

**ANNUAL  
INTEGRATED  
REPORT 2022**

---

# **SHAPING A TASTY FUTURE SUSTAINABLY**



# TABLE OF CONTENTS

<b>About this report</b>	3	<b>Part II: Corporate governance</b>	37	<b>Part IV: Sustainability</b>	69
<b>Interview with the Chairman and the CEO</b>	4	Interview with the CLRO	38	Interview with the CHRO and the Group Sustainability Manager	70
<b>Company milestones 2022</b>	7	Principles of good corporate governance	40	Our sustainability strategy 2021-2025	73
<b>Part I: Our company</b>	8	Legal structure	41	<b>Goal 1: Balanced nutrition</b>	77
Interview with the Managing Director of the business lines	9	Board of Directors	42	Improving the nutrition profile of our products	78
About us	12	CEO	46	Offering Clean Label products	83
Our business lines	12	Executive Committee	46	Offering plant-based alternatives	87
Our operations	13	Remuneration policy	48	Being a leader in food safety	89
Key figures 2022	14	Internal governance rules, control and risk management	49	<b>Goal 2: Protecting nature</b>	94
Mission, vision and values	16	Code of Business Conduct and Ethics	49	Sourcing responsibly	95
Our value chain	17	Supplier Code of Conduct	53	Toward zero carbon emissions	102
Our key categories and brands	18	Sustainability governance	54	Minimising food waste	113
Bakery products	18	<b>Part III: Key financial information</b>	55	Contributing to circular packaging	118
Margarines, culinary oils & fats	21	Interview with the CFO	56	<b>Goal 3: Enhancing lives</b>	126
Our key services	24	Key financial figures	58	Offering an engaging professional journey	127
Innovations	26	Consolidated statements	59	Providing a diverse and inclusive workplace	133
Our HR approach	30	Business review 2022	61	Ensuring safety and fostering well-being	137
Our HR charter	30	Risk	65	Working together to create a positive social impact	145
Our employer brand	32	Outlook 2023	68	EU Taxonomy reporting	152
Awards and recognitions	33			Sustainability performances and targets	154
Awards	33			GRI Standards Reference Table	158
Recognitions	35			<b>Annex</b>	164



# ABOUT THIS REPORT

## NAME OF THE ORGANISATION

Vandemoortele Group

## LOCATION OF HEADQUARTERS

The company's registered head office is located at Ottergemsesteenweg-Zuid 816, 9000 Ghent, Belgium.

## OWNERSHIP AND LEGAL FORM

The Vandemoortele Group is understood to mean the operational holding company Vandemoortele NV, as well as the companies included in the International Financial Reporting Standard (IFRS) consolidated annual accounts of Vandemoortele NV.

The scope of the consolidation of the Vandemoortele Group includes Vandemoortele NV and 40 subsidiaries which are fully consolidated. This includes Vandemoortele Europe NV and its branches.

## SCOPE

This annual integrated report complements the key financial figures and sustainability information for 2022 that are applicable to the entire Vandemoortele Group. For a limited number of sustainability KPIs, the data of the subsidiaries Paindor and Vandemoortele Ghislenghien SA are not included, due to these having a different Enterprise Resource Planning (ERP) system for data gathering.

## REPORTING PERIOD

Publication date: 20 March 2023

Reporting period: 1 January 2022 – 31 December 2022

The annual report is accessible online at [www.vandemoortele.com](http://www.vandemoortele.com), where our previous annual, financial and sustainability reports are also available. The previous edition was published on 21 March 2022.

The Vandemoortele Group reports its financial and sustainability results twice a year. The mid-year financial and sustainability results cover the first six months of the year. The annual report and the financial statements cover the entire year, from January to the end of December.

## EXTERNAL AUDIT

The 2022 sustainability data of the Vandemoortele Group will undergo a limited audit by Deloitte after publication in the second semester of 2023.

## CONTACT DETAILS

For questions regarding this report:  
Aurélië Comhaire, Group Sustainability Manager:  
[aurelie.comhaire@vandemoortele.com](mailto:aurelie.comhaire@vandemoortele.com)  
Herman Van Steenstraeten, CFO:  
[herman.vansteenstraeten@vandemoortele.com](mailto:herman.vansteenstraeten@vandemoortele.com)

## PRODUCTION

Storyline, copywriting, design: Pantarein Publishing

## GRI ACCORDANCE

Vandemoortele has undertaken reporting in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022. The GRI content index can be found on page 158.

## FINANCIAL REPORT 2022

Complementary to this report exists the Financial Report 2022, which has been drawn up in compliance with IFRS guidelines.



# “IN THE MIDST OF A PERFECT STORM, WE MANAGED TO STICK TO OUR BUSINESS STRATEGY”

**2022 was a demanding year for Vandemoortele, full of unexpected twists and turns. However, our quick adaptability, both in terms of prices and recipes, allowed us to maintain our successful course. Throughout the year, the hard work and resilience of our associates played a crucial role in this.**

**2022 was an exceptionally complex year. How do you look back on it?**

**Yvon Guérin:** “2022 was marked by an accumulation of challenges. At the beginning of the year, we were still in a COVID-19 situation, with people working from home. This offered fewer opportunities for the food service sector. Once the COVID restrictions were lifted, there was the war between Russia and Ukraine, which resulted in shortages of natural gas and of important ingredients like wheat and sunflower oil. Prices went through the roof, and we had to adapt our recipes in order to maintain our production processes, and to keep supplying our customers with high-quality products.”

**Jean Vandemoortele:** “After the COVID years with lower production levels, we also had difficulties in finding enough qualified associates. In short, like many food companies, we experienced a perfect storm. Raising our own prices was the only way out. It was not easy and it required a lot of negotiating, but it was necessary for us to continue to invest and to keep growing. We are grateful for our associates’ hard work and resilience.”

**Are you satisfied with the 2022 results? What was Vandemoortele’s most significant business achievement last year?**

**Jean Vandemoortele:** “In terms of results, we are especially pleased to have returned to our pre-COVID sales and production volumes. The pandemic really took its toll in that respect. Our main accomplishment in 2022 was being able to adhere to our chosen strategic course: we continued to invest in increased capacity and maintained our focus on the food service industry. As a family business with a long-term perspective, this is very important to us.”

## “With our ‘glocal’ strategy, we aim to achieve global reach while tailoring our products to specific markets”

---

**Yvon Guérin – CEO**



Yvon Guérin –  
Chief Executive Officer (CEO)



Jean Vandemoortele –  
Chairman of the Board

**Yvon Guérin:** “In 2022, we further developed our ‘glocal’ strategy: think global, act local. We aim to achieve global reach, while tailoring our products to specific segments of the local market. In addition, we maintained a focus on innovation, even in difficult circumstances. Our new ‘Secrets’ croissant – a high-quality pastry product for Reflets de Gelfin’Or – was recognised as the best croissant in both France and China. This illustrates the success of our business strategy, which aims for artisan products of superior quality.”

