

THE MILK WITH DIGNITY CODE OF CONDUCT

2017

OVERVIEW

The Milk with Dignity Program (“MD Program”) brings together farmworkers, farmers, corporate buyers and consumers to secure dignified working conditions in dairy supply chains. The MD Program enlists the resources of food industry leaders to provide a premium for milk to Participating Farms that agree to comply with the labor standards in the Milk with Dignity Code of Conduct and Appendices (together, “MD Code” or “Code”). The premium helps to offset farms’ costs of compliance with the Code and supports best practices, including dignified wages.

The MD Program—which is rooted principally in the MD Code—is designed to encourage and support farm compliance to build participatory, fair and dignified workplaces characterized by mutual respect, open communication and collaborative problem solving. In the MD Program, compliance on the farm is achieved through a unique partnership and problem-solving approach among farmers, farmworkers, and the Milk with Dignity Standards Council (“MDSC”). The MDSC is an independent non-profit whose sole function is oversight of the MD Program—working with farmers and farmworkers to understand, participate in and achieve compliance with the standards in the Code.

INTRODUCTION

This Code sets forth the principles and standards to which dairy farms must adhere in order to participate in the MD Program and receive the economic benefits of the MD Program. Farms who maintain compliance with this Code (“Participating Farms”) will receive Milk with Dignity Premium (“MD Premium”) payments from customers of Participating Farms in the MD Program (“Participating Buyers”). When applicable, Participating Buyers will give purchase preference within the Participating Buyer’s supply chain to dairy products that meet their specifications and are supplied by Participating Farms that are in good standing with the MD Program as set forth here. The MD Code will be reviewed periodically and may be amended as circumstances suggest or require.

PART 1: ENTRY INTO THE MD PROGRAM

1. To enroll in the MD Program, a farm agrees to comply with the standards and procedures set forth in this Code. The owner or operator of a Participating Farm must enroll all dairy farms they own or operate that are eligible to be enrolled in the MD Program.
2. After enrolling, Participating Farms participate in an MD Program orientation with the MDSC, schedule a farmworker education session and make a plan to undergo an entry/baseline audit conducted by the MDSC. This entry/baseline audit is designed to help determine: a) the Participating Farm’s labor policies

and practices at the time of entering the MD Program and b) an individualized plan for each Participating Farm to come into compliance with the MD Code.

PART 2: FARMER & FARMWORKER EDUCATION

A core element of the MD Program is to ensure all participants are informed about the program requirements in order to strengthen communications and problem solving between farmers and farmworkers, providing benefits to both.

3. Participating Farms will participate in a MD Program orientation session, conducted by representatives of the MD Program, within three months of joining the MD Program.
4. Participating Farms will work with the MD Program to schedule and promote approximately two (2) hours of MD Program education per year to every Qualifying Worker (“QW”), conducted by representatives of the MD Program. QWs will be paid full wages for the time spent in such education sessions.
5. Participating Farms will provide representatives of the MD Program with reasonable access to their property for the purposes of carrying out MD Program activities, including but not limited to communicating with QWs who live on the farm premises, so long as those visitors do not directly interfere with the work of the Participating Farm and adhere to the farm’s biosecurity policies.
6. Participating Farms will distribute a copy of the *Milk with Dignity Rights & Responsibilities Handbook* and any additional MD Program materials provided by the MDSC to each of its QWs when the Participating Farm first joins the MD Program, to all new QWs at the time of their hire and on occasion when materials are updated.
7. Participating Farms will post this Code and a description of the MD Program provided by representatives of the MD Program in a prominent place both at the worksite and in any housing units provided to QWs by or on behalf of the Participating Farm.

PART 3: EMPLOYMENT PRACTICES & MINIMUM REQUIREMENTS FOR PARTICIPATING FARMS

Participating Farms are required to abide by all applicable laws, codes, and regulations, including this Code, regarding wages and benefits, working hours, equal opportunity, housing, and employee safety and health. Further, Participating Farms will adhere to the following employment and workplace practices:

Milk with Dignity Premium

Participating Farms will receive support from Participating Buyers to achieve compliance with the MD Program in the form of purchase preference (when

applicable) and the MD Premium. All Participating Farms who are in good standing with the MD Program will receive MD Premium on the dairy products they sell to Participating Buyers; these funds are intended to help offset costs of compliance with the MD Program.

