



Policy Statement on the Human Rights and Environmental Protection Strategy

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1 Motivation

The companies of Theo Müller Group¹ (hereinafter referred to individually and collectively as “UTM”) observe the corporate due diligence obligations arising from the applicable law, in particular the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG). They pursue the goal of preventing and mitigating human rights and environmental risks, as well as avoiding or ending the violation of obligation in this regard.

This Policy Statement on human rights and environmental protection strategy was adopted by the UTM management. It incorporates the guidelines of UTM's corporate policy and is supplemented by our Code of Conduct and the Supplier Code of Practice.

Compliance with corporate due diligence is an essential component of our actions. We observe the applicable legal obligations and requirements. This Policy Statement is based on the following international standards, which we are committed to respecting:

- Universal Declaration of Human Rights
- United Nations Conventions on the Rights of the Child
- International Covenant on Civil and Political Rights of 19.12.1966
- International Covenant on Economic, Social and Cultural Rights of 19.12.1966
- Core labor standards of the International Labor Organization (ILO)
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Minamata Convention on Mercury, Stockholm Convention on Persistent Organic Pollutants and Basel Convention on Hazardous Waste

The obligations to respect human rights and environmental protection are specified in our Code of Conduct, which is directed at our employees. Additionally, through our Supplier Code of Practice and further contractual agreements, we encourage our suppliers to adhere to the relevant standards and strive for compliance throughout the supply chain.

2 Procedure for the fulfilment of due diligence obligations

In order to fulfill due diligence obligations, it is necessary to establish an appropriate risk management system and to integrate it into all relevant business processes. This includes regular and ad hoc risk analyses, as well as the establishment of preventive and remedial measures, both in the company's own business area and in relation to suppliers. Furthermore, a complaints procedure must be set up that allows people to report risks and violations. The fulfillment of due diligence obligations must be documented internally on an ongoing basis and reported publicly on an annual basis.

¹ The group includes Unternehmensgruppe Theo Müller S.e.c.s. and its direct and indirect subsidiaries, in particular Unternehmensgruppe Theo Müller GmbH & Co. KGaA, Molkerei Alois Müller GmbH & Co. KG and Sachsenmilch Leppersdorf GmbH.

2.1 Own business operations and direct suppliers

2.1.1 Risk management and responsibilities

UTM has a risk management system in place to ensure compliance with human rights and environmental due diligence obligations. The group functions Group Health Safety & Environment (GHSE) and Group Human Resources (GHR) analyze the risks in UTM's own business operations and document the results. They propose preventive and remedial measures, coordinate these with the departments concerned and document their implementation. With regard to risks affecting the supply chains (direct and indirect suppliers), the group function Group Procurement (GPR) assumes these tasks. Concerning risks relating to the supply chains of liquid raw materials (milk and whey), these tasks are performed by Milk Procurement. GHSE is responsible for the implementation of complaints procedures and reporting. Monitoring risk management is the responsibility of the Chief Compliance Officer as UTM's Human Rights Officer. He informs the management regularly, at least once a year, about his work.

Every manager at UTM is responsible for fulfilling the human rights due diligence obligations in their area. Managers are required to inform their employees about this Policy Statement and the Code of Conduct.

2.1.2 Risk analysis

By analyzing both abstract and concrete risks, potentially negative effects of the actions of UTM and its suppliers on human rights and environmental concerns as well as possible affected stakeholders in its own business operations and in the supply chains are identified. UTM derives specific priority risks from the findings and defines corresponding targets for risk avoidance and mitigation. Based on this, UTM develops preventive and remedial measures. Relevant stakeholders are to be involved in this process and information from complaints procedures is to be used. The implemented measures are documented, evaluated for their effectiveness, and continuously developed.

To determine the human rights and environmental risks within UTM and at direct suppliers, we conduct a risk analysis annually, as well as on an ad hoc basis. As a first step, country and business model risks are taken into account. In the case of identified human rights and environmental risks, a more in-depth assessment is carried out. For this purpose, we work with EcoVadis, among others, whose solution facilitates a risk analysis in accordance with the BAFA guidelines.

Within the framework of the risk analysis carried out, occupational health and safety risks were identified in our own business operations. For the supply chain, the prioritized risks at our direct suppliers are in the area of discrimination in employment and harmful environmental impacts.

The detailed results are communicated to the departments concerned and form the basis for the development of preventive and remedial measures. The management is informed in summary.

2.1.3 Preventive measures

To prevent possible violations of human rights due diligence obligations and, in particular, to reduce the identified risks, various measures exist in the company or have been additionally implemented.

For its own business operations, UTM has, among other initiatives, introduced a Health, Safety & Environment Management System, including risk assessments, regular training, dialogue with works councils, and corresponding governance and reporting processes.

With regard to UTM's direct suppliers, human rights due diligence obligations are taken into account as part of the preventive measures, for example through the Supplier Code of Practice and the adaptation of contractual terms and conditions. Furthermore, supplier audits are carried out and concrete action plans for risk topics are developed together with the suppliers. The implementation of these measures is reviewed accordingly.



The preventive measures are evaluated annually and on an ad hoc basis and reviewed for effectiveness.

2.1.4 Remedial measures

If it is determined that a breach of due diligence, or a breach of human rights, or environmental obligations has occurred at UTM or one of our direct suppliers, we will endeavor to end this by means of appropriate remedial measures. We reserve the right to suspend or terminate the business relationship in certain cases.

To date, no material breach has been identified or reported.

The remedial measures introduced are evaluated annually and on an ad hoc basis and reviewed for their effectiveness.

2.1.5 Complaints procedure

Information on human rights and environmental risks or violations within UTM's own business operations, as well as the business operation of our suppliers, can be reported via our external complaints procedure (accessible via the following link: <https://portal.bdolegal-complaintsprocedure.com>) or via e-mail to Team_Beschwerdestelle@muellergroup.com. The persons entrusted with the implementation of the complaints procedure are impartial, independent of instructions and bound to secrecy. In addition to the complaints procedure, our employees are free to use the company's internal confidential reporting system. Our employees can find more detailed information on the intranet.

The rules of procedure for our complaints procedure are publicly available on our website <https://www.muellergroup.com>.

2.2 Indirect suppliers

If we have factual indications that suggest a possible violation of a human rights-related or environmental obligation at indirect suppliers (substantiated knowledge), we will immediately carry out a risk analysis. On the basis of this analysis, a concept for prevention, mitigation, or termination at the originator will be drawn up.

3 Documentation and reporting

We publish our report on the fulfillment of due diligence obligations pursuant to the LkSG in the previous business year annually on our corporate website. This report is also submitted to the Federal Office for Economic Affairs and Export Control (BAFA) for review.

4 Communication

This policy statement will be made available and published in a suitable form to all employees. This policy statement will be regularly updated and further developed as necessary.

Group Executive Board

Theo Müller Group