



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 applicable law, in particular the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). They pursue the goal of preventing human rights risks and environmental risks, minimising them and avoiding or ending the violation of obligations in this regard.

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

Compliance with corporate due diligence obligations 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 labour standards of the International Labour Organisation (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 addressed to our employees and business partners. Our Supplier Code of Practice also obliges our suppliers to comply with the relevant standards and to work towards their compliance along the supply chain.

2 Procedures for the fulfilment of due diligence obligations

In order to fulfil the due diligence obligations, it is necessary to establish an appropriate risk management and to anchor it in all relevant business processes. This includes regular and ad hoc risk analyses and the establishment of preventive and remedial measures, both in the company's own business and vis-à-vis suppliers. Furthermore, a complaints procedure must be established that enables persons to point out risks and violations. The fulfilment of due diligence obligations must be documented internally on an ongoing basis and reported publicly on an annual basis.

¹ The group companies include 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 responsibility

A risk management system is in place at UTM to ensure compliance with human rights and environmental due diligence obligations. The group functions Group Health Safety & Environment (GHSE) and Group Human Resources (GHR) analyse the risks in UTM's own business operations and document the result. 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. With regard to risks affecting the supply chains of liquid raw materials (milk and whey), these tasks are performed by Milk Purchasing. GHSE is responsible for the implementation of complaint 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 obliged to inform their employees about this Policy Statement and the Code of Conduct.

2.1.2 Risk analysis

By analysing abstract and concrete risks, potential negative impacts of the actions of UTM and its suppliers on human rights and environmental concerns as well as possible stakeholders in its own business operations and in the supply chain are identified. From the insights gained, UTM derives concrete priority risks and defines corresponding targets for risk avoidance and minimisation. Based on this, UTM develops preventive and remedial measures. Relevant stakeholders are to be involved and information from complaints procedures is to be used. The measures implemented are documented, checked for their effectiveness and continuously developed.

In order to determine the human rights and environmental risks within UTM and at direct suppliers, we carry out a risk analysis annually as well as on an ad hoc basis. As a first step, country risks 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 enables a risk analysis in accordance with the BAFA guidelines.

Within the framework of the risk analysis carried out, no significant risks were identified for our own business operations. For the supply chain, priority risks were identified in the area of occupational health and safety and risks related to chemicals, waste and environmental risks through the agricultural upstream supply chain.

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 Prevention measures

In order to take preventive action against possible violations of the 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 things, introduced an 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 conditions. Furthermore, supplier audits are carried out and concrete action plans for risk topics are developed together with the suppliers. The implementation of the measures is reviewed accordingly.



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

2.1.4 Remedial action

If it is determined that a breach of due diligence obligations or a violation of human rights or environmental obligations has already occurred at UTM or at one of our direct suppliers, we will endeavour to end it 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 breaches reported.

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

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 operations of our suppliers, can be reported via our external complaints procedure (accessible via the following link: <https://portal.bdolegal-complaintsprocedure.com>) or via email to Team_Beschwerdestelle@muellergroup.com. The persons entrusted with the implementation of the complaints procedure are impartial, independent of instructions and obliged 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 at www.muellergroup.com.

2.2 Indirect business partners / 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, termination or minimisation at the originator will be drawn up.

3 Documentation and reporting

We publish our report on the fulfilment 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 of Economics and Export Control (BAFA) for review.

4 Communication

This policy statement will be made available and published in an appropriate form to all our employees and their representatives.

This policy statement will be regularly updated and developed as necessary.

Group Executive Board

Theo Müller Group