**Are you equally satisfied with the 2022 sustainability results? What went well, or not so well?**

**Yvon Guérin:** “On the whole, we made a great deal of progress in terms of sustainability. We are on track for all our Balanced Nutrition targets, and did especially well in terms of Clean Label products. Despite the scarcity

**“In 2023, we will continue our geographical expansion and focus even more on export opportunities”**

---

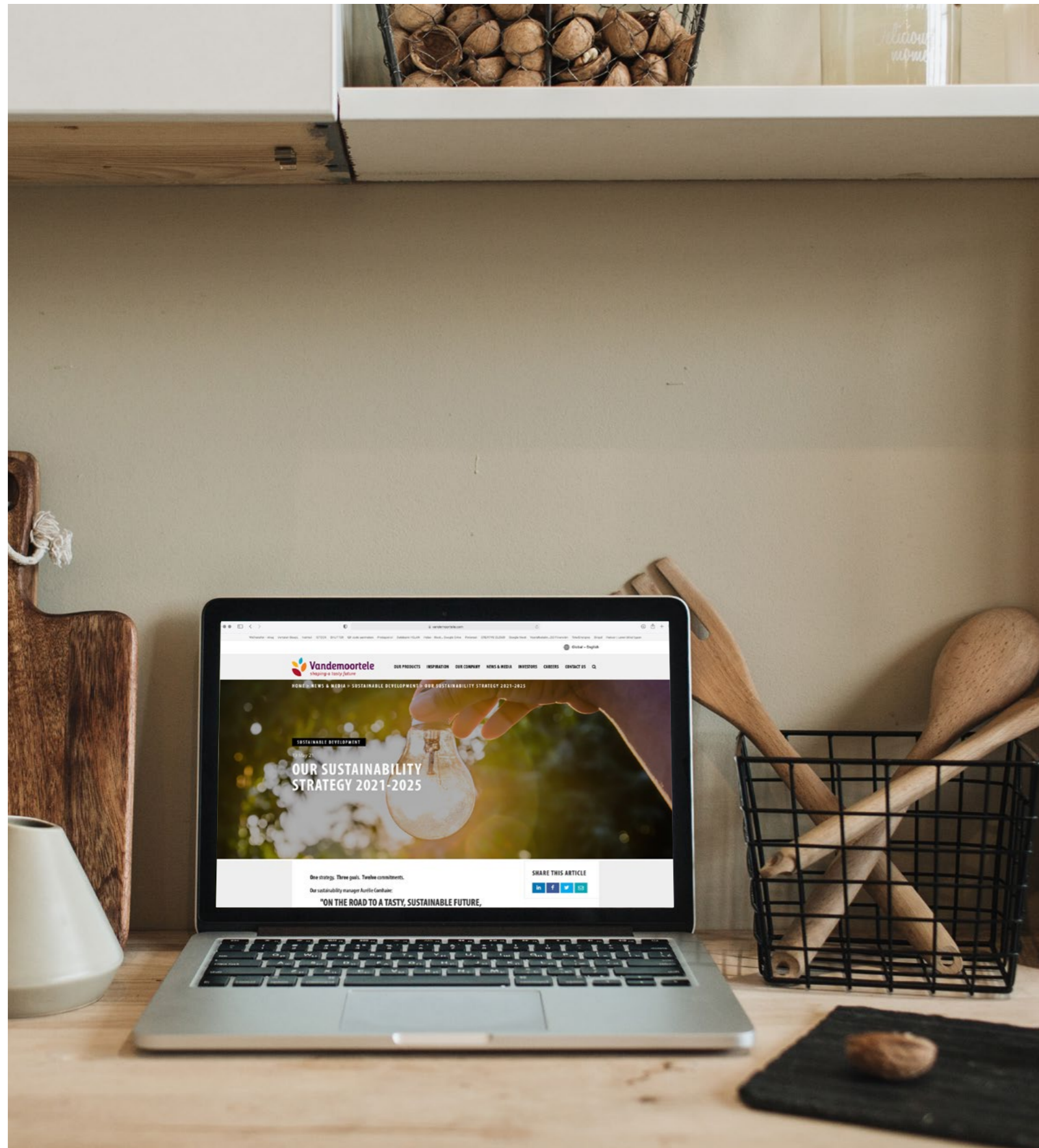
**Jean Vandemoortele – Chairman of the Board**

of important ingredients, we managed to obtain very good Nutri-Score® results. We also reduced our water consumption and lowered the number of food safety complaints. A growing number of suppliers have accepted our Code of Conduct, and we are doing very well in terms of gender diversity and inclusion.”

“Our main challenges in 2022 concerned work safety and material scarcity issues. Because our volumes rapidly increased once again after the COVID-19 years, we had to reinforce our teams with new and less-experienced associates. This made it harder to further improve upon our safety performance. By the end of 2022, we nevertheless almost achieved our targeted accident frequency rate, and our severity rate was the best result ever achieved at Vandemoortele.

Due to scarcity issues, we had difficulties in obtaining enough packaging materials, especially recycled materials like r-PET. This will hopefully resolve itself in 2023.”

**Jean Vandemoortele:** “Over the past few years, we have seen a major change in the involvement of our associates. Three years ago, our sustainability actions were mainly driven by a separate Sustainability Team. Now, everyone supports our approach, from managers to truck drivers and line operators. We have even included sustainability targets in the variable remuneration of all our managers. Sustainability has become embedded in all our processes and procedures: it’s a part of who we are.”



“Of course, we need to control our costs to stay competitive. Sustainability measures take time and investment. But many sustainability actions, like minimising energy consumption, using less packaging or reusing dough scraps, also reduce costs. We believe it is possible to be sustainable and competitive at the same time.”

**Which 2022 sustainability achievement are you most proud of? And what is your biggest challenge?**

**Jean Vandemoortele:** “Personally, I am very proud of our structured sustainability approach and our transparent communication. Year after year, we manage to achieve most of our targets, and we communicate transparently about both our positive and our negative impacts. Our 2021 Integrated Report was even voted the Best Impact Sustainability Report in Belgium.”

**Yvon Guérin:** “Our biggest challenge will be achieving net zero by 2050 in line with the Science-Based Targets initiative (SBTi). We aim to eliminate all our carbon emissions wherever possible. In terms of electricity, we have already achieved net zero. The next big challenge will be the fuel switch from natural gas to green gas.”

**Which opportunities, risks and challenges do you see for 2023?**

**Yvon Guérin:** “The biggest risk will be the economic slowdown, because its impact is hard to predict. People are scared and uncertain because of the war,

the energy crisis and the continuous price rises. That fear may lead consumers to save their money, and spend less on ‘extras’ like artisan bakery products or convenience food. On top of this, many bakers still face high energy costs. Maintaining our strategic focus on the food service sector will be one of our biggest challenges for 2023.”

**Jean Vandemoortele:** “At the same time, there are a lot of opportunities for basic products like margarine, and for new, innovative products. We need to remain dynamic and to be able to change quickly, to meet our customers’ needs. In 2023, we will also continue our geographical expansion and focus even more on export opportunities outside of Europe. Over the past three years, Vandemoortele has undergone a huge internal transformation: in terms of organisation, marketing, logistics, transport, and more. With our current structures and strategy, we are ready for the future.”

