

## **Code of Conduct for Business Partners**

### **1. Compliance with Laws and Regulations**

Mengniu Group is committed to complying with all laws and regulations applicable to Mengniu Group. Business partners also abide by this commitment and establish effective measures to ensure their compliance with relevant laws and regulations.

### **2. Anti-bribery and Corruption**

Mengniu Group does not tolerate any form of bribery and corruption. Business partners are committed to abide by anti-bribery and corruption laws and regulations and prohibit any form of bribery and corruption in the course of business, including but not limited to giving and receiving, directly or through third parties, cash, gifts, securities, tangible properties, rebates, travel and entertainment expenses, and non-property benefits such as employment opportunities.

### **3. Fair Competition**

Mengniu Group strives to ensure fair and equitable transactions and consciously maintains market order. Business partners shall conduct business in a fair competition manner and comply with relevant competition laws. Specifically, when conducting business, business partners shall comply with the following requirements.

(1) Avoid using the same or similar logos, business names, names of social organizations, individual names, domain names of the main part, website names, and web pages, as others, as well as avoiding other confusing behaviors that are sufficient to lead people to believe that they are other people's goods or have a specific connection with others.

(2) Truthful propaganda on product performance, functionality, quality, sales status,

user reviews, and honors received, and no false or misleading propaganda.

(3) Avoid fabricating or disseminating false or misleading information to damage the business reputation and merchandise reputation of competitors.

(4) If a company wants to organize prize sales activities, the types of prizes, prize redemption conditions, prize amounts, and prizes will be clearly stated, and the company should not take the deceptive way of falsely claiming that there is a prize or deliberately let the internal personnel to win the prize. If there is a sweepstakes-style prize sale, the maximum prize amount does not exceed the legal limit.

#### **4. Anti-monopoly**

Mengniu Group opposes monopolistic behavior. Business partners should insist on competing with competitors through fair trade and in a lawful manner, refrain from entering into agreements or engage concerted behavior with competitors for the purpose of restricting or excluding competition in the market as well as entering into other vertical and horizontal monopoly agreements, refrain from abusing a dominant market position, and declare the concentration of operators in accordance with the laws and regulations..

#### **5. Conflicts of Interest**

Business partners should act in the interest of their companies and private interests and personal considerations should not influence any business decisions. Mengniu Group and its business partners must avoid any activity or situation that could lead to a conflict between the private interests of Mengniu Group's employees or business partners, and the business interests of Mengniu Group. Business partners should disclose existing and potential conflicts of interest to Mengniu Group in a timely manner.

## **6. Bidding**

Mengniu Group is committed to creating a fair and just bidding environment. Business partners shall participate in the bidding in accordance with the relevant laws and regulations and the bidding management system of Mengniu Group, shall not collude in bidding, shall not bribe the bid inviter or the members of the bid evaluation committee to win the bid, and shall not adopt fraudulent means such as bidding at a below-cost bid price or bidding under the name of others to win the bid. Business partners shall perform the contract with Mengniu Group and other bidders in good faith and strictly abide by the contractual obligations.

## **7. Intellectual Property**

Mengniu Group respects and protects the intellectual property rights of others. Business partners should strictly comply with the intellectual property laws and regulations of China and the countries and regions where they operate, focus on creating, using, and protecting their own intellectual property rights, respect the intellectual property rights of others, and obtain appropriate authorization and licenses if they need to use the intellectual property rights of others in their business activities; when researching and developing new products and technologies, they shall conduct timely intellectual property rights inquiries to avoid infringing on the intellectual property rights of others, and at the same time shall timely stop the infringement of others' intellectual property rights.

## **8. Privacy and Data Protection**

Business partners shall comply with relevant personal privacy and data protection laws and regulations. Business partners shall safeguard the right to personal privacy and data protection, and shall always use the information of the persons concerned

correctly for the necessary business purposes and prevent misuse, in order to avoid personal or property damage such as discrimination, defamation, deception, identity theft, etc.

## **9. Keeping trade secrets**

Business partners shall be responsible for ensuring that confidential business information and trade secrets disclosed in the course of their business activities with Mengniu Group are kept strictly confidential and shall not use such information in any prohibited way or disclose it to third parties.

