

Business Conduct Policy

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TABLE OF CONTENTS

Policy Statement

Purpose

Managing the Policy

Employee Responsibility

Management Responsibility

Compliance

Policy Statement

It is a basic principle that all employees must conduct themselves with fairness, honesty and integrity, in a manner that will enhance the reputation of our company and will avoid even the appearance of improper personal, professional or business conduct. All employees must also act in strict observance of and compliance with all laws and regulations governing the conduct of business in each country of operation. One easy way to approach these requirements is to ensure that you are "acting properly when nobody is watching you".

Purpose

The purpose of this policy is to set out the broad principles governing the ethical standards and behaviour required of all employees of Dairy Crest Group plc and its subsidiaries ("Group") and is designed to establish a climate of fairness, honesty and integrity within which each division/company in the Group must conduct its business.

The principles set out in this policy are not all encompassing but constitute a minimum level of expected behaviour. Many of the points dealt with in this policy statement are therefore the subject of more detailed consideration in other policy statements and operational guidelines issued on specific topics.

Managing the Policy

This policy provides guidance for employees and managers on how to conduct themselves when doing business. This policy applies to all employees in Hay Bands 1-7.

Dairy Crest Vision: 'As we grow we will look after our people and the communities where we work'.

Values:

- We Care – we act responsibly with a passion to do the right thing.

Behaviours:

- We are responsible members of our communities who are dedicated to safety, care for the environment and are **committed to doing the right thing**.
- We live and breathe our corporate social responsibilities and always try to act in the spirit of these.
- We take personal responsibility for living up to our company values and driving these throughout our day-to-day actions.
- We do not tolerate 'off values' behaviour.

Employee Responsibilities

Each employee should:

- always operate within the applicable laws of the country in which the relevant company is resident and within the laws applicable to the operation of the Group.
- have a general knowledge of activities permitted in the course of their employment.
- have specific knowledge of laws and regulations governing their specialised responsibilities.

a. Assets and Resources

Each employee is responsible for the proper use, protection and preservation of Dairy Crest's assets. This includes Dairy Crest's properties, other assets (intangible e.g. intellectual property and tangible e.g. vehicles), financial information, trade secrets, and corporate information. Dairy Crest's assets and resources are solely to be used to achieve the goals and objectives of Dairy Crest.

b. Financial Compliance, Financial Records and Authority Principles

Employees must ensure compliance with the Group's financial controls and the integrity of its financial records. The Group's financial records should be complete and accurate so that they reflect the true state of business and disclose the true nature of disbursements and transactions. Records of transactions should be maintained in an accurate, complete and timely manner in compliance with Dairy Crest's Minimum Levels of Financial Control Policy document. No unrecorded funds or assets should be established or maintained.

It is prohibited to:

- undertake transactions which contravene taxation laws, legal regulations, or policy and procedure requirements of the Group.
- make or approve any payment with the understanding that any part of such payment is to be used for any purpose other than that recorded in the Group's books of accounts and by the documents supporting the payment.
- establish undisclosed funds or assets, or to make false or misleading entries in any books of account or accounting documents, or to destroy accounting records and supporting documents within required statutory or Group retention periods.
- use funds or assets for any unlawful purpose.
- speculate on foreign currency and use any financial instruments that have not been approved by the Board.

The Group has in place detailed Authority Principles, which govern who is authorised to commit the Group to different levels of expenditure and different periods of contractual commitment. The Group's Contracts Policy works in tandem with the Authority Principles. The Contracts Policy requires that all contracts with a value of more than £250,000 or a duration of more than one year or which have any provisions relating to intellectual property must be reviewed by the Legal team. Failure to comply with the Group's Authority Principles and Contracts Policy are disciplinary matters, which can result in dismissal.

c. Business Relationships and Conflicts of Interest

Employees should take all reasonable precautions to avoid any situation in which there could be a conflict of personal interest and the interest of the Group. In particular any direct or indirect interest of an employee in any organisation or outside commercial activity with potential benefit to the employee (whether direct or indirect such as through a family member or acquaintance) which might impair the employee's objectivity and lead to an action adversely affecting the Group must be advised in writing to his or her superior. Employees are not allowed to have a direct or indirect financial interest in a supplier or competing company (with the exception of share ownership in a publicly traded company). Hay Grade Employees who wish to engage in paid activity outside of their employment with Dairy Crest must make a written request, providing details, to their Manager. Approval may be given for Hay Grade employees to carry out a second job providing there is no conflict of interest. Personal relationships at work, for example between a manager and his or her subordinate can create conflicts of interest (or the appearance of conflicts of interest). Appropriate care should be taken by employees to avoid such conflicts or the appearance of such conflicts arising.

d. Bribery and Corruption

Consistent with the general principles set out above, employees must comply with the laws of the countries in which they operate and must not use their authority or office for personal gain.