**“I am very proud of our structured sustainability approach and our transparent communication”**

---

**Jean Vandemoortele – Chairman of the Board**

# COMPANY MILESTONES 2022

## Q1



### Launch first integrated report

To keep our stakeholders up-to-date on our financial performance and our sustainability efforts, we have created our first integrated report. This offers a clear and concise overview of how value is created in our organisation. By sharing our sustainability results, we aim to gain our customers' trust.



### Performance, Development and Talent management for all

In 2022, we launched our Performance & Development Management Plan for all our associates. We offer all our people, including our blue-collar workers, tailored advice on their professional journey. We have also expanded our talent reviews to all our associates, which enables discussions on internal mobility, promotions, etc. Our associates gain greater insight into their own strengths, making it easier to define personal development goals.

## Q2



### Launch of artisan croissant and chocolate roll 'Secrets'

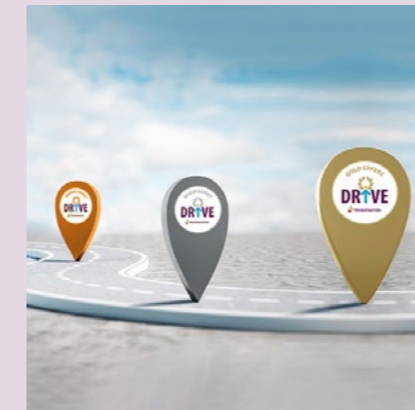
Reflets de Gelfin'Or® developed a new recipe for puff pastry that respects tradition and takes it to a higher level. We used the new recipe to create a prestigious duo for artisan bakers, called 'Secrets': a butter croissant and a chocolate roll with three chocolate bars inside.



### Vandemoortele and WWF join forces to support EU law against imported deforestation

Banning products that result from deforestation from the European market. That was the aim of a new law that was proposed at EU level in 2021. In early 2022, the proposal entered a decisive phase. Vandemoortele joined WWF and 80 other companies to endorse a strong EU law against imported deforestation and asked the Flemish government to take the lead. The law was passed on 6 December 2022.

## Q3



### Dr1ve Awards for outstanding supply chain performance

Vandemoortele promotes a lean and demand-driven supply chain. To engage our teams in a solid supply chain performance culture, we developed the Dr1ve Bronze, Silver and Gold Expert certification. In order to earn a certificate as a Dr1ve Expert, teams have to meet Kaizen and Performance Control System (PCS) quality criteria. In 2022, we celebrated our first Bronze and Silver Expert certificate winners.



### Launch of Food Service Platform in Benelux

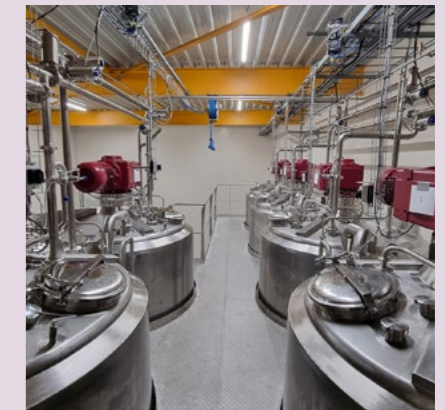
The Vandemoortele Professional Food Service Platform offers smart solutions for various food service channels. We support food companies with inspiration, business advice, recipes and trainings, and help them tackle emerging problems like recruitment difficulties or the rising demand for vegan food. We pay special attention to financial advice, such as ways to reduce a company's food cost.

## Q4



### Big steps forward in Asia

In 2022, we participated for the first time in major trade fairs in China (Shanghai) and Singapore. We set up our own booths under the brand name Banquet d'Or. Vandemoortele China opened on the 1<sup>st</sup> of November.



### Start-up of pumpable shortening line in Zeewolde

The term 'shortening' refers to butter or margarine that gives pastry a crumbly and crisp texture. Pumpable shortening combines the functionality of solid fat with the simplicity of handling liquid oil. It is delivered to a tank and can be pumped straight into the production process, without the need for conditioning or unwrapping. In Zeewolde, we have installed our first pumpable shortening line.



PART I

# OUR COMPANY



# “DESPITE CHALLENGING CIRCUMSTANCES, OUR PERFORMANCE HAS RETURNED TO A PRE-COVID LEVEL”

**Inflation, materials shortages, staffing problems ... 2022 was not always an easy year for Vandemoortele. Managing Directors Sabine Sagaert (Bakery Products) and Bart Bruyneel (Margarines, Culinary Oils & Fats) share their views on the past year, and look ahead to 2023.**

**2022 was in many ways a complex year.**

**How would you look back on it? Are you satisfied with the results?**

**Bart Bruyneel:** “Like many other companies, Vandemoortele spent the year looking for ways to deal with the supply chain crisis. In particular, raw materials like sunflower oil were scarce. Despite these difficulties, the Margarines, Culinary Oils & Fats (MCOF) business line achieved good results, especially compared to the COVID-19 years. The food service industry boomed: it seems that people were eager to return to their favourite bars and restaurants after the crisis.”

“Our new automation systems further enhanced our favourable position. We are now back at the production levels of 2019, and even slightly surpassing them. Our financial results are also following that positive trend. 2023 might show a different picture, due to the risk of lower consumer spending and high inflation, but that remains to be seen.”



**Bart Bruyneel – Managing Director Margarines, Culinary Oils & Fats**



**Sabine Sagaert –  
Managing Director Bakery Products**

**Sabine Sagaert:** “The volumes in Bakery Products (BP) have returned to pre-COVID levels. In the course of the year, we improved our product mix, our country mix and our channel mix, with good financial results. We stayed true to our strategy, focusing on geographical diversification, value-added products, and the development of strong authentic brands. We also made significant investments in product and packaging innovations. Inflation was partly compensated for by many cost-out initiatives. Our service to our customers temporarily suffered from capacity problems, but we have taken measures to avoid this in the future.”

“We restructured our Transport activities and merged our two branches - Panalog and Metro - into one new transport department; Vandemoortele Transport Solutions. This will lead to greater capacities and quality in terms of customer service, as well as improved efficiencies.”

“We are proud of what we have achieved in 2022, especially in the difficult context. We even won several awards, like the Bakery Innovation Award. However, we also take into account the possibility of a small recession next year.”

**Which specific achievements are you most proud of? Not only in general, but also in terms of sustainability?**

**Bart Bruyneel:** “To begin with, I am very pleased to see that our sales volumes are back on track, and that our strategic focus on the food service industry is paying

off. In terms of sustainability, 54% of the palm oil that we source for both our consumer and professional brands is now physically sustainable-certified: a huge improvement compared to 2021. By 2025, this should be 100%. We have also developed more mono-material packages, like polypropylene tubs and seals, which are easier to sort and recycle. Making our production processes more sustainable is harder in times of material scarcities, but we are still on track.”

**Sabine Sagaert:** “The BP business line has managed to maintain its strategic course, and emerges stronger from the COVID-19 crisis as a result. In addition, we have fundamentally altered our innovation processes. Our new tagline is ‘bigger, better, fewer’: we aim for significant innovations, things that really matter to our customers. The continued improvements in our operations and our supply chain make us both more efficient and more sustainable.”

**“I am pleased to see that our strategic focus on the food service industry is paying off”**

---

**Bart Bruyneel – Managing Director MCOF**

“We continue to create more Clean Label articles and to reduce the levels of fat and sugar in our products. The rising energy prices have also led to accelerated investments in sustainable energy solutions. This acceleration will continue in 2023.”