## **10. Environmental Protection**

Business partners shall comply with all relevant laws and regulations related to environmental protection. Mengniu Group encourages business partners to formulate and implement environmental policies and to strive to conserve resources and protect the environment.

## **11. Product Quality**

Mengniu Group is committed to providing customers with high-quality products and services. Business partners shall comply with laws and regulations related to the quality of products and services, and continuously monitor and improve the quality of products and services.

## **12. Trade Compliance**

Mengniu Group is committed to establishing a good international image. Business partners should:

(1) strictly comply with laws and regulations of China and the countries and regions where the business is operated and relevant international conventions, strengthen risk management in the fields of import and export trade, project contracting, international

transportation, customs declaration and clearance, and international settlement, and ensure that international engineering and trade business is carried out legally and orderly;

(2) strictly comply with laws and regulations of economic sanctions and export control of China and the countries and regions where the business is operated and relevant international conventions. The counterparty, items traded, end-use, end-user, and final destination should be fully reviewed at the time of the transaction to obtain a license. By including export control and economic sanctions compliance clauses in transaction contracts, we can effectively fulfill export control and economic sanctions obligations, establish a good international image of the company, and prevent compliance risks;

(3) Strictly comply with laws and regulations of multilateral financial institutions such as the World Bank, Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, and Inter-American Development Bank. In the course of financing provided by multilateral financial institutions, it is forbidden to engage in any acts of corruption, fraud, collusion, coercion, obstruction, and other misconduct, directly or through business partners, in order to ensure that the business operates in accordance with the law.

### **13. Anti-money Laundering**

Mengniu Group conducts its business with high integrity. Business partners should strictly comply with the anti-money laundering laws and regulations of China and the countries and regions where they operate, and attach importance to the management of compliance risks such as financial sanctions, anti-money laundering, and counter-terrorism financing, in order to prevent the company from being exposed to money

laundering risks.

#### **14. Labor Protection**

Business partners shall create a healthy, dignified, and fair working environment for their employees, and ensure that employees are not discriminated against or threatened in any way on the basis of color, race, sex, religion, political affiliation, etc.

#### **15. Compliance with the Code of Conduct for Business Partners**

Mengniu Group regards all the terms of the Code of Conduct for Business Partners as the cornerstone of the business relationship between Mengniu Group and its business partners and reserves the right to adjust and amend them at any time. Therefore, business partners must continuously pay attention to and abide by the Mengniu Group's Code of Conduct for Business Partners. If any business partner violates any of the above-mentioned Code of Conduct, Mengniu Group will take appropriate measures and reserves the right to pursue the business partner for all losses and rights caused to Mengniu Group as a result of the violation of this Code of Conduct.

#### **16. Reporting Channel**

Tel: 0471-7393612

Email: [mnjw@mengniu.cn](mailto:mnjw@mengniu.cn)

Mailing address: Discipline Inspection Committee Office, Room 311, Mengniu Dairy Milk Source Building, Shengle Economic Zone, Horinger, Hohhot City, Inner Mongolia, China.

Postal Code: 011517

We will protect the privacy of the whistleblower's information, protect the whistleblower from any retaliation, promptly investigate the clues and deal with

violations of laws and regulations, and protect the legitimate rights and interests of the company, employees, and third parties through legal means when necessary.

Attachment : Supplier Code of Conduct

# Supplier Code of Conduct

## Introduction

As a dairy company with global influence, Mengniu Group always takes 'Promise a healthier world' as its vision of sustainable development. Therefore, the sustainable and responsible operation is the core of the growth of Mengniu Group.

Mengniu Group has developed the 'GREEN Sustainable Development Strategy' as below:

——*Governance–Sustainability*

——*Responsibility–Common Prosperity*

——*Environment–Carbon Net-zero*

——*Ecosystem–Collaborative & Accountable*

——*Nutrition–Supreme & Inclusive*

The sustainable dairy industry needs to be maintained jointly by everyone. Mengniu Group also conveys our value to the upstream and downstream partners and suppliers actively, to establish a joint sustainable concept and code of conduct, and create more responsible procurement and supply chain.

