

 PROLACTO LACTICÍNIOS DE SÃO MIGUEL S.A	CORPORATE PRINCIPLES POLICY	PRO1008.00
	Integrated Management System (IMS)	Page: 1/7

PROLACTO Lacticínios de São Miguel S.A. is dedicated to the production of dairy products and their derivatives, and its corporate principles policy is as follows:

I. Commitment of the Managing Director

II. Vision, Mission, and Values

III. Our Corporate Principles

1. Guarantee of product quality and safety
2. Nutrition, health, and well-being
3. Leadership and personal responsibility
4. Health and safety at work
5. Supplier and customer relations
6. Agriculture and rural development
7. Environmental sustainability
8. Water

IV. Final Notes

 PROLACTO LACTICÍNIOS DE SÃO MIGUEL S.A	CORPORATE PRINCIPLES POLICY	PRO1008.00
	Integrated Management System (IMS)	Page: 2/7

I. Commitment of the Managing Director

PROLACTO's corporate principles are the foundation on which our entire business culture is based on and are reflected in the way we relate to all our stakeholders. Since day one, we have built our activity based on the fundamental principle that in order to guarantee long-term success not only for our shareholders but also for all our employees and the community in which we operate, we must not only comply with all applicable legal requirements and ensure that our activity is sustainable, but we must also generate significant value for the community.

We believe in the importance of a strong compliance culture, such as the one we have deeply rooted in our company and our corporate principles, and also believe in being well defined and continuing to always evolve and adapt to a changing world.

Our corporate principles reflect this commitment, while safeguarding the trust placed in the PROLACTO brand. Our internal rules not only ensure strict compliance with the law, but also guide our actions when legislation is more permissive or when there are no applicable legal provisions in place whatsoever.

As Managing Director of PROLACTO, I am committed to ensuring that the entire company is managed in accordance with these principles, and I ask and expect all employees to adhere to and respect them as well.

II. Vision, Mission, and Values

PROLACTO operates according to its business principles (mission, vision, and values) which are reflected in its culture:

Vision

An innovative and internationally renowned company with strong local connections that is managed by a team of enterprising professionals.

Mission

To set a gold standard and be recognised as a specialised producer of industrial dairy-based ingredients, to be differentiated and innovative, and to consistently produce high performance solutions.

Values

- High levels of industry excellence (Nestlé Young Child Nutrition heritage)
- Autonomy and empowerment
- Zero losses
- Zero accidents
- Environmental awareness
- Community involvement (key partner in the local economy)

III. Our Corporate Principles

1. Assurance and product safety

The name PROLACTO represents a guarantee on the international market that the products manufactured are safe and of the highest quality standards.

 PROLACTO LACTICÍNIOS DE SÃO MIGUEL S.A	CORPORATE PRINCIPLES POLICY	PRO1008.00
	Integrated Management System (IMS)	Page: 3/7

We are committed to ensuring that our customers never need to question the safety of a product.

Our Quality Policy summarizes the essence of our passion for excellence:

- Generate trust by offering products that meet our client expectations and preferences.
- Comply with all internal and external requirements in terms of regulations, safety, and quality.

Quality is a commitment for all of us.

We continuously challenge ourselves to improve in order to achieve the highest quality standards. We maintain the same high quality and safety standards in all the products we manufacture, regardless of the country they are destined for.

We ensure the supply of high quality products throughout our Quality Management System.

2. Nutrition, health, and well-being

We aim to contribute to people's quality of life every day and all over the world by producing excellent ingredients to make food and beverages options tastier and healthier, and by encouraging a healthier lifestyle.

Focused on this commitment to nutrition, health, and wellness, we work every day to offer products with high nutritional value while improving their taste.

3. Leadership and personal responsibility

Our success is based on our employees. We treat each other with respect and dignity, and we expect every one of our employees to foster a sense of personal responsibility. We only recruit competent and motivated people who respect our core principles and values. We provide equal opportunities for development and career progression, protect our employees' privacy, and do not tolerate any form of harassment or discrimination.

The management and leadership principles we promote internally describe the culture and core values we expect our people to uphold, as well as the attributes needed for success in the performance of their duties.

The code of conduct we follow specifies minimum, non-negotiable standards in key areas, including compliance with the law, conflict of interest, competitive and fair dealing practices, bribery, corruption, discrimination and harassment, and integrity. We are committed to acting with integrity in all situations, and we actively foster this same spirit in our people.

