

Müller UK & Ireland Modern Slavery and Human Trafficking Statement

Financial Year 2020

Introduction

Müller is committed to ensuring that there is no modern slavery or human trafficking in our business or our supply chains and imposes the same high standards on our suppliers. This statement sets out the steps taken by Müller during the financial year ended 31 December 2020 to ensure that no such modern slavery or human trafficking was taking place.

Organisation's structure

Müller's main trading entities comprise Muller UK & Ireland Group LLP, Muller Service Limited, TM Telford Dairy Limited and Philpot Dairy Products Limited. Muller UK & Ireland Group LLP comprises of three distinct business units: Müller Milk & Ingredients, Müller Yogurt & Desserts and Milk & More. Müller, which has approximately 80 sites in the UK and employs around 7,500 people in the UK & ROI, is part of Unternehmensgruppe Theo Müller (UTM), which is a privately owned dairy, deli and services business.

Our business

Müller Milk & Ingredients aims to be Britain's private label dairy leader and produces branded and private label fresh milk, cream, butter and ingredients products. It boasts a network of dairies and depots servicing customers throughout the country.

Müller Yogurt & Desserts is the UK's leading yogurt manufacturer responsible for major brands like Müllerlight, Müller Corner and Müller Rice. It supplies the UK private label yogurt market from a dedicated, state of the art production facility in Telford.

Milk & More delivers daily essentials to approximately 400,000 homes in England, via a network of 53 local fulfilment centres. The milkman is arguably the original home delivery service, and Milk & More is ensuring that this great British tradition continues to flourish. Milk & More has its head office in Camberley.

TM Telford Dairy Limited, which forms part of the Müller Yogurt & Desserts business unit, supplies Müller branded and private label yogurt from a state-of-the-art yogurt facility in Telford, Shropshire.

Philpot Dairy Products Limited, which forms part of the Müller Milk & Ingredients business unit, is a broker for buying and selling dairy products.

Our supply chains

Throughout our supply we source ingredients, packaging and services predominantly in Europe, but recognise that the extended supply chain may originate from around the world.

In the UK we work with 1500 farmers and are committed to a sustainable, successful, British dairy industry. All supplying farms are encouraged to engage with our audit programme which provides both governance for Müller and improvement advice for the agricultural partners. In 2020 the Müller Advantage programme was launched, which incentivises supplying dairy farmers to proactively address a range of important issues for consumers and customers.

In 2020 we reviewed the full end to end risk assessment of the UK dairy supply chain. This included all logistics activities, processing and agriculture, and completed the review of the areas where there were challenges understanding the controls in place. This included;

- Agency worker use on dairy farms
- Temporary labour use on dairy farms
- Recruiting practices on dairy farms
- Legal standards in the agency labour suppliers

A full review of each of these activities increased our understanding, allowing the business to engage with the sector and challenge the controls used. We are pleased to report no significant concerns remain.

Müller UK & Ireland Sustainability Plan

Throughout 2020, the business has further implemented the company sustainability strategy, working with internal functions, sites and customers to embed the goals and activities. In 2021 a review of the plan will be launched to develop the targets from 2022 onwards.

Employee training

Numerous new courses were developed in 2020 and added to the company Learning Management System (LMS). This system includes legal, operational, financial and ethical training available to all, with sustainability introduction, ethical trade and ETI base code made mandatory for new employees.

Our policies

Müller is committed to ensuring that there is no modern slavery or human trafficking in any part of our business or supply chains and this is reflected in the company policies.

Whistleblowing policy

All colleagues, workers, customers and other business partners are encouraged to report any concerns related to the activities of the business or supply chain. This includes any circumstances that may give rise to a risk of modern slavery or human trafficking. The whistleblowing procedure is designed to make it easy for disclosures to be made, without fear of retaliation. Employees, customers or others can use the confidential integrity helpline to report their concerns.