UK law on bribery and corruption has been updated and now makes all such activity punishable by imprisonment and fines. It applies to activity carried out not only within the UK but all activity carried out anywhere in the world by British nationals, companies with a close connection to the UK and people acting on their behalf (e.g. agents and distributors). It is prohibited to request, receive, offer or make:

- any bribe; that is, any payment of any nature, including payments in kind, for the purposes of assisting to obtain or retain business. This includes consulting or other fees paid to third parties where there is reason to believe that all or part of such fees will be distributed for such purposes.

It is prohibited to offer or make:

- any facilitation payment; that is, any payment of any nature, including payments in kind, for the purposes of securing the fulfilment of obligations by any public official.

e. Gifts, Loans and Entertainment

Employees must act appropriately in relation to gifts, loans and entertainment. Following the requirements of this policy and in particular, the specific guidelines concerning gifts, loans and entertainment which are set out below, will help employees ensure that they not only operate within the relevant bribery law but also to avoid the appearance of improper conduct.

The exchange of gifts and entertainment can build good will in business relationships, but some gifts and entertainment can create improper influence (or just as damaging the perception of such). For that reason and in light of UK bribery law, employees at all levels must use caution both in accepting and offering gifts. The key issue, at all times, is whether the acceptance of gifts (which may include entertainment and other favours) could create an obligation, or could be construed or used by others to allege favouritism, discrimination, collusion or similar practices unacceptable to Dairy Crest.

Employees are expected to avoid any involvement or situations that could interfere, or appear to interfere with the impartial discharge of their duties. As a general rule, gifts and hospitality significantly greater in value or frequency than would be likely to be provided in return are not acceptable.

Any gift or entertainment must:

- be legal.
- not comprise of cash or cash equivalent.
- be of a value that it cannot be construed as a bribe, payoff or other attempt to procure business by any reasonable person applying normal, generally accepted standards of business ethics (see Bribery and Corruption, above).
- not in any sense risk embarrassment to the Group were it to be publicly disclosed.

Employees must not:

- make a loan to or receive a loan from any customer, competitor or supplier of the Group.
- make a loan to or receive a loan from any other employee or an employee's immediate family, in excess of £100 or local currency equivalent. Remember the giving or receiving of loans may give the appearance of improper personal or professional conduct.

- use an agency or any third party to perform any transaction, make any payment or provide any information with the understanding that this could not be handled internally by an employee without contravening this Group policy or any other policy statements issued on specific topics.

Some gifts and entertainment are sufficiently modest that they do not require prior approval. The following are usually acceptable without prior approval provided their value is £50 or less:

- occasional meals of modest value with some one with whom we do business.
- occasional attendance at ordinary sports, theatre, and other cultural events.
- standard give away or promotional items of nominal value such as pens, calendars.

The acceptance of any of these items must be such that it does not affect your judgment or actions in performing your role. In any cases of doubt, your manager or the Company Secretary must be consulted before acceptance.

The acceptance of gifts, meals or entertaining of a value greater than £50 must be pre-approved by your line manager. Verbal approval may be given for gifts of a value between £50 and £100 and for meals or entertaining of a value between £50 and £250.

Approval in writing prior to acceptance must be obtained from your line manager for any of the following types of gift or entertainment:

- gifts of a value of more than £100.
- meals or entertainment exceeding a cost of £250.
- special events such as a World Cup game or golf entertainment, including any requiring travel outside the UK and/or weekend stay. **N.B. if employees are authorised to accept any gift or entertainment involving foreign travel, they shall be required to meet the cost of the travel themselves.**

Employees should consider whether the value of any gifts that they may receive will be deemed to be benefits in kind and taxable by their revenue authority.

f. Political Activity

Employees may not make any direct or indirect political donations or have political affiliations on behalf of the Group. This includes contributions to candidates, officeholders and parties. Proscribed activities on behalf of the Group can include such things as:

- buying tickets for a political fund-raising event.
- providing gifts and services.
- lending personnel during working hours for fund-raising activities.
- paying for advertisements and other campaign expenses.

