

Policy statement 2025 in accordance with the German Supply Chain Due Diligence Act (LkSG)

I. Introduction

This policy statement was adopted by the Group Executive Board on 3 December 2025.

With around 4,200 active milk producers and cooperative owners and over 5,700 employees, DMK Group* is Germany's largest dairy cooperative.

DMK Group is aware of its social responsibility and, since 2013, has been pursuing a holistic approach to enhancing sustainability in the production and processing of dairy products, which has an impact on all areas of the company. Regional ties and the continuation of a long tradition of dairy cooperatives go hand in hand with the implementation of a forward-looking corporate and sustainability strategy.

The DMK Sustainability Strategy 2030 focuses on climate protection, animal welfare, biodiversity and human well-being, and is taken into account in our products and services. DMK Group contributes to the Sustainable Development Goals (SDGs) adopted by the UN, such as:

- 2 = Zero hunger
- 8 = Decent work and economic growth
- 12 = Responsible consumption and production
- 13 = Climate action
- 15 = Life on land
- 17 = Partnerships for the goals

DMK Group is a value-oriented company based on a mission statement with the core values *entrepreneurial, fair, innovative*. Furthermore, DMK Group supports legislative initiatives in Germany and at European level with regard to sustainable supply chains and is aware of their global significance.

II. Fulfilment of due diligence obligations

1. Responsibilities

At the DMK Group, the Group Executive Board has overall responsibility for compliance with the human rights strategy and the implementation of corporate due diligence obligations in accordance with the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG).

The Group Executive Board has delegated the monitoring of the implementation of the requirements of the Supply Chain Due Diligence Act to the Global Head of Corporate Strategy, Sustainability and Innovation (CSSI) as process leader and representative as the so-called 'ESG Officer'.

The process leader/representative has been appointed by the management board specifically to monitor risk management with regard to the requirements of the LkSG. The implementation of the requirements of the LkSG is ensured at the DMK Group through a process.

The function of 'Senior Insight Manager Corporate Environment' provides operational support as process owner for the coordination of the overall LkSG process. In defined sub-processes, the requirements of the LkSG are taken into account by the responsible functions from different areas. For example, the complaints office, which is integrated into the whistleblower system, is the responsibility of the Corporate Governance department, and the annual and incident-related risk analysis is carried out by the Corporate Procurement and Occupational Safety/Environmental Management departments.

The Group Executive Board is regularly informed by the Process Leader/ESG Officer about the work of his monitoring activities and the implementation of risk management with regard to the requirements of the LkSG, at least once a year and as required.



2. Risk analysis

DMK Group conducts a group-wide risk analysis at least once a year and on incident-related basis. The risk analysis involves a multi-stage process to identify and prioritise human rights and environmental risks in its own business area (including milk producers through the involvement of the cooperative) and among its direct suppliers and service providers. To this end, specific data on all parties involved is first collected.

The data is then automatically evaluated with the help of software. The evaluation methodology is based on a variety of data sources on country risks and product group risks. These include publicly available information, scientific studies, reports from international organisations and industry-specific risk indicators. The automated analysis results in a risk score for all suppliers and own business areas, taking into account each individual human rights and environmental risk in accordance with the LkSG.

Following this automated evaluation, an in-depth analysis of the prioritised suppliers and the company's own business areas with increased risk is carried out in order to check plausibility and to be able to derive effective and appropriate remedial and/or preventive measures. The following criteria of appropriateness are taken into account in this step:

- Type and scope of business activity
- Influence on the supplier
- Expected severity, probability of occurrence and reversibility of injury
- Type of causal contribution

If risks or violations are identified in the LkSG risk analysis, then appropriate measures are initiated -> see Chapter 3 Preventive Measures and Chapter 4 Remedial Measures.

The results of the risk analysis are communicated cumulatively by the responsible department to Group Management as a basis for obtaining approval.

3. Preventive measures

DMK Group has various preventive measures in place that support the importance of due diligence obligations under the LkSG and contribute to prevention. These preventive measures differentiate between the company's own business area and direct and indirect suppliers.

