

Appendix 4:

# Results, goals and value creation 2021

For 2021, we report on the sustainability targets from the multi-year Marathon 22 strategy.<sup>1</sup> These results are listed in the table below. From 2022, Vreugdenhil will report on the targets from the sustainability agenda within the new Marathon 25 strategy (see Appendix 3).

	Target 2021	Result 2021	Result 2020	Target 2022	Relevant SDG
<b>Safe Products</b>	< 0.25% product quality complaints per 1,000 tonnes of product	0.20% product quality complaints per 1,000 tonnes of product	0.30% product quality complaints per 1,000 tonnes of product	See new targets in the Marathon 25 strategy - product quality & food safety	SDG2
<b>Reducing energy consumption during production</b>	30% less energy consumption per tonne of product in comparison with 2005.	23% less energy consumption per tonne of product in comparison with 2005.	23.7% less energy consumption per tonne of product in comparison with 2005.	See new targets in the Marathon 25 strategy- emissions & energy consumption	SDG7
<b>Transparency on sustainability targets and results</b>	Place in the top ten of the 'Food and Beverage' sector.	Sixth place in the 'Food and Beverage' sector.	n/a	Not a KPI in Marathon target for 2022.	SDG17
<b>Reducing the environmental impact of packaging</b>	Launching a second project for sustainable packaging with one of our customers and/or suppliers.	A second sustainable packaging project has meanwhile been launched.	launched for sustainable packaging with one of our customers.	Not a KPI in Marathon 25	SDG12 SDG17
<b>Reducing greenhouse gas emissions from dairy farming</b>	<ul style="list-style-type: none"> <li>• 25% of dairy farmers generate &gt;50% of the electricity they consume themselves in a sustainable manner.</li> <li>• The energy consumption target has been dropped</li> </ul>	<ul style="list-style-type: none"> <li>• 26.9% of dairy farmers generate &gt;50% of the electricity they consume themselves in a sustainable manner.</li> <li>• The energy consumption target has been dropped</li> </ul>	<ul style="list-style-type: none"> <li>• 23.2% of dairy farmers generate &gt;50% of the electricity they consume themselves in a sustainable manner.</li> <li>• The energy consumption target has been dropped</li> </ul>	See new targets in the Marathon 25 strategy - emissions & energy consumption	SDG7 SDG15
<b>100% renewable energy for production</b>	16% of energy consumed is renewable.	14.3% of the energy consumed is renewable	14.5% of energy consumed is renewable + implementation of plan for climate neutrality by 2029.	Not a KPI in Marathon target for 2022.	SDG7

<sup>1</sup>The material topics were identified through a materiality analysis for which we consulted internal and external stakeholders. The materiality analysis was conducted in 2016 under the supervision of the Management Team, and the resulting materiality matrix and topic selection were included in the 2020 Sustainability Report.

## Value creation 2021

Vreugdenhil has been operating in the dairy industry since 1954. We have gradually grown into Europe's largest milk powder producer. From this position, Vreugdenhil ensures that dairy can be part of everyone's daily diet. Based on our mission to create shared value, we work as an organisation with our stakeholders on 3 ambitions: responsible value chain, great place to work, and climate neutrality. We want to use the – scarce – resources and raw materials we need in a proper and efficient manner, with the least possible impact on people and the environment. In this way we aim to create a positive long-term effect. The model below shows the relationship between our (CSR) efforts and the degree to which they create public value and contribute to the UN Sustainable Development Goals.

# INPUT

## FINANCIAL CAPITAL

- Financial resources (shareholders' equity, debts and investments) from banks and investors
- €189 million in group equity

## COLLABORATION AND DIALOGUE

Collaborations and annual engagements with NGOs, civil society parties, scientific institutions, public authorities, suppliers and others

## STAFF AND INTELLECTUAL CAPITAL

- Knowledge and competences of our employees
- 476 employees
- Training and development

## NATURAL CAPITAL

- 1.4 billion kilogrammes of milk, with most of it coming from our 826 Dutch dairy farmers
- 100% RSPO-certified palm oil from Indonesia, Malaysia, Colombia, and Costa Rica
- 100% ProTerra-certified soy lecithin from Brazil
- Other raw materials and packaging materials
- 100% green electricity
- Gas and water

## BUSINESS MODEL

### Mission

Creating Shared Value for our suppliers, our business, our customers and their environment

### Vision

Milk nutrition in everyone's daily diet

### 3 values

- Responsible value chain
- Great place to work
- Climate neutral

### Core activities

Production of milk powders from fresh cow's milk as an ingredient for infant nutrition, for consumers to a lovely glass of milk, and as an ingredient for foods like chocolate, icecream, dairy products, cake and culinary applications.

# OUTPUT

## FINANCIAL CAPITAL

- €832.5 million in revenue
- Customers in 131 countries
- Consumer dairy - milk powder packaged in consumer packaging
- Industrial dairy - milk powder as an ingredient for the food industry
- Specialised nutrition - milk powder as an ingredient for specific applications, such as baby food

## COLLABORATION AND DIALOGUE

- Knowledge exchange
- Product innovations
- 4,000 Ethiopians will have clean drinking water from a drinking well in Ethiopia for at least 20 years
- Support of projects in Liberia

## STAFF AND INTELLECTUAL CAPITAL

- Knowledge development
- Healthy and vital staff
- 5.0% sickness absence
- 8 (lost time) accidents

## NATURAL CAPITAL

- 94.3% of dairy farmers participate in our sustainability programme
- 91.0% outdoor grazing.
- 23.0% less energy consumption per tonne of product in comparison with 2005
- 34.5% lower carbon emissions from milk transport in comparison with 2013

## EMISSIONS AND WASTE

- Carbon emissions
- Wastewater
- Industrial and packaging waste
- Residual heat

# IMPACT

## Responsible Value Chain



With our (enriched) milk powders we make safe and nutritious food available to all. In addition, the Milky Gari project in Liberia ensures that children get a nutritious breakfast so they can go to school.



Long-term relationships and partnerships focusing on sustainable and healthy innovations, knowledge sharing and chain transparency.



Through financial contributions to a well in Ethiopia we support universal and equal access to safe and affordable drinking water.



By sponsoring the project in Congo that improves the position of vulnerable women.



Through sponsoring of the project in Colombia that offers education to vulnerable families.

## Great Place to Work



We stimulate employment, offer a safe and healthy working environment and contribute to the Dutch economy.

## Climate Neutral



We contribute to the preservation of natural resources by purchasing responsible raw materials and pursue efficient production and transport so as to use as little energy as possible.



Protecting agrarian ecosystems by means of financial rewards to dairy farmers participating in the sustainability programme. We contribute to sustainable forest management by purchasing certified palm oil and soy.



It is our ambition to produce in a totally climate-neutral way in 2029, for which we will aim for a greater share of renewable energy and energy efficiency.