This is also the basis of 'Supplier Code of Conduct' of Mengniu Group.

## Reference

*The Supplier Code of Conduct* of Mengniu Group (refer to *The Code*) is the cornerstone of our procurement.

The premise of *The Code* is in compliance with laws and regulations. Based on international codes and industry standards, *The Code* integrates Mengniu Group's

requirements of Environmental, Social and Governance (refer to ESG). At the same time, *The Code* covers 10 principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Core Conventions of International Labour Organization, etc. It also helps to fulfill our commitment to the United Nations Sustainable Development Goals (UN SDGs).

### **Significance**

Mengniu Group is committed to conducting responsible procurement and integrating our concept of sustainable development into supply chain management. *The Code* requires all upstream and downstream partners and suppliers to sign, and encourages them to pass on relevant standards to their own suppliers, subcontractors and partners, so as to continuously promote the influence of sustainability.

Mengniu Group incorporated the compliance performance of the supply chain into its own ESG supply chain management system to customize the relevant access, assessment and withdrawal mechanisms - regularly carry out the identification and assessment of supply chain environment, health and safety, labor rights and ethical risks, and develop targeted training and improvement plans. According to the evaluation results, the supplier shall identify the management practice deficiencies and ESG risk points, provide corresponding improvement plans and make improvements or explain the reasons within the required period.

Mengniu Group will strive to provide resources and assistance to suppliers who need to rectify the situation, and the partnership will be decided based on the results of the improvement.

## **Principle**

*The Code* will strive to be stricter than the industry norms and/or local laws and regulations, and will be updated regularly. It aims to consistently promote the dynamic and sustainable development of our procurement and related production and operation activities.

We will improve the transparency of the supply chain through the combination of internal audit, questionnaire and third-party assessment (such as SMETA Audit), and we are committed to working with our partners and suppliers to continuously improve and be stricter than compliance requirements. To this end, *The Code* will adhere to the following basic guidelines:

As a part of the supply chain of Mengniu Group, it has positive impact on the economy, society and environment.

Common progress and joint value creation.

## **Scope**

*The Code* applies to all upstream and downstream partners and suppliers of Mengniu Group. The scope extends from tier 1 suppliers (and all their affiliated companies) to suppliers of origin defined as ‘origin’. This includes but is not limited to service providers, intermediaries, farms, raw material producers, etc. in the process, hereinafter referred to collectively as Companies.

At the same time, we also hope the upstream and downstream partners and suppliers of the joint venture to meet the requirements of *The Code* and make continuous improvement.

## **Contents**

## **0. Management Systems**

0.1 Companies are expected to operate legally in premises with the business licenses, ensure compliance with all relevant land rights (including land ownership and use rights).

0.2 Companies are expected to have a specific management department, appoint a full-time staff or a responsible person who shall be responsible for compliance with *The Code*.

0.3 Companies are expected to convey the contents of *The Code* to all employees.

0.4 Companies are expected to communicate the contents of *The Code* to their own suppliers and, where is reasonable and practicable, convey the principles of *The Code* through their supply chain.

## **1. Freely Chosen Employment**

1.1 Companies should not use forced labour, bonded labour or involuntary prison labour.

1.2 Companies should not require employees to pay deposits or withhold employee identification documents and employees are free to leave companies after giving reasonable notice in advance.

## **2. Freedom of Association and Collective bargaining**

2.1 Companies should ensure that employees have the right to join or form trade unions and bargain collectively without discrimination.

2.2 The companies adopts an open attitude towards the activities of trade unions and their organisational activities.

2.3 Workers' representatives are not discriminated against and 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 companies facilitates and does not hinder, the development of parallel means for independent and free association and bargaining.

### **3. Health and Safety**

3.1 A safe and hygienic working environment should be provided by companies, bearing in mind the basic knowledge of the industry and the particular hazards.

Adequate measures shall be taken to minimise the hazards associated with the working environment in a practical and reasonable manner in order to prevent work-related accidents and personal injuries.

3.2 Health and safety training should be provided to employees on a regular basis and documented, and should ensure that relevant training is provided for new employees or employees accepting new positions.