8. Participating Farms will use MD Premium funds they receive to comply with the requirements of the MD Program.
9. Participating Farms will participate in, and comply with, MD Program Premium pass-through requirements and pass through to each Premium Eligible QW (“Premium Eligible QW”) on their farms the appropriate premium payments received under the MD Program. The term “appropriate premium payments” means the QW’s portion of the MD premium paid by a Participating Buyer as part of the MD Program.
10. Participating Farms will pass through the appropriate premium payments on at least a monthly basis and will pay each Premium Eligible QW their MD Premium Pass-Through in accordance with Appendix B.
11. These pass-through payments will be listed as a line item bonus on each Premium Eligible QW’s paystub clearly marked as “MD Bonus”.

Wages and Related Issues

12. Participating Farms will record all compensable hours and will keep accurate hours through a system (e.g., time clock punch, card swipe or other method) in which QWs control their time cards or other time registration device used by the Participating Farm.
13. Participating Farms will pay QWs for all time spent engaged in work-related activities.
14. Participating Farms will hire all QWs as employees.
15. Participating Farms will pay wages and benefits directly to all QWs.
16. Participating Farms will provide all QWs with a written pay schedule upon hire, which will guarantee payment of wages at least twice per month. Wages will be considered unpaid if they are not made available to a QW within one (1) business day of the date specified in the payment schedule.
17. Participating Farms will provide QWs with pay slips that include all information necessary to permit the QW to determine whether his or her wages have been accurately calculated and provided for each pay period.
18. Participating Farms will create and implement a time bound plan to pay all QWs no less than the prevailing minimum wage (federal, state, or municipal)

of the jurisdiction in which their farms are located, notwithstanding any provisions that may exempt farmworkers.

19. Participating Farms will not retain or withhold any sums from the pay of a QW without the informed, signed consent of the QW, unless applicable law requires such withholding.
20. Participating Farms will pay any QW who works on certain “Paid Holidays” (see Appendix A) an hourly wage of not less than 1.5 times the QW’s regular hourly wage.

Health and Safety

21. Participating Farms will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operations of their farm.
22. Participating Farms, working with representatives of the MD Program, will develop and implement a Worker Health and Safety process through which QWs are able to offer the Participating Farms their input and perspective on health and safety issues in a regular and structured manner.
23. Participating Farms will develop and implement health and safety policies and practices, in accordance with manufacturer’s instructions and all laws and regulations, when applicable, for: a) maintenance and operation of farm machinery; b) avoiding repetitive stress and other musculoskeletal disorders; c) safe handling and storage of needles, chemicals, potentially hazardous materials, electrical equipment, manure, and grain; d) safe animal handling; e) safe maintenance of farm structures; f) proper ventilation; g) extreme temperatures; h) safe staffing; i) communication of emergency procedures and protocols; and j) proactive information sharing about potential workplace risks and hazards, including by providing access to Safety Data Sheets or similar information and by providing applicable training.
24. Participating Farms, at no cost to QWs, will provide all QWs with the appropriate personal protective equipment for completing work assignments safely.
25. As part of a QW’s orientation, and as soon as possible for any previously hired worker after joining the MD Program, a Participating Farm will provide paid training on the safe and healthy performance of the QW’s job duties.
26. QWs may not be disciplined for stopping the performance of a work task that puts their health or safety in serious and immediate danger.
27. Participating Farms will keep accurate records of all work-related injuries and illnesses suffered by QWs that require any medical treatment, including first-aid, or that lead to one or more days away from work, the need for work

restrictions such as light duty, or transfer to different work tasks. Participating Farms will provide QWs and the MDSC access to these records upon request.

