

Stakeholder engagement and materiality analysis 2020

We consult our employees, dairy farmers and customers to receive input for our strategy and create support for the measures we take. Moreover, the material topics and sustainability themes largely determine which civil society organisations we will consult. In 2020, we consulted various stakeholders in the chain, from dairy farmers to customers, about our sustainability targets. The following stakeholder table and materiality analysis show the results of these consultations.

With regard to the health aspects of dairy, we inform our customers about 'Milk and Health' via the knowledge page on our website: <https://www.vreugdenhildairyfoods.nl/kennis/>. In addition, we provide information about dairy and dairy ingredients in our brochures and during, for example, trade fairs and customer visits.

Stakeholder group	Material topics discussed	Conclusions and follow-up for 2021	Involvement of MT
Staff	<p>All sustainability themes have been communicated through meetings for new employees, strategy meetings, a leaflet, wall posters, staff magazine and narrowcasting. During COVID-19, ensuring safety and quality was more important than ever. Many colleagues worked from home and, as a result, many meetings were held online. Through a corona bulletin, updates on the intranet, video messages, and mailings from management, we kept employees informed of the rules of conduct and guidelines related to COVID-19. Employees can raise abuses with an internal and external confidential advisor. They can also use the SpeakUp functionality on the website to report, anonymously if preferred, things that could be regarded as undesirable or potentially suspicious.</p> <p>A number of employees also took part in a materiality analysis in 2020 as part of the re-evaluation of Vreugdenhil's strategic priorities.</p>	<p>Vreugdenhil will do everything in its power to offer all staff a safe workplace. For each lost-time accident, the root cause is identified, and measures are taken and communicated to all sites.</p>	<p>All MT members were involved in safe working communication during COVID-19.</p>

Dairy farmers	<p>In the sounding-board groups, dairy farmer meetings and one-on-one talks by our district advisers, we discussed developments within Vreugdenhil and the sustainability programme for dairy farmers. During COVID-19, the regional meetings were replaced by an online meeting. In addition, there is continuous contact between Vreugdenhil and the dairy farmers. The active and open relationship that we have with our dairy farmers allows them to raise any problems within the sector.</p>	<p>These activities are also scheduled for 2021, and will be face-to-face again when possible.</p> <p>Our good relationship with the dairy farmers is and remains of great importance.</p>	<p>Our Milk Supply & Specialised Dairy Nutrition Director of the MT is involved in this. He has regular contact with the dairy farmers.</p> <p>In addition, our CEO is in regular contact with our dairy farmers.</p>
Suppliers	<p>We discuss the sustainability of packaging materials with both suppliers and customers. The major customers are paramount in this process. Moreover, regular consultations take place to ensure that the logistics processes run as efficiently as possible.</p> <p>For the procurement of sustainable palm oil and soy lecithin, we worked closely with a number of suppliers.</p> <p>Furthermore, discussions were held about climate-neutral production with (potential) suppliers of energy, installations, green certificates, advice and energy-saving / sustainable techniques (for example, solar panels).</p>	<p>Our customers are the most important stakeholders when it comes to making packaging materials more sustainable. Where possible, we will provide support to achieve the desired result. In 2021, we are continuing the discussions and testing out new packaging materials together with one of our suppliers.</p> <p>Sustainability plays a prominent role in supplier talks.</p>	<p>Representing MT, our QA Director is in close contact with suppliers about matters such as compliance with our purchase conditions.</p>
Customers	<p>Talked to our three largest customers about our sustainability goals and their objectives in general. The focus was specifically on sustainable palm oil, organic milk powder, climate measures, enriching products with vitamins and minerals, and charities.</p> <p>The Dairy Sustainability Framework (DSF) is a key starting point for our customers to make progress in the sector.</p>	<p>In 2021, we will look at how we can give the Dairy Sustainability Framework (DSF) substance.</p> <p>We continue to follow the developments in the market and the requirements of our customers.</p>	
Civil society organisations	<p>Talked about sustainable dairy farming (outdoor grazing, climate, nitrogen, biodiversity), climate measures, clean drinking water projects and other charities.</p>	<p>These topics remain important in 2021 and we will continue these discussions.</p>	

