCTION

### 1.1 CONO Cheesemakers and our values

For more than a hundred years, our dairy farmers and employees have done their best to make the tastiest cheese in a traditional way, devoting genuine attention to humans, nature, and the environment. That's in our genes. Quality is priority number one. Being the best is not something you can do alone. It's something you do together. Our conscious customers and consumers have a preference for tasty and honest products. We're leaders in the area of Corporate Social Responsibility, such as pasturing, and we aim for a fair margin in the whole chain. See also CONO Cheesemakers' Management Board Statement P-AA-004.

CONO Cheesemakers is a dynamic organization with a good reputation when it comes to honesty, awareness, pride, and integrity at all levels of work. The cornerstones of CONO Cheesemakers are high quality standards for our products and services and our employees' highly developed ethical sense. We are aware that, regardless of our duties, we must make every effort to maintain the highest possible standards of personal and business ethics.

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Furthermore, the Management Board and the management of CONO Cheesemakers have the responsibility to provide the culture, the framework, and the business conditions that enable all of its employees to perform their work in a safe, healthy, and legitimate work environment. We also do everything in our power to develop a support network that enables all employees to apply and improve their skills in order to fully use their potential.

CONO Cheesemakers introduced this Ethical Code and Standards for Professional Conduct in order to further facilitate and safeguard these objectives. All employees are obligated to read, understand, and use the content of this document for the duration of their service. The code should be viewed as a guide in the event that an employee is confronted with a potential violation of the code's conditions and has doubts regarding an ethical challenge or conflict.

### 1.2 What is the Ethical Code and Standards for Professional Conduct?

The code is the cornerstone of CONO Cheesemakers' efforts to conduct our activities in a lawful manner and according to the highest quality and ethical standards. It sets the tone in practical and clear terms for the way in which we do business. It describes what is expected from all employees at each and every moment regarding all of our activities.

This code is used in tandem with our Code of Conduct for Desirable Behavior (P-PZ-300). Also, in addition to the general rule regarding ethics and the way we conduct ourselves in our company and towards the outside world, we also have a number of personal responsibilities vis-à-vis the company, the employees, the customers, and the suppliers. Many of these responsibilities are included in this document.

### 1.3 Why do we have an Ethical Code and Standards for Professional Conduct?

Observing this code ensures that we perform our activities to the highest standards of integrity and in the most suitable way possible, which in turn promotes trust and respect, both within our organization and in our relationship with our dairy farmers, customers, suppliers, competitors, authorities, and the community. We aim to build and maintain a solid reputation for honesty, awareness, and integrity at all times, in the knowledge that achieving this aim will contribute significantly to the well-being of our employees and the success of our company.

### 1.4 Scope of the Ethical Code and Standards for Professional Conduct

This code's standards apply to all employees at CONO Cheesemakers at all levels and in all countries where we conduct our activities. Moreover, all consultants, interim staff, temporary employees, and contractors that work for or on behalf of our company are obligated to perform their work according to CONO Cheesemakers' corporate culture and policy. We cannot allow our standards to be compromised in any way or at any time. If employees suspect that this is the case, then they must inform management so that the necessary measures can be taken to deal with the situation.

## **2. TOPICS**

### 2.1 Universal human rights / ETI Base Code

At CONO Cheesemakers we respect and honor universal human rights.

CONO attaches great value to human rights, which are intended to ensure that everyone can lead lives of human dignity. For CONO this means, among other things, that everyone has the right to

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have and express their own opinion, as well as the right to education, sufficient food, and a roof over their heads. That applies to everyone, regardless of race, color, gender, language, religion, political or other views, national or social background, prosperity, birth, or any other status.

In addition to universal human rights, the ETI (Ethical Trading Initiative) Base Code is the foundation for this ethical code for professional conduct. ETI is a leading alliance of companies, unions and NGOs that promotes respect for employees' rights all over the world. CONO Cheesemakers endorses a vision of the world in which all employees are protected against exploitation and discrimination and have the right to conditions such as freedom, safety, and justice.

### 2.1.2 Safety & occupational health

CONO Cheesemakers gives high priority to safety. The safety of people and products is like a thread running through all of our activities. In order to maintain and guarantee the safety of our employees and products in the future, CONO believes it is important to continue to invest in it. After all, the results CONO Cheesemakers achieves depend in no small measure on our employees and our products.

