

# OUR SUSTAINABILITY AMBITIONS





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# EXECUTIVE SUMMARY

## A MARKET THAT DEMANDS MORE

For today's dairy industry, sustainability is more than just a "nice to have." For the millions of farmers, producers, and other professionals who depend on dairy for their livelihood, there is only one way forward: a low-carbon industry that delivers healthy, nourishing protein sources sustainably.

Amid a worsening climate crisis, the market – our customers and end consumers – demands more. More transparency and traceability around dairy products and their environmental impact. Greater measurability of CO<sub>2</sub> footprints. More optionality around the sourcing and purchasing of low-carbon products.

At Hoogwegt, we see our customers' demands echoed across our wider stakeholder base – from our owners and financial investors to our employees and future hires. Our financial, commercial, and operational success as a company depends on our ability to help shape a more responsible, safer, lower-impact industry.

This report outlines Hoogwegt's sustainability ambitions, including the actions we are taking to improve food safety and realize carbon-neutral dairy for our customers.



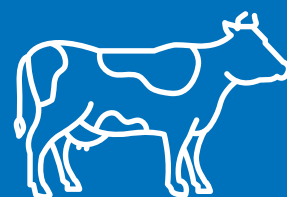
# THE CURRENT STATE OF PLAY



4%

of human-derived greenhouse gas (GHG) emissions are generated by the global dairy sector.

Source: UN Food and Agricultural Organization (FAO)



18%

growth in GHG emissions from the dairy cattle industry between 2005 and 2015.

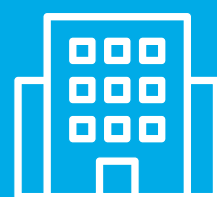
Source: UN Food and Agricultural Organization (FAO)



93%

of global dairy emissions originate at farm level, with transport the next major contributor.

Source: UN Food and Agricultural Organization (FAO)



TOP-13

global dairy companies generate the same GHG emissions as the entire United Kingdom.

Source: Institute for Agriculture and Trade Policy (IATP)

# A WAY FORWARD

As a market leader, at Hoogwegt we can utilize our scale, our knowledge, and our unrivaled supplier and customer base to embed sustainability in our industry. And we can leverage our extensive network of farmers, ingredient manufacturers, and food industry leaders to activate sustainable change at critical points in the value chain.

That is why we are pursuing a robust, customer-driven sustainability strategy built on four key pillars:

Environmental impact, Food safety, and Our people and Our communities.

Through this targeted approach, we can help shape a more informed, empowered, and sustainable industry in the years ahead.

We see this as our responsibility, but also as a unique opportunity for our company.

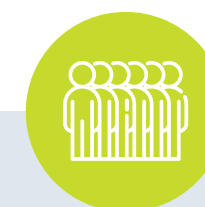
## HOOGWEGT'S KEY SUSTAINABILITY PILLARS



Environmental impact



Food safety



Our people



Our communities





# OUR MISSION: CARBON-NEUTRAL DAIRY FOR OUR CUSTOMERS

Aware and informed consumers will make responsible purchasing decisions. Someday soon, every dairy product on every supermarket shelf will contain clear, comparable information on its carbon footprint.

But transparency and visibility are just the start: eventually, consumers will expect to be presented with low-carbon and carbon-neutral options as standard.

How can we help the industry reach this goal?

// Low-carbon and carbon-neutral will become standard customer options. //





# TRANSPARENCY AND CHOICE FOR CUSTOMERS AND CONSUMERS

We aim to provide Hoogwegt customers with an extensive range of carbon-neutral dairy options:

## STEP ONE

Develop a dedicated sustainability platform that quantifies and states the carbon footprint of the dairy ingredients we source according to the Greenhouse Gas (GHG) Protocol and ISO 14067 norms.



## STEP TWO

Build a path to optionality for our customers: the freedom to make sustainability-driven decisions about the products they source, where they are produced, and how they are transported.

## OUR TARGETS

### EARLY 2023

Offer an extensive portfolio of products for which the CO<sub>2</sub> equivalency is known and verifiable. We intend to run pilot projects during the coming months.

### EARLY 2024

Enable our customers to select carbon-neutral dairy options for a significant portion of our portfolio.







# BUILDING A COMMUNITY OF LOW-IMPACT SUPPLIERS

To offer choice to every customer and for every product, we first need a critical mass of low-impact suppliers of dairy products and ingredients. We are working toward this by:

Working with our supplier communities to identify, execute, and validate carbon-reduction projects at a farm and factory level.

Assessing our suppliers' projects and converting their positive impact into CO<sub>2</sub> equivalents that can be easily quantified and compared.