Guidelines & Code of Conduct

DMK Group has implemented group-wide guidelines for the implementation of due diligence obligations in accordance with the LkSG, as well as procedural instructions for conducting annual and ad hoc risk analyses.

The Code of Conduct sets out the ethical principles and values of DMK Group and provides guidelines for interacting with one another and for complying with social and environmental standards. It is binding for all employees of the group and emphasises the importance of respecting human rights and protecting the environment, explicitly referring to compliance with the LkSG, among other things. All employees receive mandatory annual training on the contents of the code.

Certifications & training

If risks are identified, DMK Group also conducts training courses both within its own business area and at its direct suppliers, where necessary. DMK Group may use external service providers for this purpose.



DMK Group is a member of the multi-stakeholder initiative Sedex (Supplier Ethical Data Exchange), which aims to improve ethical aspects in global value chains. To ensure compliance with standards, e.g. in occupational health and safety and environmental protection, DMK Group has implemented its own management systems and has compliance checked by external SMETA audits at several plants (Sedex Members Ethical Trade Audit). SMETA is an internationally recognised standard that assesses health and safety, labour standards, the environment and business ethics.

Since 2016, DMK Group has also undergone an annual voluntary sustainability assessment by EcoVadis and reports on current business developments and initiatives in the area of sustainability in an annual business and sustainability report. The responsibility report is based on the Global Reporting Initiative's guidelines for sustainability reporting.

Furthermore, DMK Group is certified according to DIN 14001 (environmental management system) and DIN ISO 50001 (energy management system).

Through these 'certification programmes', DMK supports the relevance of environmental and human rights issues and is therefore audited by external parties.

Supplier code of conduct, supplier management / milk delivery regulations

DMK Group implements responsible procurement along the supply chain with the following programmes: DMK Group takes the milk production supply chain into account through the Milkmaster programme and the milk delivery regulations, and with regard to other suppliers and service providers through the Corporate Procurement department. By signing contractual obligations (e.g. terms and conditions of purchase and framework agreements), DMK suppliers acknowledge the DMK Supplier Code of conduct, which has been in force since the beginning of 2020.

The Supplier Code of conduct was updated on 1 January 2023 to reflect the requirements of the Supply Chain Due Diligence Act. The contractual obligations include, among other things, the right to conduct training and audits at our DMK suppliers, as well as agreements on joint cooperation in the event that the DMK Group identifies violations at indirect suppliers. In addition, the obligation to comply with the LkSG has been incorporated into the milk delivery regulations, which are binding for every agricultural member supplier via the articles of association. In this way, DMK Group has succeeded in formulating social and ecological requirements for suppliers more clearly and further developing its own objectives for what supply chains should look like.

Effectiveness review

DMK Group carries out risk-based control measures to review compliance with the human rights strategy by DMK Group employees and their direct suppliers.

The effectiveness of the legally required preventive measures is reviewed at least once a year and on an ad hoc basis.

4. Remedial measures

If, in the course of its risk analysis or based on substantiated knowledge, DMK Group determines that a violation of a human rights or environmental obligation has already occurred or is imminent, DMK Group will take immediate remedial measures. The choice of remedial measures depends on the specific violation of a human rights or environmental obligation and is decided on a case-by-case basis by the responsible function. DMK Group will ensure that violations of human rights or environmental obligations in its own business area in Germany are always ended and are typically ended abroad.

If the violation by a direct supplier is such that DMK Group cannot end it in the foreseeable future, a plan to end or minimise the violation will be drawn up and implemented immediately.



Non-compliance with sustainability, environmental and labour standards will result in a downgrade in our supplier assessment and supplier self-assessment.

The effectiveness of the remedial measures is reviewed at least once a year and on an incident-driven basis.

5. Compliant procedure

Regardless of the risk analysis and the risks identified here, DMK Group has established a complaints procedure that enables all affected persons and third parties to report human rights and environmental risks as well as violations of human rights and environmental obligations. Potentially affected parties – for example: employees, suppliers and milk producers – have been actively informed about their options for submitting complaints, where direct contact is possible. The complaints procedure is publicly available in all company languages on the DMK website Compliance | DMK Group (www.dmk.de/en/compliance). Rules of procedure are published under the same link.

