



Creating Shared Value

Overview 2018



Creating Shared Value

Vreugdenhil operates from the heart of society and has the objective of adding value within the entire chain in economic, social and ecological terms. Based on this vision we have drawn up our five-year strategy Marathon '22. Year 2018 was the second year of this strategy, which focuses on three priorities: Profitable Value Chain, Great Place to Work and Climate Neutral.

Profitable Value Chain

Vreugdenhil is growing. In 2018, we further expanded the production of ingredients for infant nutrition. We optimised two production lines in Gorinchem: one for the ingredients for infant nutrition and one for fast and flexible supply of milk powders. In this way we have improved the supply quality and increased the flexibility of our business. With the various programmes in the area of the production of good quality sustainable milk we have been able to achieve good results together with our dairy farmers. For example, our dairy farmers scored better than the Dutch average on the main quality points. We are proud to be able to report that next year we will start enriching our milk powders for the African market with the aim of increasing its health contribution. After all, worldwide over 2 billion people are still suffering from lack of vitamins and minerals.

Great Place to Work

The growth of our company is reflected in our headcount; we have more employees than ever. Sadly, sickness absence also rose, from 3.7% to 4.6%. This increase was mainly due to non-work-related long-term absence at production sites. Of course, we will be focusing on sickness absence in 2019, so that we can achieve our objective of 4%. Another point of attention is the number of lost-time accidents. At year-end, we had had 16 (lost-time) accidents. Any accident should be prevented. For this reason, we are going to step up our focus on safety, which will be apparent from safety certifications of our sites. There is also room for personal development. In early 2019 all our employees will get access to an extensive range of courses and training.

Climate Neutral

For us, adding value does not only mean offering a delicious and nutritious product, but also generating positive impact in the creation process. This is why we have taken up the challenge to produce in a climate-neutral way by 2029. In 2018, nine measures have been translated into a plan of action to achieve this. The local teams have started executing these plans with the goal of reducing energy consumption in 2019 by 5% per tonne compared to 2018. In addition, we have investigated the options for generating solar and wind energy.

We want to thank all parties involved in our chain, from dairy farmers and suppliers to customers, for the faith they have had in us. Our employees, too, deserve a word of thanks for their hard work and unbridled dedication.

We hope you enjoy reading this annual report, its figures and pictures.

We bring you the best of milk!

Jan Vreugdenhil, Chairman
Albert de Groot, CEO



This brochure outlines our performance in 2018 and our goals for the next years based on our value chain. View our complete annual report on

www.vreugdenhil.com

If you have any questions, please let us know!

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April 2019

We bring you the best of milk!

Vreugdenhil is realising three ambitions: **profitable value chain**, **great place to work** and **climate neutral**.



Milk

Vreugdenhil processed 1.3 billion kilogrammes of milk in 2018.

100%

green power consumption, 26% of which from wind energy generated by our dairy farmers.
Goal for 2029: climate-neutral production

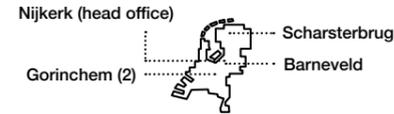
88.1%

outdoor grazing. This is higher than the Dutch average of 82%.
Goal for 2022: 91%

5 stars

is the BREEAM New Construction certificate for our head office in Nijkerk, which is one of the most sustainable office buildings in the Netherlands.

5 locations



8

litres of milk produces approximately 1 kilo of full cream milk powder.

4.6%

sickness absence. In 2017 this was 3.7%.
Goal for 2022: <4%

ISO 45001

is the safety standard according to which we will certify all sites.

423

employees. This is 9% more staff than in 2017.

16

lost-time accidents.
Goal: 0

130 countries are supplied with our tasty and nutritious milk powders.



Our products

Full cream milk powder, skimmed milk powder, fat filled powder, butter, cream, special blends, ingredients for infant nutrition.

Use of our milk powders

Infant nutrition, milk, yoghurt, ice cream, chocolate, bakery products.

2 billion

people across the globe suffer from hidden hunger. That is why we increase the contribution to health of our own brands for Africa by adding extra vitamins and minerals.

4,000

Ethiopians will have clean drinking water from the drinking well in Ethiopia for at least 20 years. Through financial contributions to drinking water projects, we mirror every litre of water we extract during the production of milk for the consumer market in Africa.

Our brands

Vremimel, Vremini, Two Cows, Hollandia Street, Victoria, Star, Dutch Gold, Classic and Best Choice.

75%

export outside Europe to countries around the equator, where the climate is less than optimal for dairy cows.

730

million euros in turnover in 2018.

Evaporation

Due to negative pressure and a low boiling point, 80% of the water is evaporated.

Packaging

Tins, sachets, 25 kg bags, big bags and bulk.

Spray drying

Condensed milk comes in through spray nozzles at the top of the tower together with hot air. The moisture evaporates and milk powder remains at the bottom of the powder tower.

100%

sustainable palm oil. In our fat filled milk powders we replace milk fat by palm oil as this yields application benefits and makes the product more affordable.

100%

sustainable soy lecithin. Makes our milk powders soluble, even in cold water.

Milk nutrition in everyone's daily diet

That is our vision, because milk is an important component of a healthy diet, and a healthy diet contributes to a long and happy life.

Paediatric nutrition

From our new factory we supply ingredients to producers of infant nutrition.

84.7%

of dairy farmers participate in our sustainability programme.
Goal for 2019: >80%

13%

lower CO₂ emissions from milk transport (per kg of milk compared to 2013). Other transport we organized caused 14% less CO₂ emissions (per tonne of product compared to 2011).
Goal for 2022: 20% less

19.5%

lower energy consumption per tonne of product in 2018 in comparison with 2005.
Goal for 2022: 34% less