

## **Compliance with California Transparency in Supply Chains Act (SB 657)**

Dean Foods is one of the leading food and beverage companies in the U.S. and a European leader in soy foods and beverages. Continuing our success means making the right long-term choices for all of our stakeholders. In addition to our compliance with current U.S. and individual state laws regarding labor practices, as of January 1, 2012, Dean Foods is also required to comply with the California Transparency in Supply Chains Act of 2010 (SB 657), which requires manufacturers and retailers to disclose their efforts to track forced labor and human trafficking in their supply chains. The information contained below relates to our obligations under this law.

Dean Foods predominantly operates in the United States. Other than the products manufactured by our European Alpro division, which is responsible for less than five percent of our total revenues, Dean Foods manufactures its products in the United States. As such, all of our manufacturing facilities are subject to either U.S. or European laws and regulations regarding, among other things, forced labor and human trafficking.

Our supplier base is also predominantly U.S. based. The majority of our spending for ingredients is for fluid milk – both conventional and organic – and soy beans. Raw milk is our largest purchase by far, and our fluid milk is sourced in the U.S. and produced by U.S. farmers and farmer cooperatives that are also subject to U.S. and individual state laws regarding forced labor and human trafficking. All soy beans in both organic and natural varieties of our U.S. soy products, as well as almonds for almondmilk are sourced in North America. Additional inputs include resin (a petroleum-based product used to make plastic milk jugs), diesel fuel to operate our direct store delivery transportation vehicles, juice concentrates, and sweeteners.

We have a dedicated Procurement department that ensures we work with reputable commodity suppliers. Our Procurement team establishes guidelines and programs related to quality and product integrity for our major suppliers. Our guidelines are aligned with the Institute for Supply Management's [Principles and Standards of Ethical Supply Management Conduct](#) and [Principles of Sustainability and Social Responsibility](#), that support worldwide efforts to eliminate forced labor and human trafficking as well as the pursuit of other human rights for workers in a particular supply chain. In recent years, we have begun requiring suppliers to confirm their adherence to these principles as well.

Dean Foods requires suppliers of all Dean Foods products to disclose all facilities producing supplies or materials that are delivered to Dean Foods locations for use in manufacturing. While we do not use third parties to conduct audits of our suppliers' standards, we internally monitor our supply chain to ensure that the locations providing supplies and materials to our facilities meet the standards that are required by Dean Foods, which includes compliance with all local laws and regulations. Should suppliers be discovered not to comply with our expectations, we can, and have in the past, elected to terminate the business relationship with a particular supplier.

To further our compliance with SB 657, Dean Foods will now require all suppliers to certify that they are aware of the need to comply with federal and local laws preventing forced labor and human trafficking. The requirement will be met either through the execution of Supply Agreements that contain such representations, or through a certification process that will be monitored internally.

Dean Foods also requires all of its employees to comply with a Code of Ethics which outlines that all Dean Foods employees are expected to act ethically and comply with all federal and local laws in the conducting of business. As with other alleged violations of law or policy, we will investigate any issue that is brought to our attention and take the appropriate action, up to and including termination for any employee that violates our Code of Ethics. All Dean Foods employees are trained on the Code of Ethics. In particular, the decision makers in the Dean Foods supply chain are trained on the purchase order and supplier management process, with a particular focus on adhering to the standards developed by the Procurement team regarding the requirement for selecting reputable and law-abiding suppliers.