



IMPACT

REPORT

2023



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IMPACT REPORT

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INTRO FROM SIMON

A word from our CEO and Founder

Hey everyone!

Welcome to our 2023 Impact Report.

With the tough economic climate we find ourselves in, it has been a hard year for everyone in our community, from our customers to our suppliers and everyone in our team. But together, in true Modern Milkman style, we've shown remarkable strength and cooperation. In our Impact Report, I want to share with you how we've faced these challenges head-on and the steps we've taken to continue our commitment to sustainability and community support. It's a true testament to what we can achieve when we work together.

We have come a long way since we started as four friends in a beat-up truck around Lancashire; this year we've focused on expanding our offerings, utilising partnerships to expand our return and reuse category and begin trials on returnable assets tracking with Avery Dennison. We've even established brand new values that reflect who we are and where we are as a business. Towards the end of the year, we extended our reach into the US, marking a significant step for our brand. While the US has the worst sustainability credentials regarding food waste on the planet, we can't wait to delve into the huge opportunity to reset this.

Despite all this progress, there are some of our goals we were unable to meet; this only spurs us on to drive forward and increase our impact further in 2024.

Thank you for coming on this journey with us,



Simon Mellin,
CEO and Founder

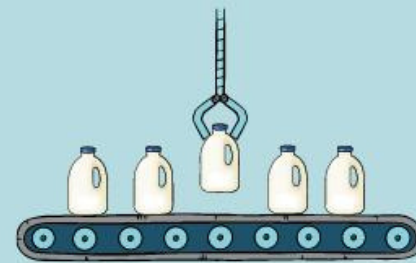


OUR THROWAWAY SOCIETY IS COMING BACK TO HAUNT US

Convenience stores have commoditised food and wrapped it in wasteful packaging, sacrificing our planet and connection with farmers.



Food systems create over one-third of global greenhouse gas emissions ^[1]



In the U.S., less than 50% of the 80 million tons of packaging waste produced each year is recycled ^[2]

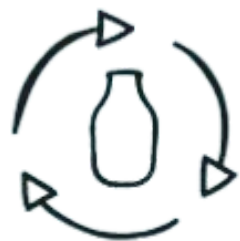


The U.S. wastes 60 million tons of food annually^[3], equating to \$161 billion (\$1,800 per household) ^[4]



70% of the UK's wasted food comes from households ^[5]

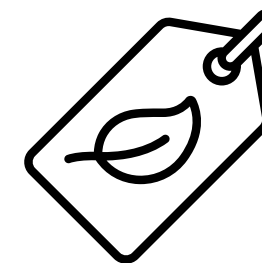
BUT WE'RE PERFECTLY POSITIONED TO **RESOLVE** THIS PROBLEM AND SATIATE THE GROWING APPETITE FOR SUSTAINABILITY



More than 60% of U.S. consumers would pay more for a product with sustainable packaging ^[6]



78% of U.S. consumers say that adopting a sustainable lifestyle is important to them ^[7]



Producing sustainable packaging and products is the sustainability practice UK consumers value the most, followed by reducing waste ^[8]

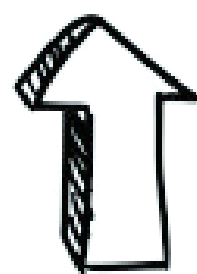


Frequent and essential purchases (such as groceries) stimulate the most consumer interest in sustainable and ethical values ^[9]

INTRODUCING, MODERN MILKMAN

THE SOLUTION TO SUSTAINABLE CONVENIENCE

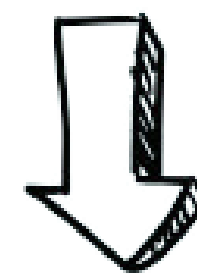
Our milkround quenches the thirst for sustainability in the grocery market, by...