#### How important is sustainability in your day-to-day activities?

**Bart Bruyneel:** “Working sustainably has simply become inevitable for us. We are constantly improving our supply chain and our production processes to comply with new legislation and consumer demands, for example regarding deforestation and sustainable packaging. Sustainability issues also resonate with our management and our associates, who are eager to contribute to a better world.”

**Sabine Sagaert:** “We aim to offer sustainable products and reduce our impact on the world, for example by lowering carbon emissions across our entire value chain. We are currently entering into various partnerships to reduce the carbon emissions of the milk and wheat that we source. We are also making efforts to convince our customers to opt for more sustainable options.”

#### How do you both look ahead to 2023? What challenges, risks and opportunities do you see?

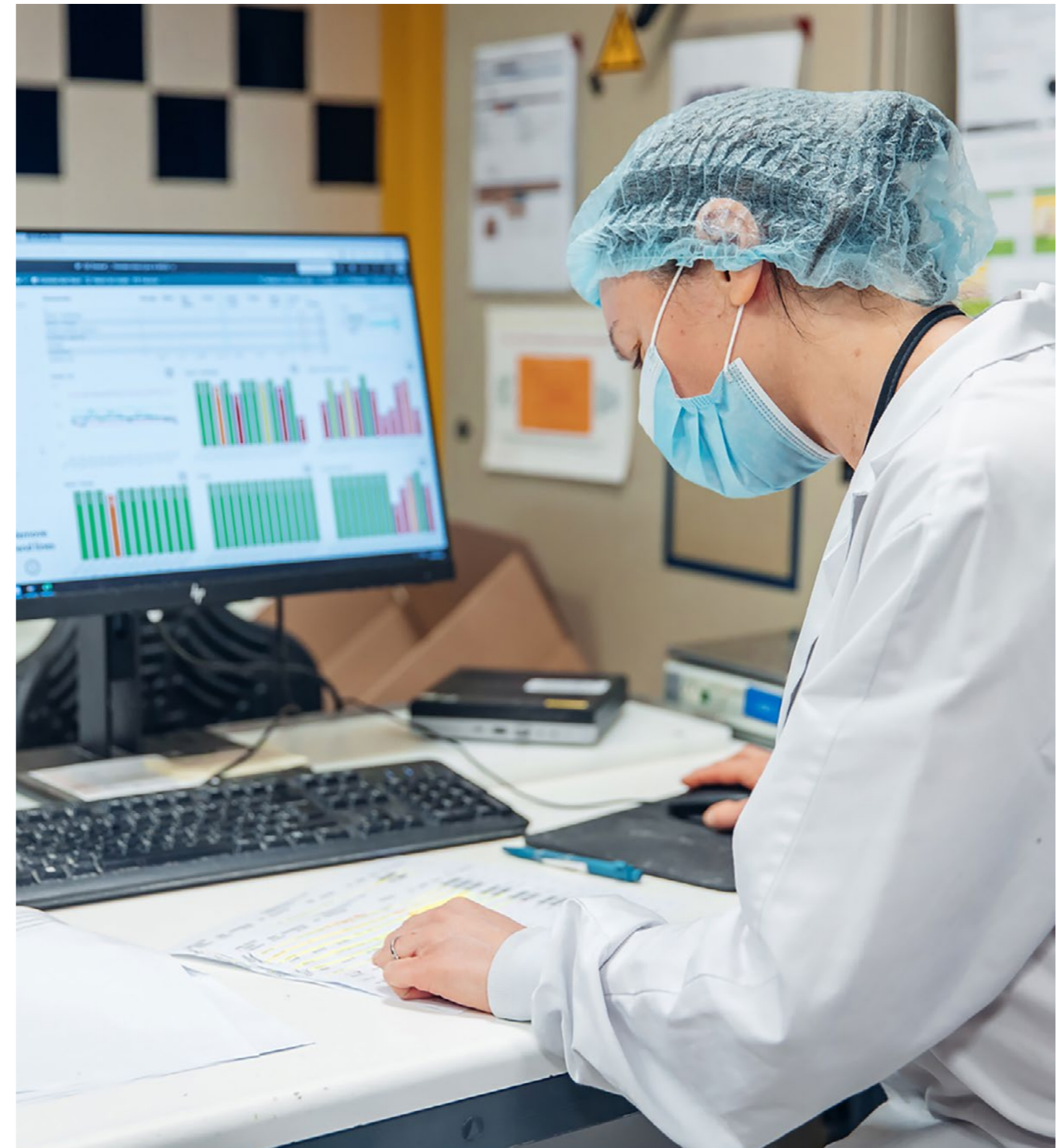
**Bart Bruyneel:** “If all continues to go well, we expect the sales volumes in MCOF to rise significantly. We are already investing in additional production capacity. Of course, it’s

hard to predict the impact of external risks, like the war in Ukraine or a potential economic recession. We are careful, but we’re not afraid to invest in the future. One of our main challenges in 2023 will be complying with the new European legislation concerning deforestation in rainforest areas.”

**Sabine Sagaert:** “The combination of continuing price rises and high staffing costs creates an uncertain environment in the short term, especially in the professional channel. We remain careful but ambitious. Our new pastry production line in Torcé (France) is set to start up in 2023, which will offer new opportunities. Let’s hope the political and economic situation calms down a little, so we can return to a more normal environment in the near future.”

## “The rising energy prices have led to accelerated investments in sustainable energy”

**Sabine Sagaert – Managing Director BP**



## ABOUT US

Vandemoortele was founded in 1899 as a Belgian family business, and has continued to grow and develop ever since. Over the last two decades, we became a European food company with leading positions in two business lines: **Bakery Products (BP)** and **Margarines, Culinary Oils & Fats (MCOF)**. We are known for supplying innovative and high-quality products.

**Vandemoortele was founded in 1899 as a Belgian family business, and has continued to grow and develop ever since**

---

## OUR BUSINESS LINES

We are European market leaders in our two business lines. Both lines aim to meet and exceed customer expectations in terms of taste, quality, convenience and value for money.

The **BP business line** targets professional chefs and bakers with the Vandemoortele frozen bakery portfolio. The products are further crafted, baked or simply defrosted by these chefs and bakers, and sold to consumers as fresh bakery goods and snacks. We also supply our bakery products to retail customers.

The **MCOF business line** targets industrial food producers who use margarines, culinary oils and fats. It also develops and manufactures private labels for retailers across Europe. In addition, Vandemoortele owns retail brands across Benelux and Germany, as well as dedicated professional brands for the Food Service and Artisan Bakery channels.



# OUR OPERATIONS

The Vandemoortele Group headquarters are located in Ghent, Belgium.