<p>Trade organisations</p>	<p>Talked about sustainable dairy farming and climate measures.</p> <p>Prominent parties are NZO, the Sustainable Dairy Chain (DZK) and ZuivelNL (of which DZK is part).</p> <p>In 2020, we continued the collaboration with WUR, Nationaal Waterstof Platform, ECN-TNO and KWA.</p> <p>Cooperation with the food industry has been intensified through CDU, the sustainability working group of FNLI. We also participate in a working group of VNO-NCW to discuss sustainability further.</p>	<p>Through our network, we keep abreast of all developments that are of great importance to us in order to achieve our ambitions.</p> <p>It also helps us as a sector, possibly together with the food industry (FNLI), to properly represent our interests at a political level.</p>
<p>Government authorities</p>	<p>We speak with the municipality, province and other companies in Barneveld, Gorinchem, Nijkerk and Scharsterbrug to look for alternative green energy sources (solar, wind, biomass, residual heat flows) and provide input to local RES.</p>	<p>By working together with companies and government agencies, we can all achieve our sustainability goals.</p>
<p>Miscellaneous</p>	<p>Together with occupational health and safety services, we pay attention to employee health and engagement. Together with external advisors, we are working on, for example, improving safety, certification and making packaging more sustainable.</p> <p>In 2020, the ISO45001 audit in Nijkerk and Scharsterbrug was successfully completed.</p>	<p>In 2021, we will further expand the training platform and the first ISO 45001 audit will be conducted in Barneveld. Preparations are being made for this in Gorinchem.</p>

Memberships and initiatives

We are a member of a number of trade organisations and we support various national and international initiatives, such as:

- Dairy Sustainability Framework (DSF)
- Sustainable Dairy Chain (DZK)
- EcoVadis
- Eucolait
- European Dairy Association (EDA)
- Federatie Nederlandse Levensmiddelen Industrie (FNLI)
- FME – project 6/25
- GemZu (Dutch Dairy Trade organisation)
- IFCN Dairy Research Center
- International Dairy Federation (IDF)
- Made Blue
- MVO Nederland
- Dutch Dairy Association (NZO)
- NZO – Chair of the Energy and Environment Working Group (WEMI)
- Roundtable on Sustainable Palm Oil (RSPO)
- Sustainable Agriculture Initiative (SAI) Platform – Working Group & Sustainable Dairy Partnership (SDP)
- SEDEX (Platform for ethical commercial chains)
- Topsector Agri&Food
- VEMW
- Vereniging van Nederlandse Fabrikanten van Kinder- en Dieetvoedingsmiddelen (VNFKD: association of Dutch manufacturers of infant and diet food)
- VNO-NCW
- ZuivelNL (chain organisation of the dairy sector)

Materiality analysis

In 2016, we charted our material topics together with external stakeholders and Vreugdenhil's management. Using online questionnaires sent to 13 external stakeholders and 10 members of management, we identified our priorities. The entire Management Team was closely involved in this materiality analysis and in the inception of the material topics. About 7 topics proved to be the most relevant to both our organisation (X axis) and our stakeholders (Y axis). The materiality matrix is shown below. Our strategic priorities (material topics) guide the structure of the sustainability report. Our progress and goals for each material topic can be found in the appendix 'Results, goals and value creation 2020'.

- Safe products: See 'Nutritious and tasty products' theme.
- No customer complaints: See 'Nutritious and tasty products' theme.
- Reducing energy consumption during production: see the 'Environmentally friendly factories and offices' theme.
- Transparency with regard to sustainability goals and results: see the 'Sustainability Management' appendix.
- Reducing the environmental impact of packaging (make it circular): see 'Fair and Environmentally Conscious Purchasing' theme.
- Reducing greenhouse gas emissions by dairy farming: see the 'Sustainable Dairy Farming' theme.
- Use of 100% sustainable energy for production: see the 'Environmentally friendly factories and offices' theme.

Materiality matrix

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)