MAXIMISING CONVENIENCE

- ✓ Convenient, regular doorstep deliveries to support consumers' busy lives
- ✓ Empowering local and independent suppliers and farmers, by giving them a fair price and platform to sell their produce
- ✓ Seamless tech to enable user-friendly online ordering via our app and website
- ✓ Reconnecting consumers with local and independent farmers and producers
- ✓ A wide range of high-quality, farm-fresh groceries

AND



MINIMISING WASTE

- ✓ Returnable, home-compostable, refillable and recyclable packaging
- ✓ A circular supply chain with free return and reuse pot and glass bottle collections
- ✓ Flexible ordering to give customers what they need, when they need it
- ✓ Little-and-often subscription model to fight food waste
- ✓ Predictive demand forecasting, proprietary tech and machine learning to reduce waste



2023 REASONS TO BE *Cheerful*



Launched a new return and reuse category outside of liquids



25 Volunteer days taken



Improved service levels to reduce contact per drop from 4.67% to 3.89% YoY



Begun R&D trials using tech to track returnable assets



Further route and fleet optimisations resulted in 40+ less vehicles on the road



Working in partnership to deliver to fellow B Corp™ customers leveraging our existing routes



Continued to support British farmers & independent suppliers



Consolidated waste provision and provided cardboard and food waste bins for recycling & anaerobic digestion



Centralised our RDC to reduce food miles.



Launched a new DEIBA framework to our people



Revised and relaunched a new set of values to reflect us and how we have evolved.



Moved our head office to a Platinum WELL accredited building



AWARDS *and* ACCREDITATIONS

- ✓ Named #39 in the 2023 EnviroTech50
- ✓ Shortlisted in the North West Rainmakers 2023 for our Series C funding round
- ✓ External verification of our carbon footprint to ISO14064 standard



HOW DID 2023

shape up?

As the curtains closed in 2022, we were riding high on our new B Corp™ certification, setting fresh goals under the People, Planet, and Profit umbrellas.

Despite the challenges, let's take a peek at how we've fared...



Key: Use our traffic light system to check how we've measured up against the targets we set!



Not started



Work in Progress



Complete!

CATEGORY

GOAL

STATUS

People

Employee engagement at 75% (Industry benchmark)



Profit

Launch at least ten plastic free, return and reuse products in 2023



Planet

Set science based targets to limit global warming based on our carbon footprint



Planet

Install energy monitoring equipment in our network to implement energy efficiency measures and reduce electricity use



Planet

Working with an external UKAS-accredited consultant to verify our carbon footprint. Improve our Scope 3 emissions by continuing to conduct carbon audits.



Planet

Further electric vehicle trials and work on further route optimisation to reduce emissions.



Planet

Develop our Environmental Management System with the aim to get it certified to ISO14001 standard.



UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS

Our milk round is more than just a delivery service; it's a journey towards a brighter, more sustainable future. We want to pour positivity, community spirit, and environmental action into every bottle we deliver, all while dancing to the beat of the United Nations Sustainability Goals.

These goals are an urgent call to action by all countries to:

- ~ End poverty and deprivation
- ~ Reduce inequality
- ~ Tackle climate change
- ~ Improve health and education
- ~ Spur economic growth
- ~ Preserve our natural resources



Zero Hunger

We're champions of local dairy dynamos, making sure fresh milk and treats are within everyone's grasp. In 2023, we huddled our RDC even closer, cutting down those food miles and zapping waste.

Good Health & Well Being

We're upping the ante with our suppliers to meet even higher standards when it comes to nasties and waste. Don't fret, our stellar employee perks are still going strong! Plus, 2023 marked the debut of the MM Trotters & Plodders, who clocked a whopping 1500km on their runs!

Responsible Consumption and Production

Over 99% of our goodies are free from single-use plastic, and we're all about that return and reuse packaging wherever we can. Customers can buy just what you need, when you need it - bidding a fond farewell to bulk buys and food waste.

Climate Action

We've been giving our emissions the old once-over throughout 2023, with a keen eye on those fleet emissions, sprucing them up with a dash of optimisation and some nifty driver know-how.

Life Below Water

We're still on the frontline, battling sea clutter by giving customers a breezy, easy-peasy swap from those pesky single-use plastics.

Life on Land

Our looped supply chains shield nature's treasures and slash waste, enabling customers to switch to eco-friendly packaging that lessens the nasty impact on our environment and wildlife.