Our human resources policy aims to foster healthy and positive attitudes such as mutual respect, trust, and transparency in interpersonal relationships, and seeks to encourage free communication and co-operation. We believe that our long-term success depends on our ability to attract, develop, protect, and retain the best people.

We respect all labor conventions relating to workers' rights and do not tolerate discrimination of any kind, whether based on origin, nationality, religion, race, gender, age, or sexual orientation, nor do we condone verbal or physical harassment of any kind.

We defend our employees' freedom of association and recognize their right to collective negotiation through trade unions or any other form of association.

4. Health and safety at work

We are fully committed to preventing accidents, injuries, and occupational diseases and to protect our employees, service providers, and third parties involved in the value chain.

Our occupational health and safety policy establishes safety as a top, non-negotiable priority. We recognize and require everyone to take an active role in promoting a safe and healthy environment, and we promote health and safety awareness and training to our employees, service providers, and other people related to or involved in our activities by setting the highest standards in these matters.

 <p>PROLACTO LACTICÍNIOS DE SÃO MIGUEL S.A</p>	<p align="center">CORPORATE PRINCIPLES POLICY</p>	<p align="center">PRO1008.00</p>
	<p align="center">Integrated Management System (IMS)</p>	<p align="center">Page: 4/7</p>

5. Supplier and customer relations

We require our partners, suppliers, service providers and their employees to demonstrate honesty, integrity, and fairness and to agree to our non-negotiable standards. Likewise, we make this same commitment of similar conduct to our clients.

Our supplier code sets a minimum of standards of conduct which we ask our partners, suppliers, service providers and their employees to meet and agree with. This code includes requirements such as business integrity, sustainable operational and agricultural practices, labor standards and environmental, health, and safety practices.

6. Agriculture and rural development

We actively contribute to the development of the agricultural production, the social and economic status of producers, local communities, and production systems, with the aim of making them more environmentally sustainable. In order to make sure that our factory is supplied with raw materials competitively and in accordance with the required quality and safety specifications:

- We are dedicated to accompanying milk producers closely, supporting them in the development of sustainable agricultural practices and systems that contribute to long-term production efficiency.
- We support the use of new technologies and advances in agricultural sciences when their effects have a positive influence on food safety, the environment, agricultural practices, and production efficiency.

7. Environmental sustainability

We are committed to using environmentally sustainable business practices. At all stages of our supply chain, we strive to use natural resources efficiently favoring the use of renewable and sustainably managed sources, and we aim to achieve Zero Waste.

We continually invest in improving our environmental performance. We take a product life cycle approach involving our stakeholders from milk producer to client minimize the environmental impact of our products and activities. Our four priority areas are water, agricultural raw materials, processing and distribution of our products and packaging. We believe that environmental performance is a shared responsibility and requires the cooperation of all segments of society. We are determined to continue our journey within our sphere of influence.

8. Water

We are committed to the sustainable use of water and to the continual improvement of water management. We recognize the fact that the world faces a growing challenge with regard to water (supply) availability and that the responsible management of the planet's resources by all users is an absolute necessity.

Water is a resource to which PROLACTO pays particular attention. Our commitment to water defines our priorities and objectives regarding a responsible use of it. We are fully committed to: reduce the amount of water used in our operations, ensuring that our activities respect local water resources, ensuring that the water we discharge into the environment is clean, involving our suppliers, particularly our farmers, promoting water preservation, and reaching out to other sectors of society by raising awareness of the issue of water preservation and the importance of access to water. We also control and improve the efficiency of water use through specialists in water resources management. We recognize the right of all people to have access to clean water in order to meet their basic needs.

 PROLACTO LACTICÍNIOS DE SÃO MIGUEL S.A	CORPORATE PRINCIPLES POLICY	PRO1008.00
	Integrated Management System (IMS)	Page: 5/7

IV. Final Notes

PROLACTO's corporate principles are mandatory for all company employees to comply with and are integrated into our business plan, audit reporting, and performance evaluation. The corporate principles are associated with specific policies and reference codes that briefly describe our compliance procedures.

PROLACTO's compliance with the corporate principles may be regularly audited by internal auditors, and their compliance with respect to human resources activities, safety, healthy environment, and business integrity is regularly assessed. The findings and recommendations are reported to PROLACTO's general management.

Pela **PROLACTO - Lacticínios de São Miguel, S.A.**

Lagoa, 31 de outubro de 2018

Assinatura



Oscar Criado del Rey,
General Manager



GOVERNO
DOS AÇORES



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