28. Each Participating Farm will obtain and provide access to workers' compensation insurance that covers all QWs in their employ in accordance with applicable law. If such workers' compensation insurance is not required by applicable law, the Participating Farm will communicate a policy to QWs demonstrating how the Participating Farm will cover all medical care costs associated with any work-related injury or illness sustained by a QW unless coverage is financially impracticable.
29. Participating Farms will provide each QW with paid sick leave in an amount equal to no less than three (3) days per year in 2017 and five (5) days per year beginning on January 1, 2018.
30. Each Participating Farm will comply with all state and federal Family and Medical Leave Acts, notwithstanding any provisions that otherwise exempt farmworkers, workers based on the size of their worksite, or the Participating Farm.
31. In order to reduce repetitive stress and other work-related injuries, Participating Farms will: a) provide regular training and information; b) install and maintain cushioned matting on floors; c) encourage workers to take short, periodic breaks and rotate jobs whenever possible; and d) make reasonable accommodations to work stations for ergonomic reasons.

Schedules, Rest, and Leisure

32. Participating Farms will develop and implement plans and procedures to ensure that QWs have sufficient breaks during the day, including sufficient time for three meals a day.
33. QWs have the right to at least eight (8) consecutive hours off from work within each twenty-four (24) hour period.
34. QWs have the right to twenty-four (24) consecutive hours off from work within each seven-day period as part of their weekly schedule.
35. Participating Farms will provide QWs no fewer than five (5) paid vacation days per year.
36. Upon request, Participating Farms will provide QWs reasonable amounts of unpaid time off from work to meet their basic human needs such as, but not limited to, going to the doctor or dentist and attending religious services.

Housing

37. If housing is provided to a QW by a Participating Farm it must a) be voluntary; b) be delivered in clean working order; c) comply with all applicable housing, zoning, and building codes; and d) not reduce the QW's net wages below the prevailing minimum wage (federal, state, or municipal, notwithstanding any provisions that may exempt farmworkers) of the jurisdiction in which the farm is located, in accordance with Appendix B.
38. QWs provided housing by or on behalf of a Participating Farm will have all rights afforded to tenants under the prevailing state, federal or municipal standards (notwithstanding any provisions that may exempt farmworkers or live-in employees), including but not limited to privacy in their dwellings.
39. QWs provided housing by or on behalf of a Participating Farm and whose employment is discontinued by the Participating Farm will be provided at least fourteen (14) days' notice from date of separation to vacate the premises, except where termination is to remedy an Article I Violation of this Code.
40. All housing being provided to QWs must have doors to the sleeping area that close for adequate privacy.
41. All housing provided to QWs must provide adequate protection from potential health or safety hazards, including but not limited to extreme temperatures, exposure to harmful hazards and dangerous chemicals, fields sprayed with pesticides, animals, manure and manure pits, or animal health product storage.

Other Conditions of Employment

42. Participating Farms will not deny or otherwise restrict or interfere with a QW's freedom to come and go from the Participating Farm's premises or any housing provided by or on behalf of the Participating Farm.
43. Participating Farms will not deny or otherwise restrict or interfere with a QW's right to receive visitors on the Participating Farm's premises or at any housing provided by or on behalf of the Participating Farm so long as those visitors do not directly interfere with the work of the Participating Farm and adhere to the farm's biosecurity policies.
44. Participating Farms will not hold QWs' original identification documents and will not charge QWs fees or costs for applications, deposits, recruitment or other pre-employment fees or costs.
45. No Participating Farm, nor anyone working for or acting on the Participating Farm's behalf, will subject a QW to violence, harassment, abuse, threat or discrimination.

46. Participating Farms will provide equal opportunity for advancement and will regularly communicate these opportunities to QWs.
47. QWs may—without facing retaliation—identify and recommend improvements, in addition to those outlined in the Code, regarding farm labor health and safety matters, scheduling, staffing, production, and housing to Participating Farms.
48. Participating Farms will not discharge or discipline a QW except for just cause and in accordance with progressive disciplinary measures.
49. QWs will receive a copy of their employment contract and/or farm personnel policies, including notice of terms and conditions of employment such as wages, hours and benefits, at the time of hire.
50. Participating Farms will make reasonable efforts to ensure QWs understand all farm policies and job requirements, including but not limited to providing information in each QW's native language.
51. Participating Farms will not reduce the wages, housing or benefits provided to any QW in their employ in anticipation of or upon entering the MD Program.