Highlighted here are the SDGs that our milkround supports, according to our B Impact Assessment



A REMINDER OF ALL THINGS B CORP™



We finished 2022 on an absolute high, joining the ranks of eco-champions like Patagonia, Gousto, and Oddbox by becoming a certified B Corp™ – and get this, we scored a whopping 94.1, sailing past the pass mark of 80 points on our very first try!

To keep our B Corp badge shiny, we'll be up for certification every three years, so you bet we're on a never-ending quest to make sure we're always making the best decisions for People, Planet, and Profit. Here's a reminder of the pillars and how our scores were broken down:

<u>PILLAR</u>	<u>SCORE</u>
Governance	17.2
Workers	27.2
Community	29.9
Environment	16.9
Customers	2.7

You'll notice the above scores add up to 93.1 – we got 0.2 N/A points. Visit the B Corp website for more info

B CORP™ PILLAR 1

GOVERNANCE

A green business needs a green mission, one that thinks about everyone involved – from our employees and customers to our suppliers, society, and the great outdoors.

It's our scrumptious doorstep drops combined with our vision and mission that spring us out of bed each day with a smile.

OUR VISION

Reset our throwaway society

OUR MISSION

To transform consumer habits, wipe out waste, and make sustainable shopping convenient

Driving Impact with People, Planet and Profit in mind

Our business goals are set and tracked against our social and environmental impact. All decisions are made in line with the B Corp™ framework to ensure our ambitions are aligned with our mission and purpose.

Resetting our Values

To mirror the ongoing evolution and expansion of our business, we redefined our core values, launching them at the "Together Fest" in the Summer.

The Together Fest celebrated our new values launch and future vision with Simon and Dom (COO), and encouraged the team to embody teamwork on park trail challenges, all while braving the rain. A day of inspiration and collaboration not to be forgotten.

**Vic and Frankie
putting the "together"
in Together Fest!**





WHO ARE WE?

Our values form the foundation of every day life at Modern Milkman. They are our guiding principles, which help shape our culture and steer our decisions, bring together our teams, build customer trust and brand identity:

We are Brave

We take calculated risks, but every failure is a learning opportunity. Being brave is about making difficult decisions for the right reasons, overcoming adversity big and small, bold ambition, integrity, and the ability to persevere.

We are Curious

Change is our only constant. We thrive in a fail-safe environment, exploring a multitude of paths in our pursuit of the 'planet-positive'. We have a real drive to solve problems and experiment.

We are Real

We're driven and determined but always human, meaning we're empathetic and understanding. We're not bureaucratic, we value feedback, respect boundaries and help whenever we can. We're concentrated on our goal, but never so focused that we can't have a laugh along the way.

We are Together

We are greater than the sum of our parts. What binds us together is understanding each other as people and working toward shared goals. A selfless togetherness meaning support, collaboration, communication & community.

B CORP™ PILLAR 2 WORKERS

Battling plastic waste and safeguarding the planet is undoubtedly challenging...

Yet our exceptional team effortlessly tackles the task. We're dedicated wholeheartedly to ensuring that the freshest, most delectable products reach our customers' doorsteps through the most efficient and sustainable means available.

With unwavering belief in our mission, we're continuously exploring avenues to empower them for success.

Moving to hybrid

Modern Milkman was never intended to be a remote business but has operated in that way since the pandemic. We're committed to investing in our culture and working relationships before we grow and scale, living our 'together' value, whilst still taking advantage of the flexibility of hybrid working.

We still strongly believe in the power of spending time together in person to foster a sense of belonging and to build meaningful relationships that allow us to do our jobs better.



Employee volunteering

In 2023, our team clocked in 25 days of volunteering – from tree planting, sprucing up beaches and assisting on school outings to supporting community food banks, taking part in charity treks, giving A Level students a taste of real interviews, and sharing board game fun with elder folk.

B CORP™ PILLAR 2 WORKERS

Supercharging our DEI/BA strategy

We commit to measuring and improving Diversity and Inclusion throughout MM on an ongoing basis, including the following areas:

Data

Understanding the representation of different groups of people in our company, and how they experience work and culture, is critical to our business formulating an effective and actionable strategy for change.