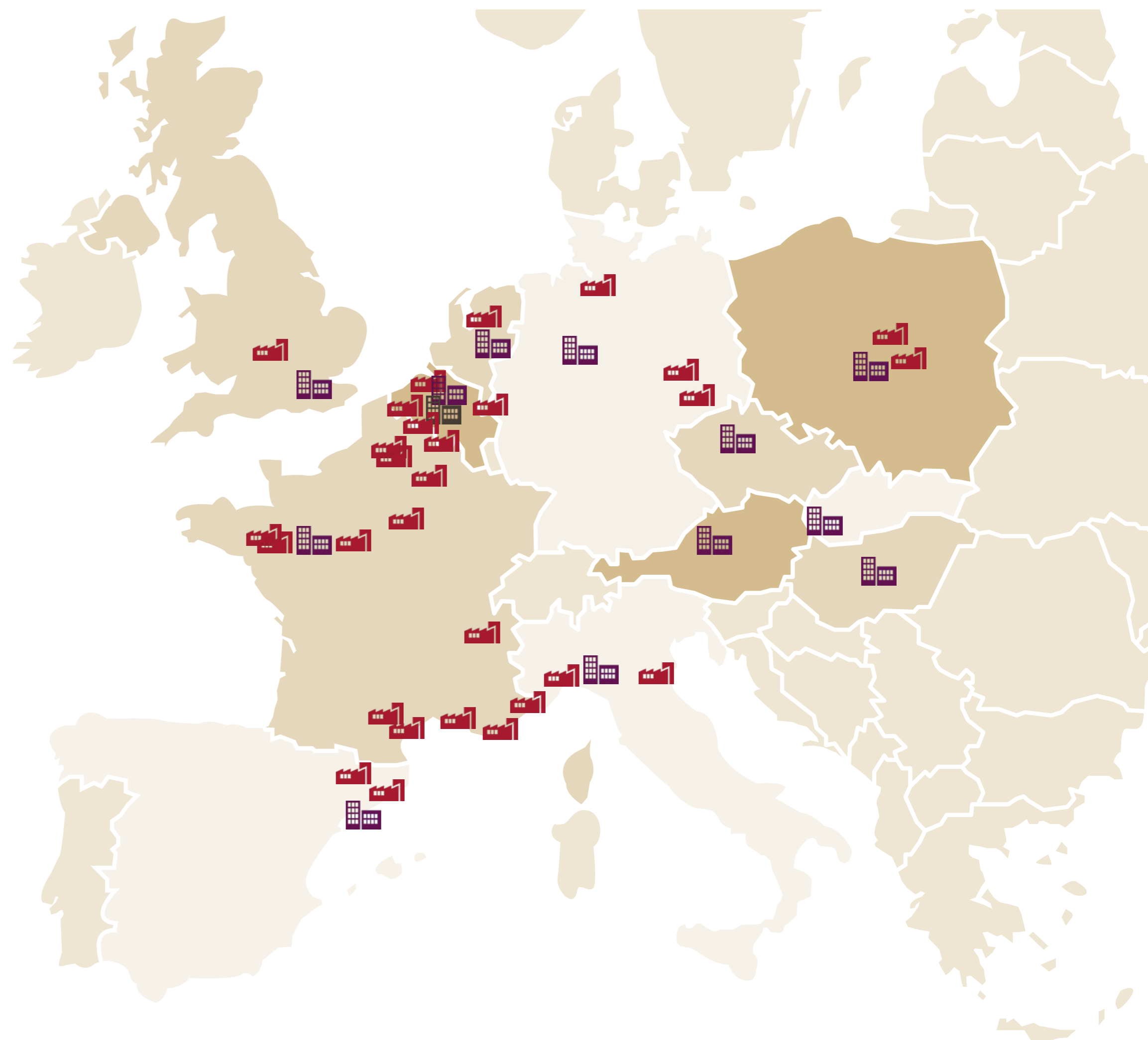
We have commercial offices in **12 European countries**, as well as in **the United States** and **Asia**.

We operate on **29 high-quality production sites** all over Europe, in order to ensure proximity to all of our key markets.

From Europe, we export to **70 countries worldwide**.

**70**  
countries reached  
through export

-  Headquarters
-  Production site
-  Commercial office



# KEY FIGURES 2022

## Company



**822 ktonne**  
sales volume



**4,671**  
products in our assortment



**29**  
production sites

## Financial performance

Revenue **€1,739 million**  
Adjusted EBITDA **€165 million**  
Profit **€71 million**  
Senior net financial debt **€33 million**

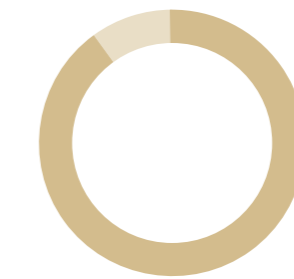
## Associates

**3,979**  
permanent associates  
in total

**2,217**  
blue-collar  
workers

**1,041**  
white-collar  
workers

**721**  
management



**91%** of our associates work full-time  
**9%** of our associates work part-time

**80%** of our associates are covered by collective bargaining agreements | **809** associates are not covered by collective bargaining agreements\*

### Male/female ratio:

■ men ■ women



blue-collar workers  
**1,612 / 605**



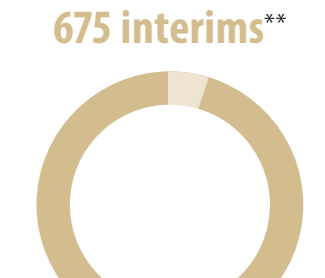
white-collar workers  
**504 / 537**



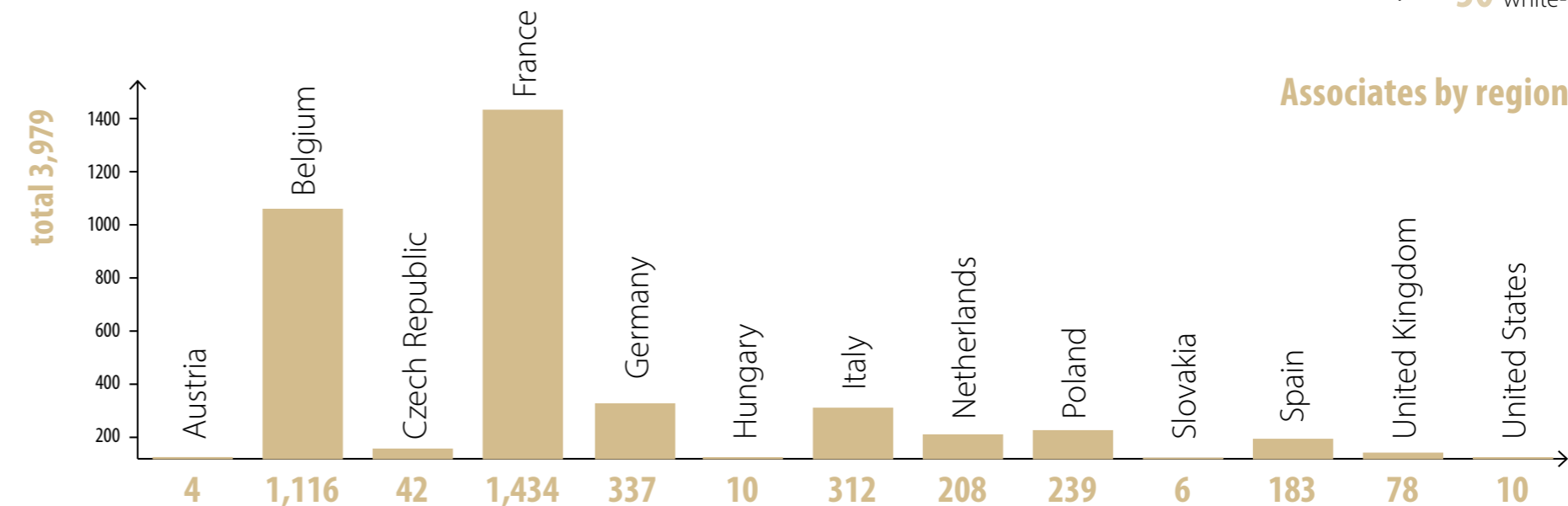
management  
**415 / 306**



total  
**2,531 / 1,448**



**675 interims\*\***  
**645** blue-collar workers  
**30** white-collar workers



\* The contracts of 423 associates from Belgium and Germany transparently mirror collective bargaining agreements, while 315 employees from the UK and Poland are covered by another system that follows the same principles.

