

Stakeholder engagement and materiality analysis 2019

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 2019 we consulted various stakeholders about our sustainability goals. The following stakeholder table and materiality analysis show the results of these consultations.

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. Abuses can be reported via our website (anonymously, if so desired). See <https://www.vreugdenhildairyfoods.com/contact/> under 'Report your concerns'.

With regard to dairy health, we inform our customers about 'Milk and Health' via the knowledge page on our website: <https://www.vreugdenhildairyfoods.com/knowledge/>. 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 2020
Staff	<p>All sustainability themes have been communicated through meetings for new employees, strategy meetings, a leaflet, wall posters, the staff magazine and narrowcasting. Employees can raise abuses with an internal and external confidential advisor. SpeakUp functionality has been added to our website, where matters that may be considered undesirable or possibly suspicious can be reported, also anonymously.</p> <p>The HR director has engaged with the employees in question on the accidents that have occurred on the shop floor.</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>
Dairy farmers	<p>In the focus groups, dairy farmer meetings and one-on-one interviews by our district advisers, we discussed such developments within Vreugdenhil and the sustainability programme for dairy farmers. This active and open relationship with dairy farmers allows them to raise any problems within the sector.</p> <p>Our Milk Supply & Specialised Dairy Nutrition Director is involved at management level. He has regular contact with the dairy farmers.</p>	<p>These activities are also planned for 2020. Our good relationship with the dairy farmers is and remains of great importance.</p>

Suppliers	<p>We discuss the sustainability of packaging materials with both suppliers and customers. The major customers take centre stage in this process. Regular consultations also 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 Cargill, Sime Darby, Imcopa, BIC and others.</p> <p>Furthermore, discussions were held with (potential) suppliers of energy, installations, green certificates, advice and energy-saving / sustainable techniques (for example, solar panels) about climate-neutral production. Representing management, our QA Director is in close contact with suppliers about matters such as compliance with our purchase conditions.</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.</p> <p>Sustainability plays a prominent role in supplier talks.</p>
Customers	<p>Talked to our three largest customers about our sustainability targets 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. The Dairy Sustainability Framework (DSF) is a key starting point for our customers to make progress in the sector. A gap analysis was carried out in 2019.</p>	<p>In 2020 a decision will be taken to apply the Dairy Sustainability Framework (DSF) as well.</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, phosphate, biodiversity), climate measures, clean drinking water projects and other charities.</p>	<p>These topics will remain important in 2020 and we will continue these discussions.</p>
Trade organisations	<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 2019 we laid the foundation for collaboration with WUR, ISPT, Nationaal Waterstof Platform, ECN-TNO, BlueTerra, KWA, Groenbalans and BeGreen.</p> <p>Cooperation with the food industry has been intensified through CDU, the sustainability working group of FNLI.</p>	<p>Through the 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>
Government authorities	<p>We speak with the municipality, province and other companies in Gorinchem to look for alternative green energy sources (solar, wind, biomass, residual heat streams) and provide input to local RES.</p>	<p>By working together with companies and government authorities, we can all achieve our sustainability targets.</p>
Miscellaneous	<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 setting up a digital training platform.</p>	<p>In 2020 we will start setting up the training platform and the first ISO 45001 audit will be conducted in Nijkerk and Scharsterbrug. Preparations are being made for the other sites.</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)
- Eucolait
- European Dairy Association (EDA)
- Federatie Nederlandse Levensmiddelen Industrie (FNLI)
- GemZu (Dutch Dairy Trade organisation)
- IFCN Dairy Research Center
- International Dairy Federation (IDF)
- Made Blue
- MVO Nederland
- Dutch Dairy Association (NZO)
- Roundtable on Sustainable Palm Oil (RSPO)
- SEDEX (Platform for ethical commercial chains)
- Stichting BlauwZaam
- Topsector Agri&Food
- 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 topics below proved to be the most relevant both for our organisation (X axis) and our stakeholders (Y axis). The materiality matrix is shown below. Our progress and targets for each topic can be found in the appendix 'Results, targets and value creation 2019'.

In 2020 we will once again identify the priorities for Vreugdenhil and our external stakeholders in order to ensure that we continue to focus on the most relevant themes and respond to the latest trends and developments.

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)