Anti-bribery and corruption policy

Müller condemns any form of bribery or corruption. Engaging in corrupt behaviour is not compatible with how our organisation conducts business and it is against our global business compliance policy. This policy defines the framework and provides guidance on how to act accordingly. It is binding for all entities and employees within Unternehmensgruppe Theo Müller. In 2020, mandatory training in anti-bribery and corruption was launched on the company LMS and progress towards 100% completion is regularly monitored.

Supplier code of practice

This code incorporates the Müller Supplier Codex which defines the minimum standards that are required of suppliers of direct materials, co-packers, licence holders, their employees and their subsidiaries to unconditionally respect and adhere to. In particular, they must respect human rights, provide their employees with safe and healthy working conditions, ensure that they comply with all applicable laws regarding wages and working hours and under no circumstances use or in any other way benefit from forced or compulsory labour or child labour.

Anti-slavery and human trafficking policy

Müller is committed to acting ethically and with integrity in all business relationships and to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place anywhere in Müller the own business or our any supply chains. The policy applies to all persons working for or on behalf of Müller in any capacity, including employees at all levels, directors, officers, agency workers, contractors, external consultants, third-party representatives and business partners.

Due diligence processes for slavery and human trafficking

As part of our initiatives to identify and mitigate risk as a business:

- The Müller Anti-Slavery and Human Trafficking Policy was launched in December 2017. This was communicated and cascaded to all employees across the Müller business, and is accessible to all employees via our intranet. The policy sets out commitments to ensuring that modern slavery and human trafficking is not taking place anywhere in the business or our supply chains and sets out an expectation of the same high standards from all contractors, suppliers and other business partners.
- Benchmarking is regularly performed against the Ethical Trading Initiative (ETI) base code to ensure that the business is acting in accordance with an internationally recognised code of practice.
- All Müller dairies are members of SEDEX and in 2020 completed the enhanced SAQ and ethical risk assessment on the system.
- This year Müller upgraded its SEDEX membership level so that all UK sites are at an AB level, giving better access to risk assessment results and information, and access to the RADAR tool. This will be reviewed in 2021 to understand if it gives better understanding of risk in the supply chain.
- Each year several of sites are subject to third party ethical audit in line with the SMETA process, and the results published on the SEDEX system.
- The standard terms and conditions for the purchase of goods and/or services require suppliers to comply with all applicable laws and regulations including, without limitation, those relating to anti-slavery and human trafficking including the Modern Slavery Act 2015 and those relating to anti-bribery and anti-corruption including the Bribery Act 2010, and relevant policies.
- All direct suppliers of ingredients and packaging are required to sign up to a Supplier Code of Practice. To ensure suppliers are compliant with this code, the quality team complete regular supplier audits at supplier/production sites. If the supplier/production sites do not hold certification (e.g. SMETA or similar), the quality team require evidence of the measures taken to ensure compliance with our code and relevant legal requirements.
- We validate the identity of all permanent employees and ensure that they have the legal right to work in the UK.
- We audit agency labour providers twice a year against the ETI base code to ensure ethical standards. Occasional spot checks are also performed on the temporary labour agencies and any non-conformances or concerns are followed up in a timely manner.

Further steps

Müller will:

- continue to follow the due diligence processes during the next financial year to monitor compliance against modern slavery and human trafficking.
- monitor, report on and address any issues identified by the business by taking the appropriate steps to meet Müllers high standards of compliance and statutory obligations.
- continue to educate all employees across the Müller business of commitments to eradicating modern slavery and human trafficking in supply chains by providing ongoing support and training where appropriate.
- review the period between third-party ethical audits to ensure it is appropriate to the risk and governance required.
- revise and update internal ethical training and relaunch this to the business so all levels of the organisation are retrained in ethical trade and modern slavery.
- investigate the potential use of internal ethical training to support supplier's education in this area.
- In 2021 we will join the Food Network for Ethical Trade to engage in collaborative industry work on raw material risk and work with the sector on solutions.
- Working with UTM, we will investigate the use of the EcoVadis Sustainability assessment as part of both supplier selection and ongoing assessment.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2020.



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Justin Cook

CEO, Müller Yogurts & Desserts



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Jon Jenkins

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Patrick Müller

CEO, Milk & More