\*\* Our temporary workers (interims) work almost mainly in production.

## Sustainability performance

**79%**

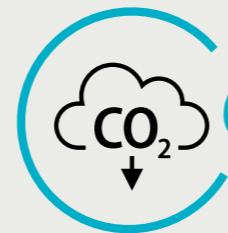
of Bakery Products are Clean Label

**8%**

shift in better Nutri-Score® in spreading & cooking (number %)

**57%**

reduction of food safety complaints compared to 2016

**60%**

reduction of CO<sub>2</sub>-equivalent/tonne in scope 1 and 2 emissions\* (compared to 2015)

**97%**

of our packaging is recyclable, reusable or compostable

**100%**

green electricity used in our production sites and attached commercial offices since 2020

**0.56**

is our lowest severity rate ever (0.56 days lost per 1,000 hours worked)

**87%**

of our associates followed at least one training (female/male ratio = 1)

**93%**

of all our associates including our blue collars had at least one Performance & Development conversation during the year

\* On page 103 you can find the definition of scope 1, 2 and 3 emissions.



# MISSION, VISION AND VALUES

## Our mission

**Bringing great taste, in your kitchen, at your table and on the go.** We believe people's everyday food should be an everyday enjoyment: from breakfast to dinner, from healthy lunches to moments of indulgence. We offer convenient solutions for professionals and products the consumer can trust. As a leading food company we focus on taste, making positive choices for people, planet and society, while delivering sustainable growth.

## Our vision

**We are a leading food company in Europe and continually develop our Frozen Bakery Products and Margarines, Culinary Oils & Fats business lines, to offer the best in taste, quality and service.** We place sustainability at the heart of our company. Our goal is to perform business in a way that allows us to sustain our activities for years to come.

## Our core values

Vandemoortele lives by three corporate values: respect, ambition and cooperation. These lie at the core of our corporate culture.

### RESPECT



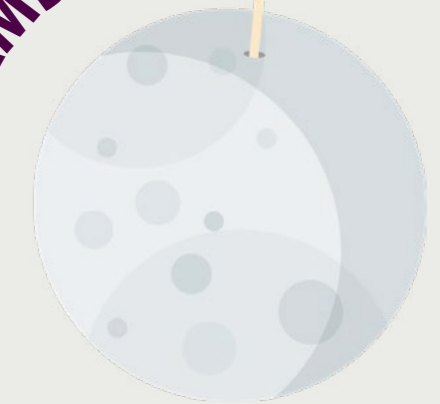
**Respect** is the foundation of our actions and our external and internal relationships. We act with integrity and respect both toward others and in relation to the environment.

### COOPERATION



The spirit of **cooperation** can be found within our teams and between ourselves and our partners. We are open-minded and value each individual contribution. We share our knowledge and expertise, and enjoy working together.

### AMBITION TASTE



Our **ambition** is to deliver the Vandemoortele promise: best taste, best quality, best service. We take ownership of the company's goals, and are committed to delivering an outstanding performance in a sustainable way, for our customers and ourselves alike. We are passionate, engaged and energised.



# OUR VALUE CHAIN

**Vandemoortele believes that daily food should be a daily pleasure. Great taste is built on high-quality ingredients, processing expertise and true craftsmanship. To ensure that our products are both tasty and sustainable, we consider the impact of every step in our value chain, from the sourcing of commodities to the delivery of delicious masterpieces.**



## Raw materials

We source raw materials like vegetable oils (sunflower, rapeseed, linseed, palm, soybean, coconut, etc.), wheat, butter, cocoa and eggs from carefully selected suppliers for the manufacturing of our products. All our suppliers are expected to sign the Vandemoortele **Supplier Code of Conduct**. In this way, we exhort them to commit to the same **social and environmental practices that we engage in**. At the level of individual raw materials and ingredients, we take our sustainability efforts even further by adhering to separate sourcing charters. Whenever possible, we source locally to shorten the logistics chain. **We ensure clear traceability** to allow us to monitor where our raw materials come from and how they are produced.



## Production

Our products are manufactured at 29 production sites spread across Europe. We place **a strong emphasis on safety and operational efficiency**. We aim for zero food loss and minimise our energy consumption, with the aim of reducing our carbon footprint. The electricity that we use in our production sites and offices comes from 100% renewable sources.



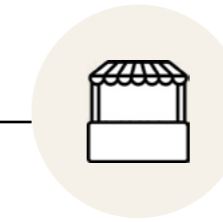
## Packaging

**High-quality packaging protects the quality and safety of our products, and prevents food waste.** To reduce the impact of our packaging materials, we ban all unnecessary materials and make our packaging as light as possible. We contribute to circular packaging through several innovations, such as the utilisation of recyclable alternatives.



## Logistics

We distribute and sell our products all **over the world through a logistics network** that specialises in the transportation of temperature-controlled and frozen goods. In order to reduce our transport emissions, we rely on the latest engine technologies, alternative energy sources, innovative truck designs and efficient loading techniques. We keep a close eye on technological developments, **with the aim of also becoming a forerunner in this area.**



## Market

In our BP business line, we supply our products **to artisan bakeries, food service outlets, industry customers and retail customers (B2C)**. Due to the fact that many of our customers no longer bake from scratch, we deliver our bakery products at various convenience levels: raw, pre-proved and ready-to-serve. This approach combines **good quality with flexibility**. Our customers sell the products to end consumers as finished, freshly baked products. Likewise, in our MCOF business line, we offer **tailor-made solutions for every customer**, from tasty cooking blends for top chefs to top quality pastry margarines for artisan bakers.



## Consumption

**The quality and taste of Vandemoortele products are our trademark.** At the same time, we aim for authentic food products made with ingredients of natural origin, and with a good nutritional balance. We offer plant-based alternatives and strive to be a leader in food safety. Day after day, we invest in research and product development, in order to raise the bar ever higher in terms of food quality and safety.



## End of life

**We advocate a circular economy**, and aim for an optimal balance between preservation and sustainable packaging in order to minimise waste.