In order to ensure that CONO's employees feel safe while they work, CONO believes it is important to have an open culture of honesty, awareness, and trust. This reduces the likelihood of aggression or violence in the workplace. Incidents in which an employee is physically or psychologically harassed, threatened, or attacked in circumstances that are directly related to performing one's work will not be tolerated. If this kind of situation occurs, adequate and appropriate measures must be taken to provide counsel and support so that victims can get over the incident and resume their daily activities.

CONO Cheesemakers views safe and healthy working conditions as every employee's fundamental right and aims to create and maintain a safe and healthy work environment for all employees. Safe and healthy work conditions are matters that concern both CONO Cheesemakers, as an employer, and its employees. CONO considers guaranteeing safe and healthy work conditions to be its primary responsibility. This responsibility focuses, among other things, on preventing and managing unhealthy and unsafe situations. CONO employees have a responsibility to ensure, to the extent that they can, their own and each other's safety, and to observe the organization's policy and procedures regarding safety and occupational health.

CONO has drafted general occupational health policy guidelines in the form of a Management Board Statement (P-AA-004). The safety policy is enacted in daily practice. Moreover, CONO has developed an occupational health management system, which is also enacted in a practical way. The policy regarding sick leave is well embedded in the organization.

Additional information about these subjects can be found in the Occupational Health Reports, Management Board Statement (P-AA-004) and Description of Care Systems (P-AA-001). In addition, the internal Code of Conduct for Desirable Behavior (P-PZ-300) is also applicable.

### 2.1.3 Anti-discrimination

CONO Cheesemakers strives to be a fair employer and wants to prevent and eliminate all forms of prejudice and discrimination, and therefore only rewards employees based on merit and good performance. CONO Cheesemakers implements correct and honest procedures for recruitment &

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selection, introductions, education, appraisals, performance reviews, promotions, and financial rewards.

CONO defines discrimination as follows: all forms of distinction, exclusion, restriction, or preference made on the basis of skin color, gender, sexual preference, language, religion, political or other opinion, nationality, or occupation, which has the purpose or effect of nullifying or impairing the recognition, enjoyment, or exercise, on an equal footing, of human rights and fundamental freedoms.

All employees are treated, and are expected to treat each other, with respect and consideration. Everyone has the right to work in an environment bereft of discrimination, intimidation, physical violence, and abuse. The use of inappropriate and insulting language is not permitted. All employees must have a safe work environment at their disposal, as required by law. The privacy of employees regarding their salaries, as well as medical and other personal information, must be respected at all times, and employees who have access to other employees' personal information may only use it for legitimate business purposes and always in strict confidentiality. All investigations into concerns regarding ethical conduct must be carried out in an honest and correct manner without prejudice or discrimination.

The internal Code of Conduct for Desirable Behavior (P-PZ-300) also applies.

#### 2.1.4 Special groups

CONO Cheesemakers encourages a versatile culture in which all employees do their best. This means that we are open to differences and recognize the related advantages, that everyone has equal access to opportunities and information, that we treat each other with respect and dignity, and that we create an atmosphere of honest and open communication.

This means that when new employees are hired at CONO Cheesemakers, their advancement within the organization, their appraisal, and suchlike, will solely be based on expertise, skills, experience, and competences.

Moreover, CONO Cheesemakers acknowledges that special groups of employees may (temporarily) have diminished work capacity. Additional measures are or will be taken (if necessary) to make allowances for this situation in daily practice. This target group may also require and be given tailored, supplemental, or adjusted information and instructions.

Special groups include:

- Young people under the age of 18 (adolescents)
- On-call and temporary employees
- Inexperienced people (new employees, for example)
- Employees with a disability
- Pregnant and breastfeeding women
- People who do not have sufficient command of Dutch yet

In the case of a pregnant employee, work will be arranged in such a way that it does not entail any danger to her safety or health, nor to her (unborn) child. CONO considers it its duty to do its utmost to protect the health of the mother and child during pregnancy or breastfeeding. Starting point is that during pregnancy and the breastfeeding period the employee will be able to do her own work as much as possible in her own position and in her own work environment. CONO also applies the

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principle that women's careers and opportunities for advancement in the organization should not be hampered as a result of pregnancy.

## 2.2 Doing honest business

In interaction with suppliers, customers, and competitors, CONO Cheesemakers will compete strongly and with integrity, treat all customers and suppliers honestly and objectively, and will not carry out any dishonest or misleading activities. Moreover, CONO will not issue any statements about a competitor's products if these statements are unfounded or unwarranted. We make it clear to all suppliers what we expect of them: strong and honest competition for our clientele, and we expect them to abide by the principles of our ethics code and observe laws prohibiting agreements with competitors.

