

## Saputo Dairy UK

### Fifth Modern Slavery Act Transparency Statement

#### Financial Year 2019/20

Slavery and human trafficking is a far reaching and important issue. As a responsible company, we always aim to do the right thing and we have had robust practices and policies in place for many years to help us meet this objective. Following the implementation of the Modern Slavery Act 2015, we are even more committed to ensuring our systems and controls safeguard against any form of modern slavery taking place within the business or our supply chain and we have outlined our approach to tackling this important issue below.

#### OUR BUSINESS

We are a leading British dairy company, manufacturing and selling branded products including Cathedral City cheese, Clover dairy spread, Country Life butter, Vitalite dairy free spread and cheese, and Frylight one calorie cooking spray. We also produce de-mineralised whey powder and galacto-oligosaccharides (“**GOS**”) for the infant formula market.

Our branded products are sold to retail customers for consumer consumption and our whey and GOS ingredients are sold predominantly to our partner, Fonterra, for onward sale to infant formula manufacturers.

In 2019, Saputo Inc., one of the top ten dairy processors in the world, acquired the Dairy Crest group of companies. Dairy Crest subsequently rebranded as Saputo Dairy UK.

Saputo Dairy UK Limited is the parent company of Dairy Crest Group Limited, Dairy Crest Limited and MH Foods Limited (“**Group**”). Dairy Crest Limited manufactures cheese, spreads, whey and GOS), and MH Foods Limited manufactures spray cooking oils. The Group has an annual turnover of £462.3m.

Saputo Dairy UK employs around 1,100 employees and operates from five well-invested manufacturing sites across the UK, plus our head office in Surrey and our innovation centre in Shropshire.

#### *Saputo Promise and Values*

Our promise: we have a responsibility to demonstrate good corporate citizenship in everything we do

Our values form the foundation of our business and shine through in everything that we do. Throughout our evolution, we have maintained our culture by staying focused on the values which we all share and promote.

Our values:

- Efficiency through simplicity
- A family-oriented approach
- Ownership and commitment
- A hands-on approach
- Passion

### *Our sites*

Since the implementation of the Modern Slavery Act, Saputo Dairy UK has welcomed the increased scrutiny our customers have placed on our business, as we recognise we are an important part of their supply chain. For many years, Saputo Dairy UK's manufacturing sites have been regularly audited by Sedex (the Supplier Ethical Data Exchange), an independent third party, in line with internationally recognised codes of labour practice. MH Foods has a small manufacturing facility with just 50 employees, with the Managing Director based on site.

### *Managing risk within the business*

Overall responsibility for risk within Saputo Dairy UK is managed by the Executive Committee which reviews the effectiveness of the Group's risk management processes and internal controls. The Executive Committee's management of day-to-day operational risks is conducted at its weekly meetings.

### *Training and policies*

To ensure the Group delivers on the commitment to collectively do the right thing and maintain a high level of business integrity, this year the well-established Saputo Code of Ethics has been rolled out across the global Saputo business to guide the conduct of all employees. The purpose of the Code of Ethics is to provide a standard of behaviour for all our directors, officers and employees so as to continue to safeguard the Group's reputation for integrity, quality and behaving ethically.

Every Saputo employee is required to read and sign the Code of Ethics, to understand how the Code affects their role and responsibilities. The Code contains the backbone of what has always been, and continues to be, important to our business while addressing timely issues our employees may encounter in their everyday life at work.

In addition, a new online ethics training course is being developed to reinforce the principles of the Code of Ethics. The online ethics training will be introduced in 2021.

Our internal policies reflect our commitment to acting ethically and with integrity in all our business relationships. Policies such as Respect at Work and Ethical Trading protect our employees and raise awareness of the risk of key issues such as forced labour and intimidation within the business and also in our supply chain. We also have a clear Whistleblowing Policy which encourages the reporting and exposure of unethical or illegal behaviour.

## **OUR SUPPLY CHAIN**

We are committed to implementing and enforcing effective systems and controls to prevent slavery and human trafficking in our supply chain.

### *General procurement*

Through our supply chain we source ingredients, packaging and services. Whilst the majority of our direct suppliers are based in the UK, we recognise that our extended supply chain may originate from around the world.

In 2020 we introduced the new Saputo Supplier Code of Conduct ("**SCC**"), to replace the Supplier Corporate Responsibility Policy, which extends the Group's values across our entire supplier base. This code sets out the minimum standards expected by the Group of its suppliers and their supply chains in order to manage the impacts of our operations in a responsible manner. The code includes a general prohibition on slavery, forced labour and other human rights breaches, and a specific prohibition on Modern Slavery, requiring our suppliers to identify, understand and manage

Modern Slavery risks within their businesses and supply chains. The SCC is incorporated into both our standard purchasing terms and conditions and bespoke contracts and all suppliers are required to comply with it.

Our standard terms and conditions (both for Purchase of Goods and Supply of Services) and our long form procurement contracts also include a specific prohibition on Modern Slavery and impose requirements for suppliers to monitor and manage risk.

All MH Foods suppliers are required to complete Sedex audit questionnaires, which include sections dealing with forced labour and wider human rights.

We have continued to work with EcoVardis on our Corporate Responsibility (“CR”) monitoring platform in the last financial year. This platform helps us to identify, assess and mitigate potential risk areas, including slavery and human trafficking, in our supply chain. This platform combines CR assessment expertise and data management tools, which allow us to monitor the ethical, social and environmental performance of key direct and indirect suppliers. The platform also provides a methodology for following up on and dealing with suppliers where risk is identified and measuring compliance with our SCC.

#### *Recruitment*

All providers of labour to Saputo Dairy UK and MH Foods which fall under the remit of the Gangmasters (Licensing) Act 2004 (as amended) are required to hold Gangmasters and Labour Abuse Authority (“GLAA”) licences.

#### *Milk procurement*

We have approximately 330 dedicated milk producers based in the South West of England, all of whom must meet the minimum labour standards set out in our Milk Producer Corporate Responsibility Policy (“MPCRP”). The MPCRP also includes a specific prohibition on Modern Slavery, and includes a requirement for producers to identify and manage risks. In addition, all of our milk producers are required to maintain membership to the Red Tractor Assurance scheme which includes a specific standard that all labour providers utilised by our farmers must hold a GLAA licence.

The majority of our supplying farms are family owned and run, and due to our commitment to work in close partnership with our producers, our farm business managers and auditors keep in close contact with all of our milk producers on a regular basis.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Group’s slavery and human trafficking statement for the financial year ended 31 March 2020.

Tom Atherton, President & Chief Operating Officer  
Saputo Dairy UK

September 2020