g. Information Disclosure

Employees must adhere to the highest standards of ethical conduct and shall not, unless ordered to do so by a court of law or unless an employee has the express or implied permission of the Group, either during employment within the Group or at any other time disclose to any other persons (whether an employee of any company within the Group) any:

- secrets, confidential knowledge or confidential information, including without limitation processes, formulae, details of customers and suppliers, new developments and trading results which relates in any way whatsoever to the business of the Group.
- inside knowledge on financial performance, acquisitions, disposals or any other material change to the Group (see Insider Trading, below).
- personnel or other personal data, or allow such data to be improperly collected, stored, used, lost or destroyed.

Similarly Dairy Crest requests that the proprietary information of other individuals and companies is respected. If you suspect a piece of competitor information might be considered confidential by the competitor you must contact the office of the Company Secretary.

h. Insider Trading

Employees must maintain confidentiality around information which may be 'price sensitive' and must only use such information in a manner consistent with a legitimate business purpose.

Non-public information which might influence the market price of Dairy Crest shares should be kept in strict confidence until publicly released by authorised management in accordance with applicable legal requirements and stock exchange regulations.

Any person who has sensitive information concerning the company which could influence the price of Dairy Crest Group plc shares and related rights must refrain from directly or

indirectly executing transactions in Dairy Crest Group plc shares or such rights. The communication of such information to any person - other than in compliance with a statutory obligation or in normal exercise of one's function - is prohibited for as long as this information has not been made public. Dairy Crest's Share Dealing Code sets out detailed rules concerning dealing in Dairy Crest Group plc shares.

i. Competition Law

The Group is committed to complying with competition law. It is the responsibility of all employees to ensure compliance with applicable competition laws at all times. The consequences of non-compliance for the Group and for individuals can be severe, including financial penalties of up to 10% of the Group's worldwide turnover and imprisonment for individuals. Detailed guidance on competition law compliance is set out in the Group's Competition Law Compliance Manual and training is provided both online and on a one to one basis by the Group's legal team. Non-compliance with the Group's competition compliance regime is a disciplinary offence with can result in dismissal.

j. Respect at Work

All employees are expected to treat each other fairly and with respect. There are many forms of disrespectful behaviour, from physical attack to more subtle forms of behaviour such as jokes, suggestions or gestures. Behaviours can be verbal or non-verbal. Amongst other behaviours, Dairy Crest will not tolerate any form of bullying (including direct and indirect behaviour and physical, verbal or non-verbal conduct), unlawful discrimination, harassment of any kind (especially on the basis of sexual orientation, age, work patterns, race, sex or of a sexual nature) or victimisation (including singling out). Dairy Crest's Respect at Work Policy sets out the Group's policy in detail and employees should ensure that they are familiar with it.

k. Drugs and Alcohol

Employees must not be under the influence of alcohol or drugs whilst at work. Dairy Crest values its employees and others who work for it. It supports their welfare, and as such, responds to alcohol or drug misuse problems as health issues. Someone with an alcohol or drug misuse problem can put themselves, their colleagues and our customers at risk of harm and it is with these matters that Dairy Crest as a responsible employer is concerned. Dairy Crest will not tolerate employees, franchisees, contractors, temporary or agency staff being under the influence of alcohol or drugs whilst at work. Dairy Crest has a detailed Alcohol and Drugs Misuse Policy with which employees should familiarise themselves.

Management Responsibility

Each department head is responsible for ensuring compliance with this policy and (where applicable) ensuring that adequate records are maintained to demonstrate compliance. In certain departments for example Group Purchasing, it may be appropriate to adopt policies which are more stringent than the base level requirements set out in this policy.

Support for this policy is provided at Group Board level through:

- the use of external auditors who audit Group financial statements to ensure that they give a true and fair view of performance and to comment fully on financial control weaknesses identified in their management letters.
- Group Internal Audit ("GIA"), who will undertake a programme of internal reviews and comment upon the standard of internal control and compliance with Group policies and procedures within any given area of the business.
- requiring GIA to report formally to the Audit Committee on the action taken over all significant control problems raised by external or internal audits or any other source.

This policy, and its application, is to be communicated to all Hay Band 1-7 employees

Compliance

Compliance with this policy by all Hay Band 1-7 employees is mandatory. Breach of this policy will constitute a disciplinary offence, which may result in dismissal.