### *2.2.1 Relationships with suppliers and customers*

CONO Cheesemakers will not accept any form of compromise to its integrity. Although it is important that our business relationships with suppliers and customers are maintained and developed, we insist on keeping our hands clean of bribery or corruption. Under no circumstances are employees allowed to accept money, assets, tips, extra discounts, or excessive hospitality or entertainment. Moreover, employees are not allowed to offer anything of value to existing or potential customers, such as inappropriate payments or gifts, when they want to sell CONO Cheesemakers' products. In addition, employees should never conduct themselves in such a way that they could be accused of unfair sales practices or be held liable for their conduct. Employees must not have any kind of personal obligation to a supplier or client.

Employees must always use their common sense to avoid real or potential conflict situations. Normal business courtesies, such as occasional business meals with suppliers/customers or the acceptance of reasonable and customary gifts or promotional items with marginal value (caps, pens, diaries, calendars, coffee mugs, and similar items) are generally acceptable.

All purchase and procurement decisions must be exclusively based on safety, the best prices (including logistics expenses), availability, service, reliability, sustainability, and suitability for our business needs.

### *2.2.2 Relationships with competitors*

EU and international antitrust laws are an essential part of the business environment in which CONO Cheesemakers operates. Violations of these laws can be subject to severe punishment. Employers are not permitted to enter into agreements or make arrangements with competitors regarding any aspect of competition between CONO Cheesemakers and the competitor in question. This can also be applicable to, though not limited to: price fixing, regional distribution, customer allocation, and fraudulent practices, including agreeing to contract conditions or other similar activities with a competitor that could have a negative and harmful effect on free-market principles.

Employees could come into contact with competitors while working. It is strictly prohibited at all times to discuss prices or other related trade provisions or conditions. In addition, no information regarding CONO Cheesemakers may be shared that is not intended for public use.

## 2.3 Consumer focus

CONO Cheesemakers keeps the interest of our consumers at heart in everything we undertake, and we also take this interest into consideration in our decision-making. What are our consumers' wishes

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and how can we ensure that these are reflected in our goals? CONO Cheesemakers also attaches great value to being honest when providing information to our consumers.

#### 2.4 Food safety

As a food producer, CONO Cheesemakers has the important responsibility towards its customers and ultimate consumers to produce safe products. For this purpose, CONO has implemented a certified quality assurance system.

Individual employees have an influence on product safety and must conduct themselves in such a way that product safety is never put in jeopardy. Should there be concerns about product safety anyway, employees are expected to report this to their immediate superior so that the appropriate corrective measures can be taken.

#### 2.5 Environment

CONO Cheesemakers considers it a responsibility to treat the environment with respect. We aim to minimize the harmful effects of our activities on the environment with methods that are socially responsible, scientifically backed, and economically prudent.

Our building and our cheese dairy use the most sustainable materials and technologies. The cheese dairy is CO<sub>2</sub> neutral, and it is our future goal to have a production process that is as climate-neutral and as energy efficient as possible.

CONO Cheesemakers expects its employees to be environmentally conscious when performing all of their activities.

#### 2.6 Corporate Social Responsibility

CONO prides itself on being a socially responsible and sustainable enterprise. For more than ten years now, CONO has been a leader in the area of pasturing and sustainable dairy farming. Corporate Social Responsibility and sustainability are in our genes. We stir the curd by hand and let the cheeses ripen naturally. The greenest cheese dairy in the world produces cheese in a conscious manner.

CONO Cheesemakers is a cooperation: the dairy farmers *are* CONO. We make a recognizable and traceable product: Beemster cheese. We aim to achieve maximum transparency, and we want to show how we run our companies, how we treat our employees, dairy farmers and cows, and how we make our cheese.

The approach is based on a continuous process of improvement. All sustainability parameters are measured and benchmarked every year at the majority of our dairy farmers.

Based on an evaluation of the results, we develop an action plan with objectives at joint workshops. Subjects that are dealt with at the workshops include animal health and welfare, pasturing, feed production, soil fertility, the environment, and the climate.

In addition we believe that it's important to have more direct contact between the dairy farmer and the consumer/citizen, and that the dairy farmer contributes to preserving nature and the landscape.

With the construction of the new cheese dairy, Beemster has gained another UNESCO World Heritage Site, which increases the quality of the typical landscape. In addition to increasing capacity, it also helps reduce greenhouse gas emissions and the loss of nutrients, while increasing output. At

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the same time, we continuously draw the chain's attention to a fair price for milk. CONO is making a serious effort with the dairy farmers and employees to keep making the production process much more sustainable.