Strategy

Diversity and Inclusion initiatives are most effective when treated as a business imperative, leading to positive outcomes across the business. A data-led and evidence-based strategy will enable us to deliver the changes we want to see in our company.

Leadership

While Diversity and Inclusion is an area where everyone will contribute, leaders should be accountable for educating themselves, upskilling their teams and role-modelling good behaviour, as well as taking responsibility for delivering the strategy.

Culture

An environment that allows all individuals to succeed, feel valued, accepted and supported, will enable us to build a more successful, sustainable and impactful company.

OTHER HIGHLIGHTS *include...*

User manuals

We've rolled out a way for our team to outline their unique working styles. Now, everyone can craft their personal "user manual" to share with their Line Manager, team, and anyone else they choose. It's all about finding the best ways to collaborate and embracing our diverse approaches.

Partnering with Self Space

We've had 25 of our crew complete the Self-Space Mental Health Champions training. This buffs up our team with the tools to spot and address mental health concerns early on, heading off crises at the pass.

We rolled out a workshop tailored to men's mental well-being. It was an easy-going, fun intro to therapy, covering everything from stress and finances to relationships and masculinity.

Flexible Bank Holidays

We've waved goodbye to rigid bank holidays! Now, our team can swap traditional days off for celebrations that resonate more personally throughout the year.

Employee Led Initiatives

The Trotters & Plodders are jogging, pedalling, and paddling towards a whopping 2024 goal of 5000km, while the Page Churners are diving into an eclectic mix of books!



B CORPTM PILLAR 3 COMMUNITY

As a purpose-driven business, it's not about what we say but it's about what we do. Putting the community at the heart of our mission, allows us to bring everyone on our journey, getting there faster.

Expanding our Network

Being part of the B CorpTM network allows us to build relationships with like minded businesses. We presented at the Yorkshire B Local Lunch and Learn and hosted a number of B CorpTM businesses as part of a speaker series during B CorpTM month. Our very own Chief of Staff Amy Kershaw sat on a panel at the Lancashire Business View sustainability event, chatting about what being a sustainable business means to us.

Giving Local Suppliers a Platform

We are passionate about championing high-quality independent suppliers. 2023 saw us start to develop localised product offerings based on the regions our hubs serve, delivering famous local heroes right to the doorsteps of our customers and allowing the suppliers to leverage our customer base.

Sweet Charity

We're keen on going the extra mile to support charities and local organisations, and the proof is in the pudding. We did a charity hike for an LGBTQ+ Manchester charity, a US Toy drive to bring delight to local children at Christmas and delivered a men's mental health workshop for employees which 50% of the workshop's cost was donated to Crypt Trust.

Team USA helping out
local children with a
Toy Drive


"The overwhelming response to our toy drive at Modern Milkman, resulting in over 500 toys, reflects our commitment to making a positive impact in our community" - Seth Bahler (CEO MMUSA)

B CORP™ PILLAR 3 ENVIRONMENT

In 2023, we carried on our mission to help prevent unnecessary plastic packaging being used...

But wait, there's more we've bustling about with:

- Whipped up oodles of content to help our customers and communities slash their environmental footprint.
- Beefed up our waste game - working with our teams to minimise waste and ensure we're disposing in the correct ways.
- Zoned in on recycling with dedicated cardboard and food waste bins for recycling and anaerobic digestion.
- Extensive optimisation of our routing and fleet resulted in a reduction of over 40 vehicles.
- Set up CCTV in fresh spots to deter vandalism and fly-tipping.
- Rolled out regular maintenance checks on all machinery, nipping refrigerant leaks and unnecessary call-outs in the bud, saving resources like water from leaks.
- Adjusted hub chiller temps in the winter to cut down on needless energy use.




THE BEST RETURNS POLICY AROUND

One in three shoppers return what they buy on Black Friday. But here, we do things a little differently.

On our round, you sip, slurp and scoff what you need, and return our reusable pots and glass bottles. No receipts, queues or trips to the post office necessary.

We also have lots of sustainable [tips](#) - scroll down and check them out!


[Count me in](#)



What's a Circular Economy?

Struggling to wrap your head around the circular economy? Check out our guide to discover what a circular economy is, why it benefits the planet, and how it could...