PART 4: TRANSPARENCY & THIRD PARTY AUDITING

The MDSC is a resource for farmworkers and farmers whose sole function is to work with farmers and farmworkers to understand, participate in and achieve compliance with the labor standards in the Code.

52. Participating Farms will cooperate with the MDSC, including but not limited to providing the MDSC access to the farm premises, farm personnel and the necessary business records to conduct annual audits and verify compliance with the Code and any Corrective Action Plans or Complaint Resolutions.
53. Participating Farms will verify and make transparent their employment practices to the MDSC, including the MD Premium Pass-Through of the appropriate premium payments of MD Premium to Premium Eligible QWs.
54. Participating Farms will cooperate with complaint investigation and resolution procedures of the MDSC and designate a primary contact person for matters related to the MD Program on each Participating Farm.
55. Participating Farms will not attempt to coach QWs, managers, supervisors, or any farm employee before or during the audit or complaint resolution process, nor will they engage in other conduct designed to influence or prevent the MDSC's monitoring efforts from gathering an accurate assessment of the actual practices and work environment on the farm. Additional details for audit and CAP procedures are described in Appendix C.

PART 5: COMPLAINT MECHANISM & PROTECTION FROM RETALIATION

56. Participating Farms will inform QWs of their right to use the MD Worker Support Line and the complaint resolution process overseen by the MDSC. Participating Farms will provide the MD Worker Support Line number with each pay check of each QW. Participating Farms will not attempt in any way to impede the MDSC from investigating a complaint, and will not engage in or permit retaliation in any form against a QW for seeking to file or having filed a complaint, or for seeking to participate in or having participated in MD Program education, audit or other activities. Additional details for complaint investigation and resolution procedures are described in Appendix C.

PART 6: VIOLATIONS, CORRECTIVE ACTION PLANS & COMPLAINT RESOLUTION

A. Types of Violations

57. In the MD Program, Code compliance violations are divided into three categories— “Article I Violations,” “Article II Violations” and “Article III Violations”—according to the severity of the violation and the resulting consequence(s) of the violation.

Article I Violations:

- a. The use of forced labor of any kind.
- b. The use of systemic unlawful child labor, as defined by applicable law in the jurisdiction in which the farm is located.
- c. Use or threat of physical violence against a QW.
- d. Sexual harassment of a QW that involves physical contact.
- e. Retaliation against a QW for making or attempting to make a complaint under the MD Code or for participating in MD Program education, audit or other activities.

Article II Violations:

- a. Racial, national origin, religious, gender identity, or sexual orientation discrimination and/or harassment against a QW not involving violence or the threat of violence.
- b. Sexual harassment not involving physical contact against a QW.
- c. Negligent endangerment of a QW’s health or safety.
- d. Failure to promptly correct urgent housing violations that pose immediate dangers to QW’s health and safety.

- e. Failure to use MD Premium funds as necessary to comply with the requirements of the Code, including but not limited to defining and enacting a time bound plan to pay all QWs no less than the prevailing minimum wage (federal, state, or municipal).
- f. Failure to pass-through or otherwise provide to all Premium Eligible QWs the appropriate MD Premium payments.
- g. Interference, or failure to cooperate fully, with the MD Program's education, monitoring and auditing procedures.
- h. Retention, withholding, or undue delay in the payment of wages due to a QW.
- i. Failure to record all QWs' compensable hours.
- j. Failure to afford a QW at least twenty-four (24) consecutive hours of rest per workweek.
- k. Failure to allow a QW to have or receive visitors during the QW's non-work time.
- l. Failure to afford QWs reasonable unpaid leave to address their basic human needs.
- m. Failure to provide QWs reasonable access to potable drinking water, toilets and other hygiene facilities on the farm or at the work site.
- n. Significant failure to comply with an agreed upon Corrective Action Plan or Complaint Resolution.

Article III Violations:

- a. Any violation of the Code not listed under Articles I or II will be an Article III violation.

