

Stakeholders and material topics for sustainability report 2016

In 2016, we consulted various stakeholders with regard to our sustainability goals. The following stakeholder table and materiality analysis show the results of these consultations.

Stakeholder group	Material topics discussed	Conclusions and follow-up
Employees	All sustainability themes have been communicated through workshops, leaflets, wall posters, the staff magazine, narrowcasting, etc. We used a competition to collect new ideas and, with the help of the employee survey, we investigated the level of commitment to sustainability.	In early 2016, the winning idea from the sustainability competition was chosen: a health project for employees. We then explored exact requirements by means of the employee survey and formulated a plan for implementation in 2017.
Dairy farmers	In the focus groups, dairy farmer meetings and one-on-one interviews by our district adviser we discussed such matters as milk prices, developments within Vreugdenhil and the Sustainability Programme for dairy farmers.	Our sustainability programme for dairy farmers has been amended, to better reward outdoor grazing, for example. We also reward biodiversity, energy efficiency, energy generation and land-related activities.
Suppliers	Spoken to about sustainability of products or services, particularly packaging and energy.	Thinner slipsheet (plastic underlay) introduced. Research and testing with thinner paper bags, thinner plastic lids on tins and biodegradable lids. Internship research completed, showing that, in Angola, 60% of our tins are reused.
Customers	Spoken to about sustainability goals and those of customers in general and specifically about safety and working conditions in our factories, the CO2 emissions for our products, reuse of tin packaging in Africa and enrichment of our products for the African market.	In 2016, we were certified for SMETA pillar 4 (working conditions and environment) for our production locations in Gorinchem and Scharsterbrug. Together with a customer and two interns we are researching the reuse of tins and the enrichment of products. In 2017, will be testing whether to add vitamins and minerals.
Civil society organisations	Spoken to about our clean drinking water project in Africa and about sustainable dairy farming (outdoor grazing, phosphates, biodiversity)	Knowledge was shared. Two employees opened the first well in Ethiopia. The sustainability programme for dairy farmers was amended (see above).
Sector organisations	Spoken to about sustainable dairy farming, manure fermentation, combating climate change	In 2017, will be taking part in a climate expedition organised by CSR Netherlands and Wageningen Environmental Research.