3.3 Clean toilet facilities, drinking water and sanitary facilities for food storage (if any) should be provided.

3.4 The accommodation (if any), should be clean, safe and meet the basic needs of the workers.

3.5 Companies that comply with *The Code* should appoint a senior member of management who should be responsible for health and safety issues.

### **4. Child Labour and Teenager Workers**

4.1 Companies should not recruited of child labour (under the age of 16).

4.2 Companies should develop or participate in and facilitate policies and programs that enable any child found to be forced working to receive a quality education until

he or she is no longer a child.

4.3 These policies and procedures shall conform to the provisions of the relevant ILO Standards.

4.4 Teenager worker (aged 16 to 18) shall not be employed at night or in hazardous conditions.

4.5 Companies should provide regular health examinations for underage workers.

## **5. Wages and Benefits**

5.1 Wages and benefits paid for each standard working week should meet at least the national legal standards. In all cases, the wages paid by companies should not be lower than the local minimum wage standards, and should be on time, full specified amount paid to employees.

5.2 All employees shall be provided with written and easily understandable information about their terms of employment in respect to wages before they are employed, and are provided with details of their wages for the current wage calculation period each time that they are paid.

5.3 Deductions from wages as a form of disciplinary action should not be permitted without the explicit consent of the employee concerned, nor should any deductions from wages (without the consent of the employee concerned) be permitted which is not regulated by national law. All disciplinary actions should be recorded.

5.4 Under the conditions permitted by national laws, the company can deduct the employee's salary with the knowledge of the employee. The amount deducted should not exceed 20% of the employee's monthly salary, and the residual salary after deduction should not be lower than the local minimum wage standard.

## **6. Working Hours**

6.1 Working hours must comply with national laws, collective agreements, and the provisions set out in clauses 6.2–6.4 below, whichever provides the greater protection to employees.

6.2 Working hours should be determined by contract and should not exceed 44 hours per week.

6.3 All overtime work must be voluntary. The overtime work arranged by the companies must be used responsibly, taking into account all of the following: the extent, frequency and working hours of individual employee and the employee as a whole. Overtime must not be used as a substitute for regular employment. The companies should, in accordance with the requirements of laws and regulations, paid the laborer wages higher than the wages for working hours.

6.4 The total overtime hours arranged by the Company should not exceed 36 hours per month.

## **7. Formal Employment**

7.1 To the greatest extent, all work must be established on the basis of a recognized employment relationship in accordance with national law and practice.

7.2 Liability to employees based on a formal employment relationship, in accordance with labour or social security law and regulations, cannot be avoided through labour contracts, subcontracts or work-from-home arrangements, or through apprenticeship schemes that do not truly pass on career skills or provide formal employment, nor can any similar liability be avoided through the excessive use of fixed-term employment contracts.

7.3 Companies should fully understand and regulate the entire recruitment process, including all recruiters and intermediaries, in accordance with legal and ethical

requirements.

7.4 Companies should establish effective management systems to identify and monitor the employment and management of all migrant workers, contract workers, agency workers, temporary workers and non-formal workers.

7.5 Only personnel registered with a legal labour agency can be employed.

7.6 Companies should not charge employees recruitment fees at any stage of the recruitment process.

7.7 During the recruitment process, the employee contract should accurately reflect the company and employee agreement negotiated salary and contract terms so that they can be clearly understood and signed by the employee.

#### **7.A. Subcontract and Homeworkers**

7.A.1 Companies should not allow subcontracting unless it obtains the permission of the main customer, meets the requirements of laws and regulations and is qualified for subcontracting.

7.A.2 Companies should establish a management system and a process system to manage activities such as subcontracting, home workers and external processing.

#### **8. No Harsh or Inhumane Treatment**

8.1 Physical abuse or corporal punishment, or the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation should be prohibited.

#### **9. Entitlement to Work**

9.1 Only employees legally entitled to work can be employed or used by the company.

9.2 Companies should confirm the legal entitlement of all employees, including

agency workers, through measures such as reviewing original documentation.

9.3 Companies should respect and protect the freedom of movement of employees and ensure that employees can freely enter and leave the workplace.