B. Remediating Violations

- 58.A Participating Farm will address to the satisfaction of the MDSC each MD Program violation identified in the course of an audit through an MDSC-approved Corrective Action Plan.
- 59.A Participating Farm will address to the satisfaction of the MDSC each complaint brought to its attention by the MDSC or a QW through an MDSC-approved Complaint Resolution.
- 60.A Participating Farm may appeal: a) any proposed Corrective Action Plan ("CAP") or part thereof; b) any proposed Complaint Resolution ("CR") or part thereof; or c) any notice of suspension from the MD Program. All findings of

fact made by the MDSC underlying the proposed action being appealed are final and binding unless an arbitrator finds them to be clearly erroneous. The procedure for a Participating Farm to file an appeal is defined in Appendix C.

PART 7: CONSEQUENCES OF VIOLATIONS & SUSPENSIONS

61. Article I Violations are “zero tolerance” violations. Article I Violations (a) or (b) will result in automatic suspension of the Participating Farm from the MD Program for the designated time period defined in Appendix C. Article I Violations (c) or (d) will result in automatic suspension of the Participating Farm from the MD Program *unless* the offending party is immediately terminated and removed from the farm premises upon determination of the violation by the MDSC. If the offending party in an Article I Violation (c) or (d) is the owner of the Participating Farm him or herself, the Participating Farm will be automatically suspended from the MD Program for the designated time period defined in Appendix C. Article I Violation (e) will result in automatic suspension of the Participating Farm from the MD Program *unless* the Participating Farm implements remedial actions designated by the MDSC to address the retaliation and any underlying Code violation within a timeframe set by the MDSC.
62. Article II Violations require specified remedial action by the Participating Farm within a timeframe designated by the MDSC to avoid probation and/or suspension from the MD Program for the designated time period defined in Appendix C. Article III violations do not trigger specified remedial action, but the Corrective Action Plan developed by the MDSC and Participating Farm to address Article III violations may include one or more specific remedies with designated timeframes for full compliance to avoid probation and/or suspension from the MD Program for the designated time period defined in Appendix C. If a Participating Farm is suspended under the MD Code, all Participating Farms belonging to or operated by that Participating Farm’s owner will also be suspended for the designated time period.
63. A farm seeking reentry to the MD Program, whether following a suspension or voluntary withdrawal, must, prior to resuming its status as a Participating Farm, pass a reentry audit conducted by the MDSC.

APPENDIX A:

MD CODE OF CONDUCT DEFINITIONS

Key Terms: For purposes of the MD Code, the terms listed below will have the following meanings:

- A. The Milk with Dignity Code of Conduct and its appendices (herein “MD Code” or “Code”) is the document that establishes the workplace standards for all farms participating in the MD Program.
- B. The Milk with Dignity Standards Council (“MDSC”) means the organization designated by Migrant Justice (“MJ”) to be the third-party monitor and auditor of the MD Program. The MDSC conducts MD Code compliance audits of Participating Farms, operates the MD Program’s Worker Support Line, oversees the complaint resolution process, and issues Corrective Action Plans (“CAPs”) and Complaint Resolutions (“CRs”). Aside from “zero tolerance” (Article I) violations of this Code, the MDSC works with Participating Farms to define reasonable amounts of time to address Code and MD Program compliance issues.
- C. “Corrective Action Plan” (“CAP”) shall mean a plan specifying actions necessary to bring a Participating Farm into compliance with this Code.
- D. “Dairy Farm” shall mean any farm that sells milk from cows, notwithstanding any definition of “dairy farm” that may be set forth under federal or state law.
- E. “Just cause” for disciplinary action means consideration and application of the following factors:
 - a. *Notice*: adequate warning to a QW of the consequences of his/her conduct.
 - b. *Clear and Reasonable Rules or Orders*: clear rules of conduct, including consequences of violations, that are reasonably related to efficient and safe operations, goals, and objectives of the farm.
 - c. *Investigation*: discipline only after investigation of any alleged incidents subject to discipline and a determination that there is substantial evidence to conclude that the QW violated a rule of which the QW had been aware.
 - d. *Equal Treatment*: disciplinary system that is uniform for all QWs.
 - e. *Appropriate Discipline/Penalty*: discipline is proportional to the seriousness of the violation.
- F. “MD Premium” means the monetary premium paid by Participating Buyers to Participating Farms per unit of milk or dairy product in order to support the Participating Farm’s compliance with the MD Code.