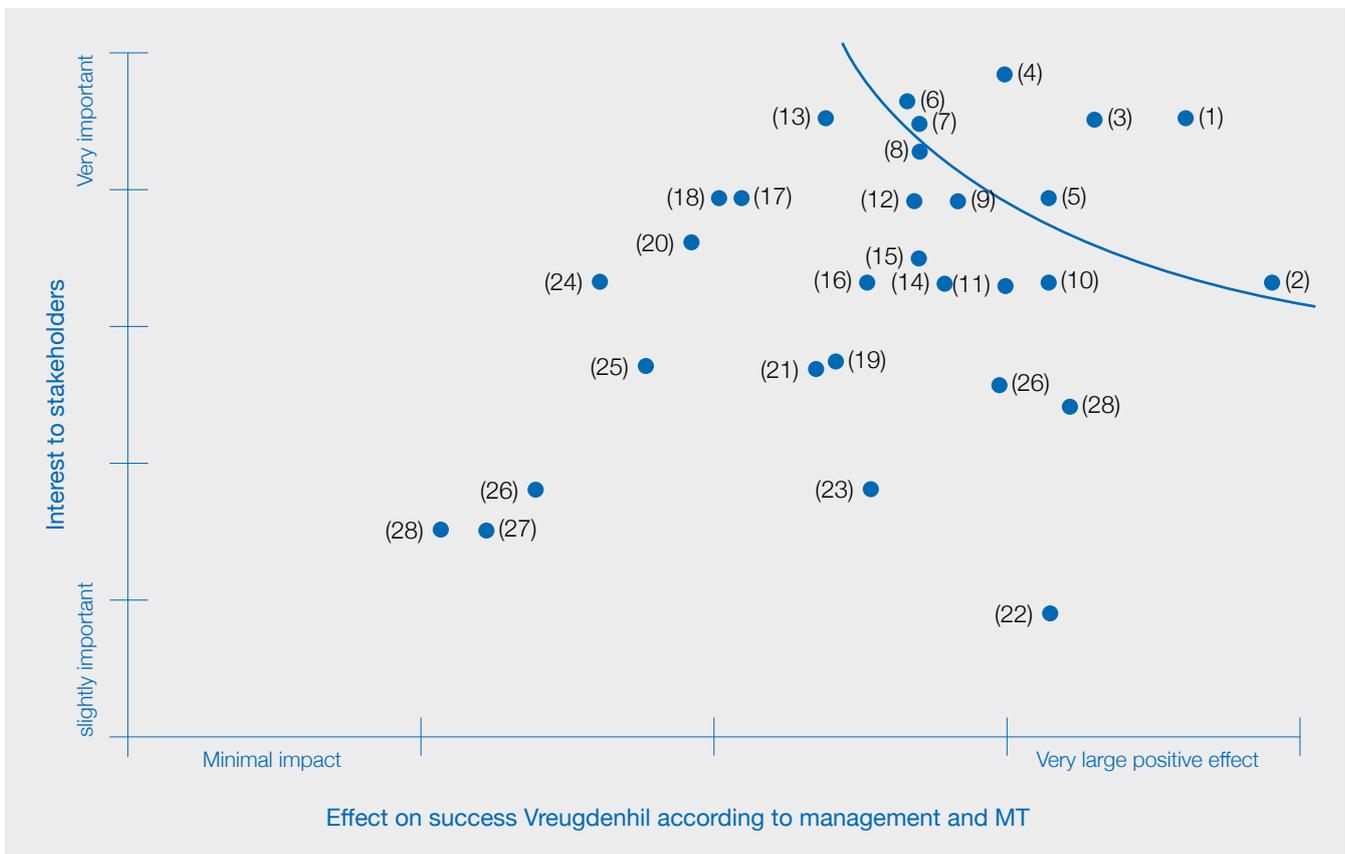
Materiality analysis

Materiality analysis based on answers from stakeholders and Vreugdenhil management. The analysis shows that we need to focus on the following topics. This report contains more information on the definition, the importance, our management approach to and the results of each topic.

- Safe products: see the theme, 'Nutritious and tasty products' in this annual report on 2016
- No customer complaints: see the theme, 'Nutritious and tasty products' in this annual report on 2016
- Reducing energy consumption during production: see the theme 'Environmentally friendly factories and offices'
- Transparency with regard to sustainability goals and results:
- Reducing the environmental impact of packaging (make it circular):
- Reducing greenhouse gas emissions by dairy farming: see the theme 'Sustainable dairy farming'
- Use 100% sustainable energy for production: see the theme 'Environmentally friendly factories and offices'

Materiality analysis

1. Safe products
2. Zero customer complaints
3. Reducing energy consumption during production
4. Transparency on sustainability goals and results
5. Reduce the environmental impact of the packaging (make them circular)
6. Reduce greenhouse gas emissions caused by farming
7. Using 100% renewable energy for production
8. Reduce phosphate and ammonia emissions
9. Zero accidents (9 in 2015)
10. Prevent undernourishment via research and product innovation
11. Training and development of employees
12. Using water in a sustainable way during production
13. Procurement of sustainable milk powders (dairy farmers improve animal welfare and reduce their environmental impact)
14. Strong employee engagement
15. Stimulate grazing (86% in 2015)
16. Improve biodiversity
17. Improve health of cows
18. Reduce CO₂ emissions from transport
19. Reduce absenteeism rate (5.4% in 2015)
20. Vreugdenhil employees are consciously aware they are working in a sustainable manner within their daily work
21. Clean water projects in Africa
22. Improve animal welfare of the cows
23. Sponsoring health projects in Africa (most important market for Vreugdenhil)
24. Procurement of sustainable cocoa
25. Extend cow longevity (now 6 years)
26. Sponsoring of local good causes around our facilities
27. Employees invest their time and capacities for good causes
28. Hire employees who have difficulty joining the labor market (for example unexperienced youth and older employees)



	Goal 2016	Result 2016	Result 2015	Goal 2017	Goal 2020
Safe products	10% fewer product quality complaints than in 2015	25% fewer product quality complaints than in 2015	16% fewer product quality complaints than in 2015	10% fewer product quality complaints than in 2015	10% fewer product quality complaints annually
No customer complaints	See above	See above	See above	See above	See above
Reducing energy consumption during production	15.7% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	15.6% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	12.1% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	19.2% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	30% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005
Transparency with regard to sustainability goals and results	Score for the transparency benchmark comparable with that from the year before	134 points for the transparency benchmark	111 points for the transparency benchmark	Score for the transparency benchmark comparable with that from the year before	Score for the transparency benchmark comparable with that from the year before
Reducing the environmental impact of packaging	Completion of investigation into the environmental impact of tin packaging	Investigation into the environmental impact of tin packaging completed	Investigation into the environmental impact of tin packaging started	Our purchases are continuously studying how we can improve the environmental impact of packaging. We have not formulated any concrete goal for this, however.	Our purchases are continuously studying how we can improve the environmental impact of packaging. We have not formulated any concrete goal for this, however.
Reducing the greenhouse gas emissions of dairy farming	75% of the dairy farmers are participating in the Energy Scan	73% of the dairy farmers are participating in the Energy Scan	67% of the dairy farmers are participating in the Energy Scan	<ul style="list-style-type: none"> • 10% of the dairy farmers generate >50% of their electricity consumption themselves sustainably • 60% use a maximum of 1000 kj per kg of milk 	<ul style="list-style-type: none"> • 20% reduction in greenhouse gases and climate-neutral growth • 16% production of renewable energy • Improvement in energy-efficiency 2% annually in 2005-2020 (see duurzamezuivelketen.nl)
100% renewable energy for production	13.8% of the energy consumption is renewable	13.9% of the energy consumption is renewable	13.2% of the energy consumption is renewable	14.4% of the energy consumption is renewable	16% of energy consumption is renewable

Glossary

Sustainability Report 2016

- **CSR:** Corporate Social Responsibility is the running of a business while taking into account 'people' and 'planet' in addition to 'profit'. The term is often used interchangeably with the word 'sustainability'.
- **Creating Shared Value:** corporate policy and operational management aimed at strengthening the competitiveness of a company while, at the same time, reinforcing the economic and social conditions of the society in which the company is operating.
- **Duurzame Zuivelketen ('Sustainable Dairy Chain')**: an initiative in which the dairy industry and dairy farmers are working together to make the Dutch dairy sector the world leader when it comes to sustainability.
- **Energiescan ('Energy Scan')**: a scan that our dairy farmers can fill in, in order to document their energy consumption per business process. The results provide a basis from which to take further steps in cutting back on energy consumption.
- **FAO:** Food and Agriculture Organisation of the United Nations is a specialised organisation which strives towards reducing hunger in the world.
- **GRI:** Global Reporting Initiative is the international guideline for sustainability reporting and corporate social responsibility.
- **GVO:** Guarantee of origin is a proof that electricity comes from wind energy, hydro energy, solar energy or biomass plants.
- **KoeKompas:** a tool to help our dairy farmers capture and document the welfare and health of animals together with a veterinarian. A score with seven components provides the dairy farmer with a basis for improvements.
- **NZO:** Nederlandse Zuivel Organisatie ('The Dutch Dairy Association') is the trade association for the entire Dutch dairy industry.
- **SDGs:** at the end of 2015, the UN established a new global sustainable development agenda for 2030. This agenda include 17 Sustainable Development Goals (SDGs).
- **Sustainability Programme:** title of our sustainability programme through which we want to incentivise our dairy farmers to take make improvements in terms of the environment, animal welfare, and animal health, using a point system and an associated incentive premium.
- **ProTerra:** certification for the production and use of sustainable, non-genetically modified soy certified according to the international organisation, the ProTerra Foundation.
- **RSPO:** the Round table on Sustainable Palm Oil is an organisation that brings together stakeholders from seven different sectors in the palm oil industry for the development and execution of global standards in terms of sustainable palm oil.
- **Soy lecithin:** a part of soy that is extracted from the fat fraction of soy and which Vreugdenhil uses to make milk powder more easily soluble in water.