

Appendix 1:

Sustainability management in 2021

Our Marathon 22 long-term strategy aims to bring the best of milk to more people. Milk nutrition in everyone's daily diet! Our sustainability agenda within this strategy has the following spearheads: responsible value chain, great place to work, and climate neutrality. Based on these spearheads, we formulated sustainability targets for the 2017-2022 period (see Appendix 4). In 2021, we revised our sustainability ambition and set new sustainability targets (see Appendix 3). Our ambition is to make the supply chain entirely carbon neutral, from grass to glass, by 2050.

Guarantee

Our sustainability team coordinates the realisation of our sustainability targets. Last year, they also coordinated the process to get to the new sustainability agenda. Responsibility for achieving our sustainability goals lies with the members of the management team (MT). In 2020, we set up the Sustainability Steering Group, in which representatives from various departments of the organisation participate. In 2021, the Sustainability Steering Group met on three occasions. These meetings were focused primarily on revising our sustainability agenda and targets. From 2022, MT members will also attend Sustainability Steering Group meetings and the group will meet on a quarterly basis. This way, sustainability will be an even more prominent topic in the organisation.

Progress made on our sustainability targets is not linked to management remuneration. The targets will be discussed on a periodical basis in MT meetings and are part of the reporting structure for the other business targets. Being an integrated part of the business policy, sustainability targets will be reviewed and tightened at least once per year, partly on the basis of the results of talks with stakeholders.

Vreugdenhil Holding BV is a two-tier board company. The Chairman, CEO, and Finance & Control Director together make up the company's Executive Board. In October 2021, a Supervisory Board was appointed as a supervisory body.

Table 1: Executive Board and Supervisory Board

Executive Board	Position
Jan Vreugdenhil	Chairman
Arie Santinge	CFO
Albert de Groot	CEO and Chair of the Executive Board

Supervisory Board	Position
Arnout Traas	Chair of the Supervisory Board
José Matthijssse	Member of the Supervisory Board
Geert van Iwaarden	Member of the Supervisory Board

Vreugdenhil adheres to the GRI Standards

Vreugdenhil has drawn up this annual report and selects and collects data in accordance with the standards of the Global Reporting Initiative (GRI). This report is in compliance with the GRI Standards, Core level. In this report, Vreugdenhil chiefly addresses the topics identified as material plus information that it wishes to communicate to the stakeholders. The scope of the report spans the activities taking place in the Netherlands, homing in on operational activities for which Vreugdenhil has measurable results at its disposal. The GRI Standard is used for determining, defining and delineating the material topics. Vreugdenhil also published financial statements in the spring of 2022. Finally, there are a number of appendices on the download page that complete the 2021 report.

External audit of sustainability performance

Besides stakeholders, we have independent parties assess our sustainability performance:

- In 2021, we came through the EcoVadis assessment process again. In early 2022, we received an EcoVadis Silver Award, which is awarded to the top 25% of all scores published by EcoVadis. In fact, Vreugdenhil's score puts us among the top 13%. This score reflects the quality of our CSR management system. We use the results to identify and implement further improvements.
- Working conditions, the environment and business practices: since 2016, our production sites in Gorinchem and Scharsterbrug have been SGS-certified for SMETA pillar 4. SMETA is based on existing standards such as the internationally recognised code of conduct of the Ethical Trading Initiative (ETI). Based on the outcome of the SMETA audit, which is conducted every three years, we implement improvements. The next audit will be in 2022.
- Food safety: our 3 production sites are certified by Lloyds in accordance with the internationally recognised FSSC22000 food safety standard.
- Sustainable dairy farming: the outdoor grazing and sustainable indoor livestock elements of our Sustainability Programme are monitored by Q-lip. The absence of animal diseases IBR and BVD is checked by the Animal Health Service, while lifespan is checked by cattle improvement cooperative CRV.
- Transparency on sustainability: the Dutch government ranks the transparency of companies' social reporting by means of the Transparency Benchmark. The ranking is biannual; in the latest ranking (in 2021, for 2020) we rose from 52nd to 44th place of the 685 largest companies in the Netherlands. In the Food & Beverage sector, we rose from 8th place to 6th place of the 62 companies in the food industry.

Corporate culture and codes of conduct

Vreugdenhil Dairy Foods' principles reflect our commitment to a corporate culture based on respect for our norms and values. Our principles must be consistent with our actions. The website gives both internal and external stakeholders the opportunity to report abuses (anonymously if preferred). See <https://www.vreugdenhildairyfoods.com/contact/> under 'Report your concerns'.

The rules of conduct and standards we apply are laid down in our code of conduct, [human rights policy](#) and [supplier code](#). The human rights policy applies to all parties that work with Vreugdenhil and meets the following international standards: the fundamental principles and rights at work of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights, and the Universal Declaration of Human Rights. The information for this annual report is provided by internal experts, and is checked by the Sustainability Manager.