Bringing projects to the attention of our customers through our digital platform – so they can actively participate in carbon-reduction programs as enablers and financiers.

// We want to enable informed decision-making for all Hoogwegt customers. //





# ENABLING AND ACCELERATING OUR AMBITIONS

## DRIVING AWARENESS AND OPTIONALITY THROUGH DIGITALIZATION

Hoogwegt's digital transformation program is a key enabler of our carbon-reduction and wider sustainability ambitions.

We want to digitalize our customer interactions by offering a new digital data and interface infrastructure that will drive environmental impact awareness and optionality for Hoogwegt customers around the world.

At the core of our digital program is an interactive data portal. The portal will include a comprehensive sustainability platform where customers can quickly obtain quantifiable, comparable data on the CO<sub>2</sub> impact of the entire supply chain, including with regard to production and transport.

## ADVANCING LOW-CARBON SOLUTIONS THROUGH OUR NETWORKS AND PARTNERSHIPS

We are accelerating our sustainability ambitions by connecting with our value-chain partners and wider communities to leverage their unique know-how and expertise.



### Rabo Carbon Bank (launching partner)

Hoogwegt has been invited by Dutch finance group Rabobank to be a launching partner of the Rabo Carbon Bank. This exciting initiative harnesses carbon farming, supply chain decarbonization, and other climate-smart propositions to remove up to 1 gigaton of CO<sub>2</sub> from the atmosphere by 2030.



### Dairy Sustainability Framework (full implementation member)

Our integral role in the Dairy Sustainability Framework helps us align our sustainability approach with a fast-changing industry landscape and ensure that we are taking the right steps for our customers and stakeholders.



### Alternative protein sources

We work with various joint-venture partners to commercialize innovative plant-based and hybrid solutions that can meet the world's protein needs in a sustainable, healthy way. Our fava-bean protein venture in Denmark is a prime example.

# OUR WIDER SUSTAINABILITY ACTIVITIES

Our carbon-neutral and food-safety activities are just one aspect of our wider sustainability ambitions.

As a leading multinational organization with a global reach, Hoogwegt has a responsibility to make a positive difference in the communities where we operate, and for society at large.

Additionally, we strive to follow the UN Sustainable Development Goals regarding animal welfare, and to offer our customers transparency concerning certifications on this topic, based on the information we gather from suppliers.



## BEST IN CLASS ON FOOD SAFETY

By mid-2023, we aim to have a best-in-class, globalized food safety assessment program in place, with all our global locations audited against Global Food Safety Initiative (GFSI) standards.

We will achieve this by:

Assuring safe supply through up-front approvals of all supplier manufacturing locations and products, as well as maintaining strict rules for warehousing and transport.

Fostering transparency by passing on critical food safety information to our customers.

Training all our employees to identify and anticipate potential food safety risks.







# GIVING BACK TO PEOPLE & COMMUNITIES

Hoogwegt is a family-owned business with deep-rooted links to its local communities. For the past 50 years, these communities have been the foundation for our growth – providing the talent and knowledge that drives our commercial success.

By reaching out and investing in our communities, we can offer people from all backgrounds opportunities to grow and to contribute to a sustainable dairy future. This way, we can continue to give back, while strengthening our human and intellectual capital in kind.



## EMPOWERING INDIVIDUALS WHO FACE DIFFICULTY ACCESSING EMPLOYMENT

In partnership with programs such as the Refugee Talent Hub, we are supporting local refugees, including by offering opportunities within our own workforce.

By mid-2023, we want to ensure at least 2% of our office-based roles are filled by people from disadvantaged backgrounds.



## EXPANDING OUR PARTNERSHIPS WITH KNOWLEDGE INSTITUTIONS

Hoogwegt is partnering with knowledge institutions specialized in life sciences and agricultural research. These include leading universities in the Netherlands and worldwide.

Through a combination of courses, trainings, and work placements, we help bright students – the industry innovators of tomorrow – apply their ideas in a real-world industry context.



# A SUSTAINABLE FUTURE IS WITHIN REACH

With our innovation, collaboration, and commitment, we can create a more futureproof and sustainable dairy industry. One that is better for consumers, better for our communities, better for our planet.

But it is up to all of us to take the next step. As an industry, we need to come together to help suppliers, customers, and consumers make responsible choices and unlock better ways of working.

Together, we can make a difference. Together, we can create the kind of industry that the market demands and the world really needs.

The future starts here!

// Together, we can make a difference. //



# JOIN US IN OUR AMBITION TO CREATE A MORE SUSTAINABLE DAIRY FUTURE



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