[Read more](#)




FOOD WASTE?

THERE'S AN APP FOR THAT.

Apps for Reducing Food Waste

Apps like Too Good To Go and Olio are kicking waste's butt! Check out the best food waste apps to give your wheelie bin, wallet and the planet a...

[Read more](#)




MAKE PROTECTING THE PLANET A FORCE OF HABIT

How To Form a Habit and Make it Stick

How do you form good habits and make them stick? And what about breaking bad habits? Unlock the secrets to staying sustainable!

[Read more](#)

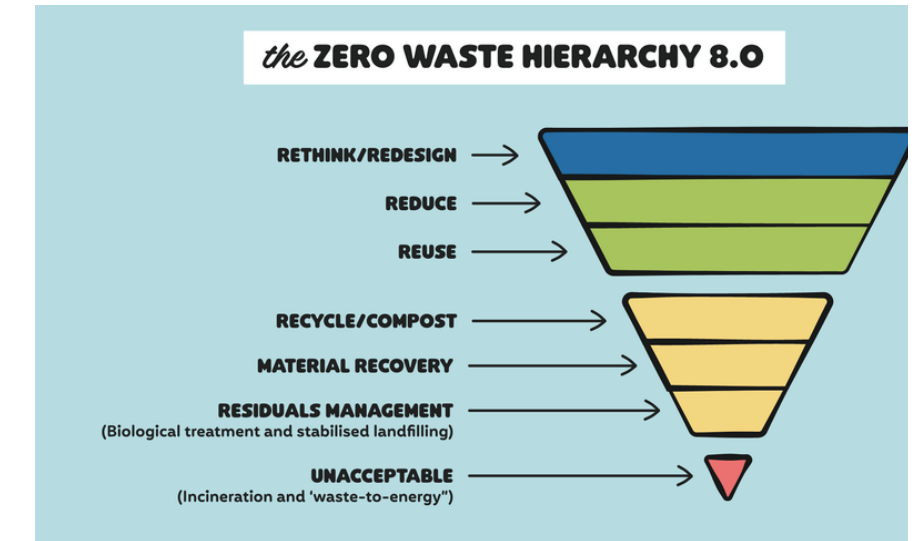


DRESS TO IMPRESS and WASTE LESS!

The Best Apps for Buying Second Hand Clothes

The clothing industry accounts for 10% of global pollution and a fifth of the 300 million tonnes of plastic produced each year (Bloomberg)...

[Read more](#)



B CORP™ PILLAR 3: ENVIRONMENT

In 2023 we continued our commitment to reducing packaging waste by driving forward projects that will help further our circular economy outside of liquids in glass bottles.

Bags of Fun

Working alongside Moree we wanted to develop a packing solution for our bakery category that would not only eliminate unnecessary single-use packaging but also improve shelf-life by improving freshness and quality on the doorstep. A solution to fight packaging and food waste side-by-side! We successfully trialled the delivery and return of this packaging and aim for further trials and tests in 2024.

RFID

Utilising our partnership with Avery Dennison, we completed the first of our trials utilising RFID technology to track our returnable assets at the doorstep both on the out load leg as well as the return leg. At the doorstep, we took loads of learnings around the label type and placement on a glass bottle to take into phase 2 trials. This is an exciting step forward to developing our data-driven circular economy, empowering our customers to join us on our mission of return and reuse.

Waste Savours

Focusing our efforts on food waste we have built a tech extension which allows customers to buy excess stock from our hubs. With a Mystery Waste Savours Bakery Bag, customers can save bags of yummy products including pastries, sweet treats and morning goods.

**Our first reusable
bread bag in all its
glory!**



B CORP™ PILLAR 3: ENVIRONMENT

CARBON FOOTPRINT

Our Carbon Footprint

Since 2022 we have made a conscious effort to make further improvements to the monitoring and tracking of our carbon emissions to allow us to report our emissions more accurately. In Scope 1 and 3, significant strides have been made in improving these figures off the back of some of the activities mentioned in this report. But this is only the beginning: we know we can continue this focus in 2024 to deliver fantastic results for ourselves, our business and the environment!