# OUR KEY CATEGORIES AND BRANDS

## BAKERY PRODUCTS

Our Bakery Products include five product categories: Pastry, Bread, Sweet Treats, Italian Savoury and Patisserie. They are distributed through different channels: artisan bakery, food service, retail chains and industry. Our customers can simply bake or defrost our products and sell them directly to consumers as freshly baked goods. Our most important and well-known bakery brands are:

### Banquet d'Or®

Banquet d'Or® has been an established brand since 1983, and through it we deliver easy-to-bake and easy-to-love products. The Banquet d'Or® baked goods are **easy to prepare** and consist of **ingredients of natural origin**, with which you can achieve **expert-level results each and every time**. We have been bringing the **delicious and unique taste of French bakery and pastry** (viennoiserie) products to European consumers **for 40 years**, and are now expanding to the USA and Asia. Since 1899, Vandemoortele has been continuously innovating, resulting in our patented technology under the **Bake'Up®** range. It is designed **to make bakers'**

**lives easier, as the products can go directly from freezer to oven**, and are ready in just 25 minutes. The main advantage of our Bake'Up® technology is that it **eliminates the labour** and typical early morning start of our bakers through an **easy and convenient process** that offers a broad range of high-quality, freshly baked pastries. Banquet d'Or® offers a wide range of bread, pastry and patisserie in different convenience levels.



### Lanterna®

The **true taste of pure, high-quality Italian** products can easily be found in the Lanterna® brand assortment. Lanterna®'s origins lie in the port city of Genoa, the birthplace of **the authentic focaccia**. Genoa has a rich history, which dates back to the early medieval period, just like the famous lighthouse 'La Lanterna'. Lanterna® comprises a high-quality range of Italian classics, including focaccias made **from fresh ingredients, free from aromatic substances, colourings and flavourings**. After baking, the products are immediately frozen, so that the freshness and the delicious taste are preserved to the fullest extent.





La Patisserie du Chef®

### La Patisserie du Chef®

**Ready to serve, ready to enjoy:** La Pâtisserie du Chef® has been making **high-quality French-style desserts** for over 25 years. With numerous variations in colour and shape, our pastries delight both the eye and the tastebuds. We use only the best and most **sustainable ingredients**, choose **authentic recipes**, and prepare our products with respect for artisan traditions. In this way, La Pâtisserie du Chef® offers trendy and delicious products with an authentic French taste, allowing you to provide your consumers with a wonderful moment of indulgence.



### My Originals®

America is known for its variety of sweet snacks. **With My Originals® donuts, muffins, cookies, brownies and cakes** Vandemoortele aims to meet high expectations. The brand represents the full taste of authentic American recipes. With My Originals®, our customers can respond quickly and easily to the different cravings of every consumer.



### Les Pains Pères de Roland Cottes®

The breads in this bread range are **pre-baked in a floor oven** and are made from high-quality ingredients: **natural, liquid sourdough and Label Rouge® flour**, which give the bread its typical French flavour. The **kneading and rising is performed slowly and with care**, providing the bread with its **specific taste and character**.



My Originals®



## Croustico®: our full-service bakery and sandwich concept

Croustico® is a Vandemoortele business unit that offers its 1,000 customers in Europe a **full-service 'proximity' bakery and/or filled sandwich concept**. This includes a range of 200 high-quality Vandemoortele products, on top of which a range of services is provided: recipe tutorials, manuals and live trainings on storage and baking operations at the customers' premises. We also advise our customers on how to present the products, and counsel them on hygiene and safety. In addition, we **help customers with a full concept design** for their store or bakery department, including various packaging solutions.

## MyCroustiPlace: the Croustico® digital platform

In 2022, our Benelux customers found their way en masse to our online B2B order and communication platform. MyCroustiPlace now accounts for almost 60% of all Croustico® purchasing. We have already started using marketing automation to support our customers in their online journeys.



## MARGARINES, CULINARY OILS & FATS

Our Vandemoortele solutions include various product categories: margarines, butter, blends, deep-frying oils and fats, culinary oils, mayonnaises, sauces and dressings, vegetable-based creams, and dough improvers. Our products combine functionality with a pleasing taste and texture, as well as high nutritional values. They are marketed through artisan and industrial bakeries, food service outlets, and retail stores. Our MCOF range contains both private labels, which we develop for customers, and our own brands. Our best-known brands are:



## Vandemoortele®

Vandemoortele® is a consumer brand with a **rich history in the culinary oil segment**, and therefore it is known as **the expert** of the category. The Vandemoortele® brand translates its expertise in a wide range of **plant-based oil products**, such as frying oils and cooking oils. On top of this, it offers a large variety of **vinaigrettes and mayonnaises**. As a result, Vandemoortele® has become indispensable in the kitchen for many culinary preparations. As a culinary brand, Vandemoortele® is continuously launching new recipes. It has a place in the **heart of every Belgian food lover**.



## Risso®

Risso® offers a broad range of **convenient and tasty products for contemporary chefs**, made with the best and primarily plant-based ingredients. This results in successful products covering **all types of applications**, whether in the kitchen, at the table or on the go.





St. Villepré®

### St-Auvent®

St-Auvent® margarine blends offer an **indulgent taste, full colour and high functionality**. They contain only **the finest selection of vegetable oils and fats**. Our products are rooted in expertise and meet the specific needs of artisan bakers. Their signature taste profile boosts **the quality of your creations with an intense flavour**.



### St. Villepré®

The St. Villepré® **butter range addresses the needs of true craftsmen**, who are convinced that pure dairy ingredients hold a place in the heritage of the artisan bakery. For such bakers, St. Villepré® brings a **dairy solution for professional use**, excelling in terms of **taste, quality and functionality**.



### St-Allery®

St-Allery® offers a premium range of **professional butter blends that combine the indulgent taste of butter with an improved workability, functionality, and nutritional value**. Thanks to its unique formula, our St-Allery® range offers artisan bakers both efficiency and an enjoyable butter taste.



St-Allery®





Gold Cup®

**Gold Cup®**

Our Gold Cup® range consists of **100% vegetable oils and fats** that offer professionals greater functionality and convenience, addressing the needs of the modern consumer who attaches great importance to improved ingredients. The various products have **a soft structure, an optimal melting profile and contain natural flavourings**. The **packaging** of Gold Cup® is **environmentally friendly**, and the products support the sustainable production of **palm oil through RSPO certification**.

**Baker's®**

With our Baker's® product range, we offer our customers **industrial margarines, oils and fats** to create the tastiest baked goods. Our well-known laminating margarines and fats have a **high degree of plasticity**, making them **easy to use** when creating viennoiserie, Danish and puff pastries. In addition to our product range, which includes our core 'Baker's® Classics' range, our customers can also rely **on our expertise in developing tailor-made products** adapted to their production processes and product specifications.



## OUR KEY SERVICES

Vandemoortele not only provides its customers with a wide range of products, but also supports them with several services. These services include **online training and baking instructions, technical support, customer insights, the development of customised products and category management**. Category management is a service we offer to our retail customers that entails developing range proposals and formulating advice regarding positioning, placement and pricing. In this way, we increase our customers' sales volumes and profits.

We bring many of these services together in one place, such as our B2B online order and communications platform MyCroustiPlace and our digital platform for chefs and bakers. In October 2022, we launched our **new Vandemoortele Professional platform** for the food service and artisan bakery channels in the Benelux region. Other European countries will be added in 2023.