### 2.7 Continuous improvement

In order to ensure that we continue to make high-quality products, achieve our ambitious goals, and remain leaders in the areas of quality and sustainability, CONO works with the WCOM system (World Class Operations Management). This program enables us to continuously focus on improving our business and other processes, and that in turn enables us to ensure a higher quality end result at reduced cost. A higher quality end result means satisfied customers, fewer complaints, and better operating results.

CONO understands continuous improvement to mean: "The introduction of new activities and the elimination of activities that have no or little added value. The aim is to increase quality and effectiveness by reducing inefficiencies, frustrations in the process and waste (reprocessing, time, material, etc.)."

## **3. CONFLICTS OF INTEREST**

All employees have the duty to always do what is best for our cooperation and our customers. That's why conflicts of interest must be prevented. A conflict of interest arises when your personal or financial interest, or those of people close to you (family, partners, or friends), are in conflict with your ability to perform your professional tasks impartially or could influence in any way your ability to make decisions. Employees at CONO Cheesemakers must always work in an open way and avoid even the semblance of a conflict of interest.

All financial, business, and other activities must be completely legal and free of any kind of conflict of interest. Dealings with family, partners, good friends, and other personal relationships must always be characterized by discretion, integrity, and impartiality. This is especially true of recruitment, promotion, career development, general cooperation, and external business transactions. Other employees may, whether justified or not, perceive close ties as a conflict of interest, even if these ties cannot actually be identified as such. This calls for discretion and honesty. If CONO has reason to believe that there are demonstrable or apparent problems with close ties, then CONO reserves the right to alter work arrangements or even terminate one or both employees' employment.

## **4. REPORTING POTENTIAL VIOLATIONS**

### 4.1 Voicing concerns

All employees are obliged to immediately voice their concerns regarding a violation or potential violation of this code or when there is a situation that is unsafe, unlawful, or unethical. We acknowledge that this may sometimes lead to conflicting personal loyalty and can therefore be difficult because it could have potential consequences for another employee, family member, or friend.

Voicing a concern serves to protect the company and our employees against potential damages that could harm the health, safety, or well-being of other employees, customers, or suppliers, and lead to

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a loss of trust and reputation of the company as a whole. In addition to potential personal harm to employees and visitors, it can also lead to substantial fines, claims, and other financial sanctions against the company, as well as fines or even prison sentences for natural persons.

Initial concerns should be voiced at once to an immediate superior. If it is inappropriate to involve the superior, or if you notice that – after voicing your concern – your superior is not dealing adequately with the matter, then you can go to the next highest management level or to the Management Board. Such a situation can also occur if you have received instructions from your superior that can be considered unsafe, unethical, inappropriate, or incorrect.

#### 4.2 Cooperation with internal evaluations, audits, and investigations

All employees are obliged to cooperate fully with internal evaluations, appraisals, and investigations. Non-compliance can lead to disciplinary measures. Depending on the seriousness of the matter voiced by an employee, the superior handling the case will either deal with the matter quickly or communicate it to the next highest level of management or the Management Board. After an investigation and evaluation, appropriate measures will be taken to rectify the situation and/or improve it. Feedback will also be provided to the person who voiced concern about the matter. Employees must not use their official positions or work relationships to exert undue influence by intervening in internal investigations or with external bodies that are enforcing the law.

CONO Cheesemakers will not tolerate retaliation or accusations against an employee that reports a matter in good faith and will take appropriate disciplinary measures against anyone guilty of such an action and may consider terminating their employment.

## **5. OBSERVING THE CODE / RESPONSIBILITIES**

All employees are responsible and liable for their own conduct and must at all times aim for safety, honesty, integrity, and high ethical standards. Personal conduct and activities must always be beyond reproach and exempt from any doubt. Individual differences and cultural diversity must be respected. The Management Board and management must always set a good example, just as their conduct should serve as a model to all CONO employees.

## **6. MEASURES IN THE EVENT OF VIOLATIONS / SANCTION POLICY**

All employees have both an individual and a collective responsibility for their actions, and everyone is fully accountable for these actions. Any colleague who acts contrary to the spirit of this code, the Code of Conduct for Desirable Behavior (P-PZ-300) or the applicable laws and regulations may face disciplinary measures, including termination of employment or criminal proceedings according to the sanction policy (P-PZ-310).

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I hereby declare that I have read the document P-PZ-340 Ethical Code and Standards for Professional Conduct and declare that I will abide by the code.

The last page of this document will be signed and submitted to Human Resources for archiving.

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Name : .....

Date : .....

Signature for approval : .....

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