SCOPE 1

Direct emissions from activities owned or controlled by us. E.g. the diesel in our delivery vans; the gas used to heat our sites and keep produce cool in refrigeration units.

CO2e in tonnes/million pounds revenue:

2021: 145 2022: 80

2023: 64



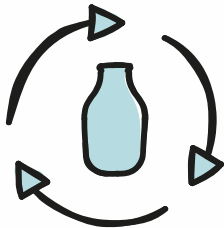
SCOPE 2

Emissions caused indirectly by our consumption of energy. E.g. the 100% renewable electricity used to power our fridges, electric vehicles and light up our hubs. We calculate our Scope 2 emissions using location based figures.

CO2e in tonnes/million pounds revenue:

2021: 1 2022: 3.2

2023: 3.3



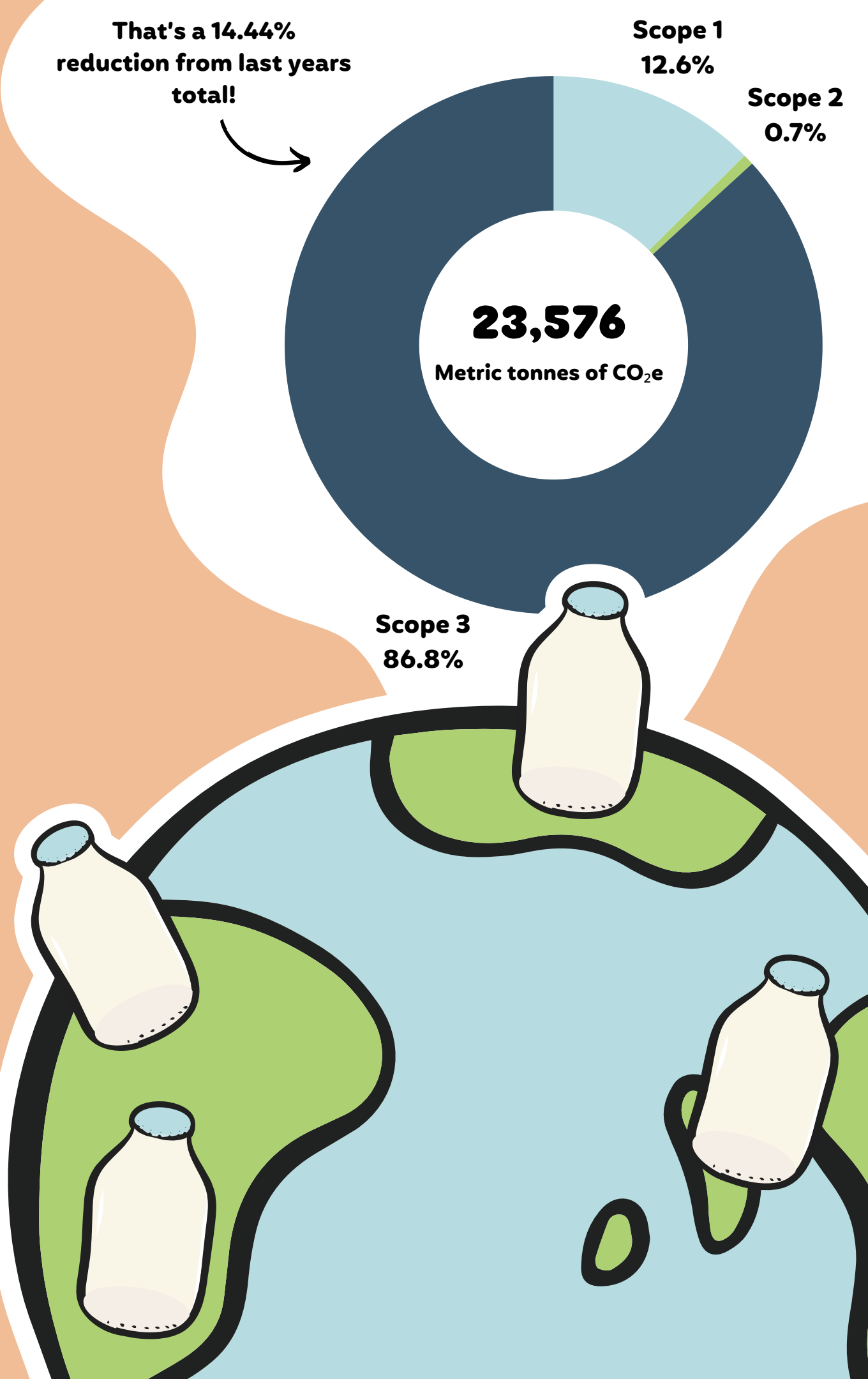
SCOPE 3

Indirect emissions that occur in our value chain. E.g. through business travel and through the products we purchase. We've been working hard with our suppliers and partners to improve the accuracy of our Scope 3 reporting - it's getting better but we've still got work to do!

CO2e in tonnes/million pounds revenue:

2021: Not measured 2022: 525

2023: 441.9



We've seen a small increase as we're now tracking our emissions at our new office more accurately!

B CORP™ PILLAR 4 CUSTOMERS

Delighting our customers is a walk in the park, or to the doorstep! Our customers are at the heart of everything we do – here's a snapshot of what we've been up to:

Gamification to motivate and reward

We've rewarded customers' milestones along their journey in their accounts, empowering them with the impact of their individual actions, rather than swamping them with the vastness of climate change and global warming. Furthermore, you can now share your stats with your mates!

Widened our range

We've hugely increased the variety of groceries available right at customers' doorsteps – think store cupboard essentials to ready meals: both sustainable and convenient!

Turbocharged our site and app

We invested heavily in our infrastructure in 2023 to improve our customers experience on our site and in our app. We've improved average latency on our site from 3 seconds to ~900ms.

We're all ears, busy responding to reviews

Our fantastic Customer Service squad has been on the ball, poring over, tuning in, and responding to your reviews – with a sparkling 39% boost in our response rate.

The Modern Milkman