The rules of procedure contain, among other things, information on the accessibility of the procedure, the complaint process and how reports are handled. The functions responsible for processing reports and complaints guarantee confidentiality, independence and discretion. The effectiveness of the complaint procedure is reviewed and further developed on an ongoing basis, at least once a year.

In 2024, there were no complaints/reports relating to the LkSG submitted through the whistleblower system.

6. Indirect suppliers

At present, the DMK Group has no actual evidence to suggest that an indirect supplier of the DMK Group may have violated any human rights or environmental obligations.

If the DMK Group receives substantiated information about a violation of human rights or environmental obligations by an indirect supplier, the measures required by law will be taken.

7. Documentation requirement and annual report

The DMK Group continuously documents its efforts and all steps taken to effectively implement its due diligence obligations under the LkSG. Every measure, including the reasons for the decisions made, is duly documented. The documentation is stored in the DMK Group's files for at least seven years in compliance with data protection regulations.

In addition, in accordance with BAFA guidelines, an annual policy statement on the fulfilment of due diligence obligations is published on the website and made available free of charge for a period of seven years. Further reporting obligations are carried out in accordance with legal requirements.

III. Priority risks

As part of its annual risk analysis, DMK Group uploaded 9,544 suppliers/locations (48 of its own business areas + 9,496 suppliers) to the system for the 2024 financial year. Of these, a total of 325 potential human rights and environmental risks were identified in its own business areas and among its direct suppliers. The potential individual risks were identified as part of the annual abstract risk analysis. In a next step, these identified risks were checked for plausibility and classified according to turnover. As a result of this approach, the majority of the risks were refuted, e.g. by existing certificates, business relationships that had since been discontinued, or by low turnover and thus low influence.



As a result, 29 suppliers with a potential risk were identified. In the subsequent in-depth analysis, these risks were mitigated for all suppliers by means of the following measures: signing of the DMK Supplier Code of Conduct, review of the results of on-site inspections, satisfactory completion of a specific questionnaire, and submission of appropriate certificates.

Within our own business area, four locations with an increased risk score were identified as part of the abstract risk analysis. All risks could be reasonably ruled out. The sales locations affected in China, Vietnam and the United Arab Emirates are bound by the DMK Code of Conduct and implement it consistently.

Human rights and environmental expectations

All measures taken by the DMK Group in connection with the fulfilment of corporate due diligence obligations under the Supply Chain Due Diligence Act are aimed at identifying, minimising and, as far as possible, eliminating human rights and environmental risks in close cooperation with employees and suppliers. Violations of the rights of those affected in this area must be prevented as far as possible.

Compliance with regulatory requirements for our products and services is a matter of course for us. DMK Group expects the same approach from all its suppliers. Our expectations regarding human rights and environmentally friendly behaviour and actions are communicated in contracts, audits and our Code of Conduct and Supplier Code of conduct.

DMK Group expects its employees and suppliers to comply with applicable national laws, European Union legal requirements and globally recognised social and environmental standards, as set out in the United Nations Guiding Principles on Business and Human Rights (UNGP), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the core labour standards of the International Labour Organisation (ILO).

Specifically, DMK Group expects its employees and suppliers to respect human rights and environmental regulations. This includes, in particular, compliance with the prohibition of child labour, slavery, forced labour, disregard for occupational health and safety, disregard for freedom of association, withholding of adequate wages, causing harmful soil change, water pollution, air pollution, harmful noise emissions or excessive water consumption, unlawful forced eviction and unlawful deprivation of land, and the unlawful use of private or public security forces.

Bremen, 03.12.2025

The Group Executive Board / ESG Officer
DMK Group



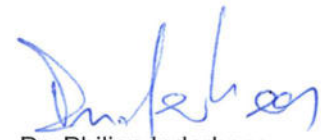
Ingo Müller
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Chief People &
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* DMK Deutsches Milchkontor GmbH and subsidiaries within the meaning of Section 15 AktG, excluding production operations in Russia.