- G. “Negligent endangerment” of a QW’s health or safety on a Participating Farm shall include but not be limited to: 1) any chemical poisoning of a QW; 2) two or more equipment failures in one year that harm QW(s); 3) injuries to QW(s) resulting from recurrent understaffing; 4) repeat failure to provide proper health and safety equipment; and 5) failure to allow QWs access to immediate health care for work related injuries or illnesses.
- H. “Paid Holidays” will be defined as December 24 and 25.
- I. “Participating Buyers” means wholesalers, distributors, retailers, processors, and/or manufacturers that purchase milk or dairy components, either directly or indirectly, from Participating Farms in the MD Program and who pay a designated MD Premium to those Participating Farms.
- J. “Participating Farm” or “Participating Farmer” means any Dairy Farm or Dairy Farmer who agrees to comply with the MD Code and is in good standing with the MD Program as determined by the Milk with Dignity Standards Council.
- K. “Premium Eligible QW” means a QW who works an average of 30 or more hours weekly and is eligible to receive a portion of the MD Premium passed through by Participating Farms to QWs. The calculation for determining premium eligibility is as follows:
- a. Any QW who is not provided MD Code-compliant housing or health insurance by their employer and earns a net wage, after any health insurance- or housing-related deductions, of less than the Baseline Livable Wage (“BLW”) for a “Single Person with Shared Housing” in the “Basic Needs Budget Wages”, as determined annually by the Vermont Legislative Joint Fiscal Office (\$12.98/hr. as of November 1, 2017), or any successor to such Office;
 - b. Any QW who is not provided MD Code-compliant housing by their employer but is provided employer sponsored health insurance, and earns a net wage, after any health insurance- or housing-related deductions, of less than \$.50/hr. below the BLW for a “Single Person with Shared Housing” in the “Basic Needs Budget Wages”, as determined annually by the Vermont Legislative Joint Fiscal Office (\$12.48/hr. as of November 11, 2017), or any successor to such Office;
 - c. Any QW who is provided MD Code-compliant housing but not employer sponsored health insurance and earns a net wage, after any health insurance- or housing-related deductions, of less than \$1.50/hr. below the BLW for a “Single Person with Shared Housing” in the “Basic Needs Budget Wages”, as determined annually by the

Vermont Legislative Joint Fiscal Office (\$11.48/hr. as of November 1, 2017), or any successor to such Office; or,

- d. Any QW who is provided MD Code-compliant housing and health insurance by their employer and earns a net wage, after any health insurance- or housing-related deductions, of less than \$2.00/hr. below the BLW for a “Single Person with Shared Housing” in the “Basic Needs Budget Wages,” as determined annually by the Vermont Legislative Joint Fiscal Office (\$10.98/hr. as of November 1, 2017), or any successor to such Office.

- L. “Qualifying Work” means any of the following tasks performed by a worker on a Participating Farm: (i) milking cows by hand and/or using milking machinery; (ii) flushing, brushing, and/or scraping refuse from walls and floors to minimize infestation; (iii) cleaning and sterilizing milk containers and equipment, and tending pumps to clean milk pipelines; or, (iv) any other manual labor directly related to care of animals or milk production.

- M. “Qualifying Worker” means a non-supervisory worker who: 1) is not a relative of the Participating Farm owner for whom he or she works; and 2) performs “Qualifying Work” for any period of time.

- N. A “sick day” is 24 consecutive hours of rest from the regular work schedule. A worker may also take a half of sick day defined as half of the average number of hours worked per workday.

- O. “Systemic unlawful child labor”: Use of unlawful child labor will be considered systemic if either (a) three or more QWs or (b) greater than fifty percent of the QWs, whichever is lesser, are children working in violation of any applicable child labor law.

- P. “Use or threat of physical violence against a QW” includes, but is not limited to, the display of weapons of any kind (including firearms, knives, bats, etc.) at any point for the explicit or implicit purpose of intimidating a QW.

- Q. “Working Group” means a group, chaired by MJ, of farmworkers and Participating Farms that meets periodically to evaluate MD Program implementation and to share recommendations concerning the MD Program based on their experience.

- R. “Written notice” will include email.