

**Dairy Crest Group**  
**Second Modern Slavery Act Transparency Statement**  
**Financial Year 2016/17**

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 and Frylight one calorie cooking spray. We also produce de-mineralised whey powder and galacto-oligosaccharide (“**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.

Dairy Crest Group Plc is the parent company of the Dairy Crest group of companies (“**Group**”), which includes the manufacturing subsidiaries Dairy Crest Limited (producing cheese, spreads, whey and GOS), and MH Foods Limited (producing spray cooking oils). The Group has an annual turnover of £416m.

The Dairy Crest Group employs fewer than 1200 employees and operates from five well-invested manufacturing sites across the UK, plus our head office in Surrey and our innovation centre in Shropshire.

*Vision and values*

Our business strategies, practices, policies and ways of working are governed by our vision and values:

**Our vision:** *“Our success has been built on our links to the countryside, our dairy heritage and the people in our business. From this, we will grow through a shared passion to create exceptional food, loved by every generation.”*

**Our values:** *We Learn – we take time to listen, understand and learn*

*We Respect – we value people we work with and are stronger together*

*We Care – we act responsibly with a passion to do the right thing*

*We Create – we seek new ideas to grow our business*

*We Lead – we drive for success and deliver at pace*

*Our sites*

Since the implementation of the Modern Slavery Act, Dairy Crest 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, Dairy Crest Limited’s manufacturing sites have been regularly

audited by an independent third party called Sedex (the Supplier Ethical Data Exchange) in line with internationally recognised codes of labour practice. The MH Foods factory is a small manufacturing facility with just 50 employees, and is closely monitored at a high level with the Managing Director based on site.

### *Managing risk within the business*

Overall responsibility for risk within the Group is managed by the Group Board, supported by the Audit Committee which reviews the effectiveness of the Group's risk management processes and internal controls. The Board has delegated management of day-to-day operational risks to the Executive Committee which normally meets on a weekly basis. The Corporate Responsibility Committee, a committee of the Group Board, also normally meets four times a year on behalf of the Group Board to ensure that corporate responsibility and sustainability remain integral to the Group's business, operations and culture.

### *Training and policies*

In 2015 we rolled out our Ethics Toolkit to all office based staff to train them to recognise and deal with various ethical considerations including issues such as exploitation and forced labour. All new joiners in office roles are required to complete this course. We also have a clear Whistleblowing Policy which encourages the reporting and exposure of unethical and illegal behaviour.

Our internal policies reflect our commitment to acting ethically and with integrity in all our business relationships. Policies such as Respect at Work, Business Conduct 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.

## **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.

We have a Supplier Corporate Responsibility Policy ("**SCR**P") in place which extends the Group's vision and values across our entire supplier base. This policy 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 policy has for many years included a general prohibition on slavery, forced labour and other human rights breaches. The SCR P is also incorporated into our standard purchasing terms and conditions and all suppliers are required to comply with it.

In 2016/17 we updated the SCR P to include a specific prohibition on Modern Slavery, requiring our suppliers to identify, understand and manage Modern Slavery risks within their businesses and supply chains. We began rolling out the updated SCR P to existing suppliers and new suppliers during the last year.

To further reinforce our stance on this serious issue, this year we also updated our standard terms and conditions (both for Purchase of Goods and Supply of Services) to include a specific prohibition on Modern Slavery and to impose requirements for suppliers to monitor and manage risk. We also created a more comprehensive standard clause to insert into our long-form procurement contracts.

All MH Food 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 SCRP.

#### *Recruitment*

All providers of labour to Dairy Crest 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 360 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**”). As with the SCRP, we have recently updated the MPCRP to include a specific prohibition on modern slavery, and introduced 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 external auditors keep in close contact with all of our milk producers on a regular basis. This includes frequent farm visits and audits to check and monitor conditions.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Dairy Crest Group's slavery and human trafficking statement for the financial year ending 31 March 2017.



Mark Allen, Director  
On behalf of Dairy Crest Group Plc and its subsidiary companies  
Date: 22 September 2017