## **10. Environment**

10.1 Companies should meet the requirements of local, national and international laws related to environmental standards.

10.2 Where it is a legal requirement, company must be able to demonstrate that they have the relevant and valid permits to use and dispose resources, such as water, waste, etc.

10.3 Companies should be aware of their end client's environmental standard/regulatory requirements and have appropriate system to monitor their performance accordingly.

10.4 Companies should have environmental policy including their environmental impacts and convey it to all relevant parties (including its own suppliers).

10.5 Companies should be aware of the significant environmental impact of their sites and processes.

10.6 Companies should measure their impacts, including continuous recording and regular reviews of natural resources consumption and emission/discharge (such as energy consumption and water consumption).

10.7 Companies should make continuous improvements to their environmental performance.

10.8 Companies should regularly quantify the consumption of all kinds of energy and water resources, analyse energy consumption, set corresponding targets for energy conservation and monitor the implementation progress.

10.9 Companies should be committed to reducing energy and water consumption from all sources through energy conservation, reuse/recycle and alternatives, etc., and use renewable energy as much as possible.

10.10 Companies should regularly quantify their direct and indirect GHG emissions, set emission reduction targets and monitor implementing progress and be committed to minimizing their total GHG emissions so as to cope with the climate change.

10.11 Companies should focus on biodiversity and have specific management plans to protect biodiversity within and around the site. (if applicable)

10.12 Companies should abide by the Five Freedoms Principles of the World Organization for Animal Health to protect animal welfare. (if applicable)

10.13 Companies should protect areas of high conservation value that may exist in the community. (if applicable)

10.14 In the production of wood, pulp and paper, companies should take responsible actions and formulate relevant policies for responsible forest management. (if applicable)

10.15 The farm operation should actively fulfill the relevant standards and norms of sustainable farm to ensure the sustainable level of the farm. (if applicable)

## **11. Business Ethics**

11.1 Companies must meet the minimum requirements of local and national laws related to bribery, corruption, or any type of fraudulent business activities at least.

11.2 Where it is a legal requirement, companies must be able to demonstrate that they comply with all the fiscal accounting requirements.

11.3 Companies should have transparent management system to report confidentially and deal with unethical business activities so that the reporter does not have to worry

about retaliation.

11.4 Companies should have business ethics policy, including bribery, corruption, or any other type of unethical business practice.

11.5 Companies must have dedicated personnel responsible for implementing standards related to business practices.

11.6 Companies should ensure that the employee whose job roles carry a higher level of risk in business ethics (such as sales, procurement and logistics) are trained on what action to take when issues arising in their area.

### **Grievance**

If you have any doubt about *The Code* or find any suspected violation of laws, regulations and *The Code*, please report it to us confidentially in the following ways:

Tel: 0471-7393612

E-mail: [mnjw@mengniu.cn](mailto:mnjw@mengniu.cn)

Mailing address: Office of Discipline Inspection Commission, Room 311, Mengniu

Dairy Milk Source Building, Helinger Shengle Economic Park, Hohhot, Inner

Mongolia

Post Code: 011517

## **Sign**

Supplier Name :

Supplier Address :

**Dear Supplier:**

### **Compliance with the Supplier Code of Conduct of Mengniu Group**

China Mengniu Group requires all suppliers to ensure that they must fully comply with the *Supplier Code of Conduct* of Mengniu Group at any time as a condition for entering into any purchase order, contract or agreement with Mengniu Group. Therefore, by signing this letter, the Supplier agrees and warrants that:

1. The Supplier and relevant units have received, read and understood the *Supplier Code of Conduct*.
2. Suppliers and relevant units shall always comply with the terms of the *Supplier Code of Conduct* when producing, manufacturing and/or supplying any products or services to Mengniu Group.
3. If the supplier and relevant units fail to comply with *the Supplier Code of Conduct*, the supplier shall immediately notify Mengniu Group and take corrective action plans to achieve the provisions of the *Supplier Code of Conduct*.
4. If the supplier and relevant units fail to fully implement the relevant corrective action plan, Mengniu Group will have the right to terminate the relationship with the supplier without assuming any responsibility.

Signature:

Date:

Seal: