

# Stakeholder engagement and materiality analysis for annual report 2017

We consult our employees, dairy farmers and customers to receive input for our strategy and create support for the measures. Moreover, the material topics and sustainability themes largely determine which civil society organisations we will consult. In 2017, we consulted various stakeholders with regard to our sustainability goals. Where relevant, management was present during these consultations. The following stakeholder table and materiality analysis show the results of these consultations.

Stakeholder group	Material topics discussed	Conclusions and follow-up
<b>Employees</b>	All sustainability themes have been communicated through meetings for new employees, strategy meetings, a leaflet, wall posters, the staff magazine, narrowcasting, etc.	The health project for employees, which was the winning idea from the sustainability competition among employees, was launched in 2017. Various employees helped set up the series of measures for climate-neutral production by 2029.
<b>Dairy farmers</b>	In the focus groups, dairy farmer meetings and one-on-one interviews by our district advisers, we discussed such matters as developments within Vreugdenhil and the sustainability programme for dairy farmers.	Our sustainability programme 2018 for dairy farmers and the accompanying incentive premiums will not be changed compared to 2017. In 2018, we will introduce the following measurement tools for possible implementation in 2019: <ul style="list-style-type: none"> <li>• ecological footprint</li> <li>• biodiversity monitor</li> <li>• ammonia emissions</li> <li>• KalfOK score</li> </ul> We have also honed and increased our quality incentive for 2018.
<b>Suppliers</b>	Spoken to (potential) suppliers of energy, installations, green certificates, advice and energy-saving/sustainable technologies (e.g. solar panels) about climate measures. Also spoken to suppliers about packaging reduction.	Based on these discussions and calculations performed by a consultancy, we have drawn up a plan for climate-neutral production by 2029. We also identified the options of reducing packaging.
<b>Customers</b>	Spoken about our sustainability goals and those of customers in general, and more specifically about sustainable palm oil, organic milk powder, climate measures, product enrichment with vitamins and minerals, and charities.	In 2017, we started the production of organic milk powder, partly in response to a request from customers. At the request of one of our customers, our production site was RSPO-certified, so that our customers can now include the claim RSPO-certified palm oil on their packaging (we have been using sustainable palm oil since the end of 2014). Moreover, we will be investing in charities in 2018, together with one of our customers. We will also start enriching our own brands for Africa with vitamins and minerals in 2018.
<b>Civil society organisations</b>	Spoken about sustainable dairy farming (outdoor grazing, climate, phosphate, biodiversity), climate measures, clean drinking water projects and other charities.	Knowledge was shared. Introduction of new measuring tools in sustainability programme for dairy farmers. Drew up plan for climate-neutral production by 2029. Started formulating a new clean drinking water project in Africa. Started supporting new charities.
<b>Sector organisations</b>	Spoken about sustainable dairy farming and climate measures.	In 2017, we took part in a climate expedition organised by CSR Netherlands and Wageningen Environmental Research. This contributed to the plan for climate-neutral production by 2029.

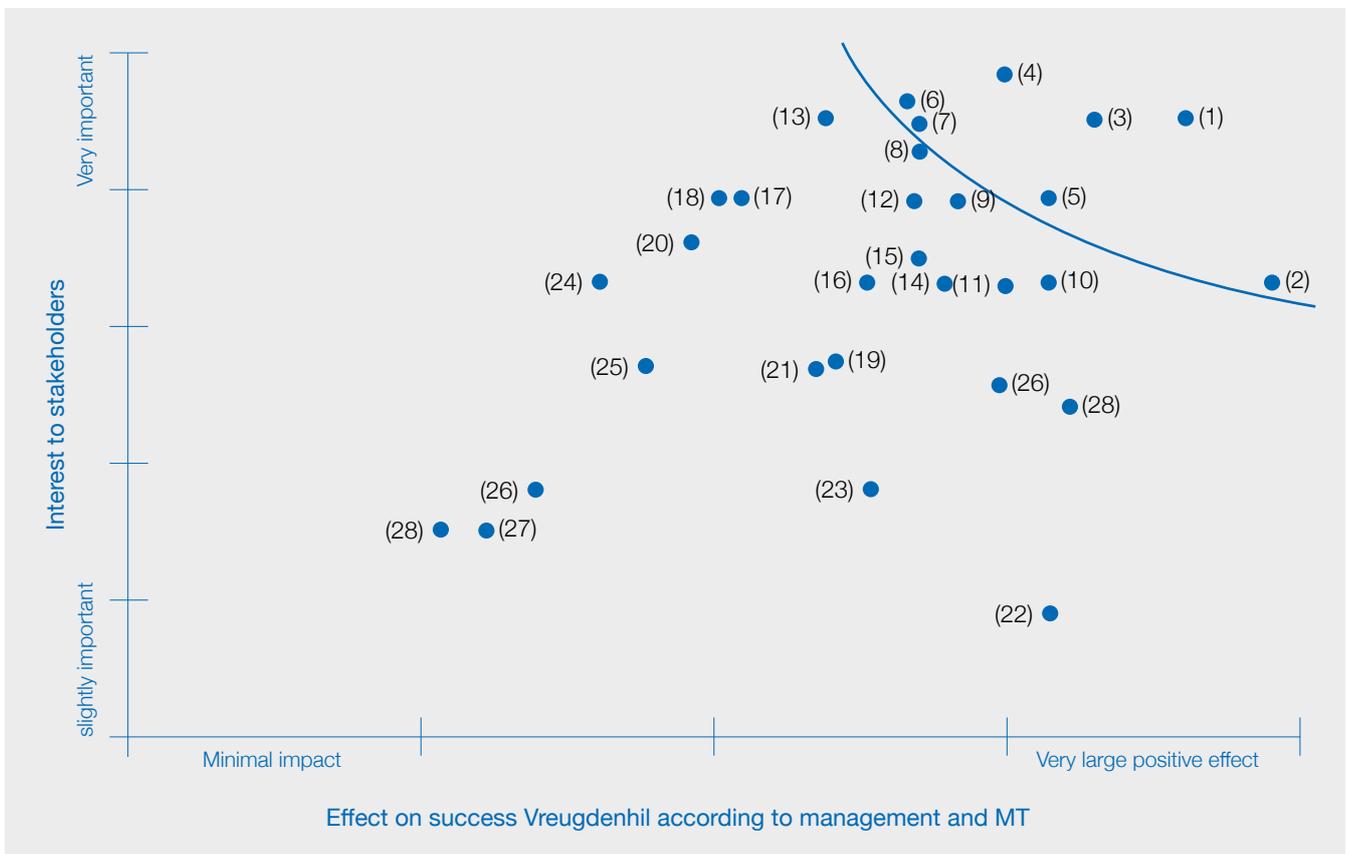
# Materiality analysis

The materiality analysis is based on answers from stakeholders and Vreugdenhil management in 2016. We will perform another materiality analysis in 2018 to review priorities. 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 and the results of each topic.

- Safe products: see the theme 'Nutritious and tasty products' in this annual report on 2017
- No customer complaints: see the theme 'Nutritious and tasty products' in this annual report on 2017
- Reducing energy consumption during production: see the theme 'Environmentally friendly factories and offices' in this annual report on 2017
- Transparency with regard to sustainability goals and results: see the appendix 'sustainability management'
- Reducing the environmental impact of packaging (make it circular): see the theme 'Fair and environmentally friendly purchasing' in this annual report on 2017
- Reducing greenhouse gas emissions by dairy farming: see the theme 'Sustainable dairy farming' in this annual report on 2017
- Use of 100% renewable energy for production: see the theme 'Environmentally friendly factories and offices' in this annual report on 2017

## 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 CO<sub>2</sub> 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 2017	Result 2017	Result 2016	Goal 2018	Goal 2020
<b>Safe products</b>	10% fewer product quality complaints than in 2016	31% more product quality complaints than in 2016	25% fewer product quality complaints than in 2015	0 product quality complaints	0 product quality complaints
<b>No customer complaints</b>	See above	See above	See above	See above	See above
<b>Reducing energy consumption during production</b>	22.3% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	20.1% less energy use per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	15.6% less energy consumption per tonne of product in Gorinchem and Scharsterbrug in comparison with 2005	21.4% 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
<b>Transparency with regard to sustainability goals and results</b>	Score for the transparency benchmark comparable with that from the year before	152 points for the transparency benchmark	134 points for the transparency benchmark	Complying with transparency benchmark guidelines despite the fact that there is no benchmark for 2018 (progress is measured once every two years - in 2019)	Complying with transparency benchmark guidelines despite the fact that there is no benchmark for 2018 (progress is measured once every two years - in 2019)
<b>Reducing the environmental impact of packaging</b>	Our purchasers are continuously studying how we can improve the environmental impact of packaging. We had not formulated any concrete goal for this, however.	Talked to suppliers and customers, but no concrete result.	Investigation into the environmental impact of tin packaging completed	Launch of multidisciplinary improvement teams tasked with identifying how we can make our packaging more environmentally friendly.	Our purchasers are continuously studying how we can improve the environmental impact of packaging. We have not formulated any concrete goal for this, however.
<b>Reducing the greenhouse gas emissions of dairy farming</b>	<ul style="list-style-type: none"> <li>• 10% of the dairy farmers generate &gt;50% of their electricity consumption themselves sustainably</li> <li>• 60% use a maximum of 70 kWh per 1000 kg of milk</li> </ul>	<ul style="list-style-type: none"> <li>• 7% of the dairy farmers generate &gt;50% of their electricity consumption themselves sustainably</li> <li>• 66% use a maximum of 70 kWh per 1000 kg of milk</li> </ul>	75% of the dairy farmers are participating in the Energy Scan	<ul style="list-style-type: none"> <li>• 10% of the dairy farmers generate &gt;50% of their electricity consumption themselves sustainably</li> <li>• 75% use a maximum of 70 kWh per 1000 kg of milk</li> </ul>	<ul style="list-style-type: none"> <li>• 20% reduction in greenhouse gases and climate-neutral growth</li> <li>• 16% production of renewable energy</li> <li>• Improvement in energy efficiency 2% annually in 2005-2020 (see duurzamezuivelketen.nl)</li> </ul>
<b>100% renewable energy for production</b>	14.4% of the energy consumption is renewable + drafting plan for climate-neutral production by 2029	14.3% of the energy consumption is renewable + drafting plan for climate-neutral production by 2029	13.9% of the energy consumption is renewable	14.9% of the energy consumption is renewable + execute plan for climate-neutral production by 2029	16% of the energy consumption is renewable. Climate-neutral production in 2029