I have used the services of the Modern Milkman now for 4 years. The service is brilliant and my deliveries are on time and correct every week. It's easy to order, change or add to your order using their app...It's not only convenient and saves me carry them but is helping my carbon footprint and saves my bin being full of plastic each week.



Super service!

This is a super service I can't believe I have waited so long to put it in place, no more plastic milk bottles and no more dashing to the shop when I run out of milk!!



Our Customer Service contact volumes have taken a dive year on year, with CS contacts per drop shrinking from an average of 4.67% in 2022 to just 3.89% in 2023!

OUR 2024 TARGETS

2023 threw us some curveballs, but we're still aiming sky-high to bring waste down to earth. Here's what we've got on the horizon for 2024:



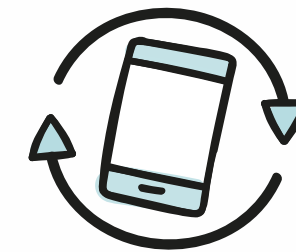
PEOPLE

- Increase our volunteering days by 50%.
- Share more plastic and waste saving tricks and hacks with our community.
- Make it easier for people to give open and honest feedback on how we do things.
- Improve our Culture Amp Engagement score from 62 to 70 by building a culture based on play, purpose and potential.
- Increase our ENPS by 10 points.



PLANET

- Develop our Environmental Management System further.
- Increase our glass returns by 5% and reduce new glass in our network.
- Continue to optimise our routes using our technology to increase our density to further reduce our fleet and Scope 2 emissions as part of our carbon reduction pathway.
- Find new ways to distribute food waste.
- Close the loop for our communities waste to ensure correct recycling.
- Begin monitoring emissions in the USA.



PROFIT

- Expand our return and reuse range outside of our core dairy products helping to combat plastic and food waste.
- Develop partnerships with like minded companies (and B CorpTM) leveraging our infrastructure to reduce our joint emissions.
- Use our platform to support independent, sustainable brands giving them a space to grow and supercharge their impact.

WE'RE JUST GETTING STARTED!

So a big, hearty thanks for diving into our 2023 Impact Report and for your unwavering support of our business.

Your enthusiasm and backing fuel our journey towards a greener, cleaner world. Here's to another year of sustainable strides and eco-friendly adventures together!