### We offer smart solutions to support our B2B customers

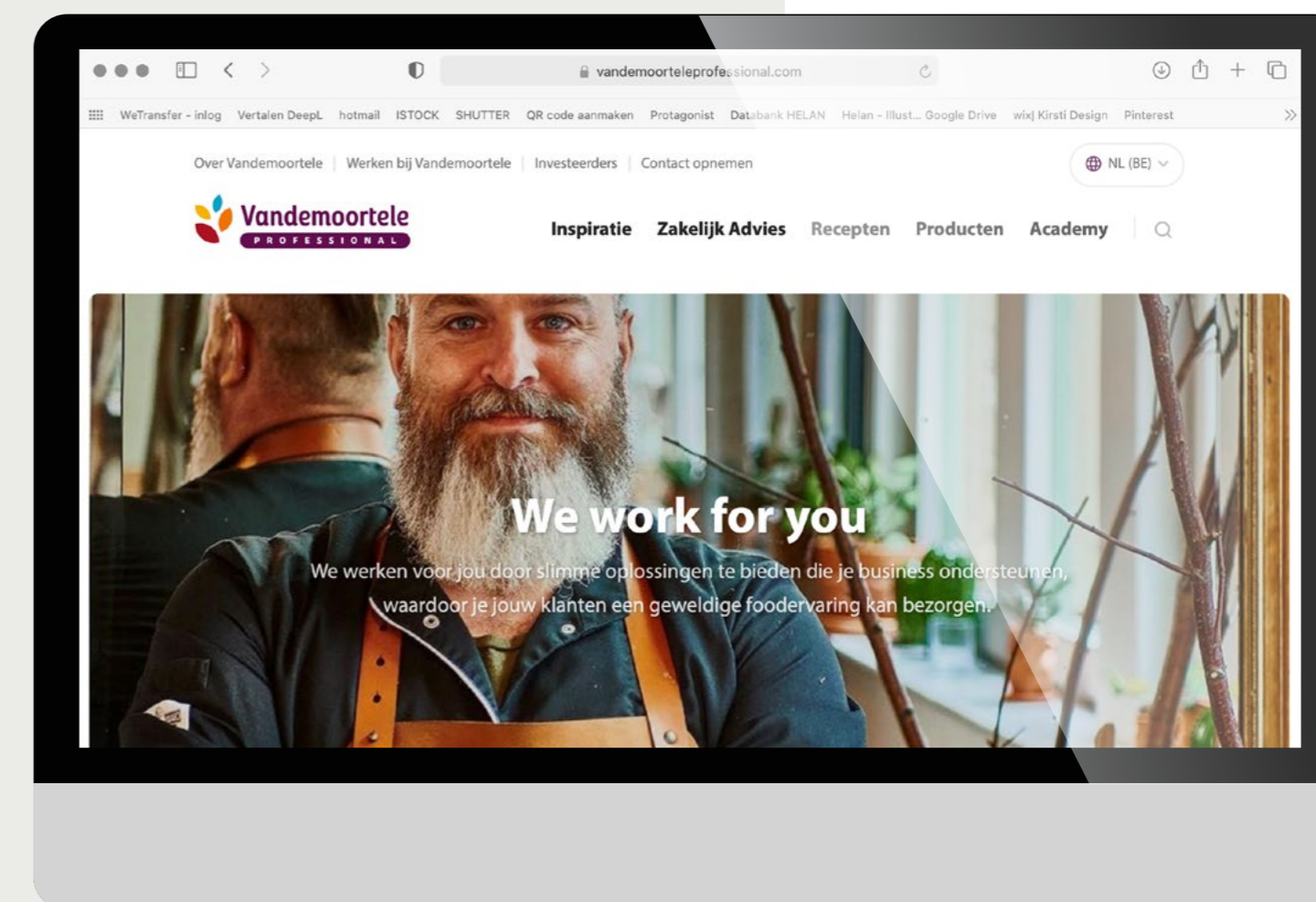
#### New: Vandemoortele Professional platform

The Vandemoortele Professional platform offers smart solutions for various **food service channels**. We support food companies with inspiration, business advice, recipes and trainings, and help them tackle emerging problems like recruitment difficulties and the rising demand for vegan food. We pay special attention to financial advice, such as ways to reduce a company's food costs.

#### Smarter = better

Our smart solutions are based on the current need of our customers and operators to reduce costs and increase margins. By targeting new operators, we generate qualified leads for marketing and sales in the Benelux region. To enhance the success of our **digital marketing**, we incorporate **4 key elements: engaging content, data and analytics, top technology, and marketing automation**.

Our data collection for registered operators allows us to improve our performance, gain customer insights and create tailor-made offers for existing customers. In this way, we aim to position ourselves as an engaging food service partner for chefs, bakers and distributors.







▶ **Anna Sitkowska** Marketing Manager Central Europe

"I joined Vandemoortele in 2019, as Category Manager for Poland. With my experience as Category Manager for various international companies, I quickly improved myself and was promoted to Marketing Manager CEE. I now lead the marketing team for 5 Central European countries, which means I have many different tasks and responsibilities. My team and I mainly focus on combining our global strategy with local initiatives to arrive at glocal solutions. Moreover, collecting customer-centric data, supported by consumer insights, is essential for me in preparing strong marketing plans."

Poland, Łódź  
and different  
CEE locations

**"I combine our  
global strategy  
with local  
initiatives"**

**OUR  
PEOPLE**

# INNOVATIONS

## Consumer and market insights

As Vandemoortele is a 'Business to Business to Consumer' company – meaning that we partner with our customers to distribute and sell our brands and products – we value both the needs of our customers and those of our end users: the consumers. It is for this reason that **'Consumer and Market Insights' is a key department within our company.**

**We analyse and observe the consumers' behaviours and market trends to better understand who our consumers are, what their attitude towards our products is, and what they expect from our products, services and brands.** With these insights, we are able to develop brands that are meaningful, products that are future-proof and services that are customised to the needs of our 'Business to Business' customers. To analyse markets and understand the consumers, we conduct various surveys in different countries. Through these surveys, we are able to gather information about how consumers shop, consume and behave, and gather insights into their attitudes, preferences and expectations.

## Valued customers

**Our customers are at the centre of what we do, and we strongly value their business and opinions.** The basis for our customer-centric plans is the customer satisfaction survey that we conduct on a regular basis. In the latest survey, conducted in 2021, our customers independently stressed our high quality, strong reliability and professional service.

The survey also serves as a basis for dedicated action plans across our business lines and markets to go the extra mile for our customers' satisfaction. **2022 initiatives** include better **promotion of our sustainability agenda**, further **development of thought leadership** by communicating proactively on our consumer and market insights, and pursuit of **the digitalisation of our commercial approach**, including the launch of **the Vandemoortele Professional platform**. Through all of this, we seek to continue to remain a trusted partner for our customers and build on our long-term relationships through solid category management plans. As part of our desire to stay connected with our stakeholders and to continuously monitor our progress and identify new opportunities, we have made the decision to conduct **another customer satisfaction survey in 2023.**



## Product innovations

Vandemoortele launches targeted innovations corresponding to customer and consumer needs. We focus on a limited number of innovation projects with high relevance.

Our R&D teams across Europe consist of about 75 people from various backgrounds, such as bakers, food and packaging technologists, pilot operators, sensory experts and researchers. Together, they focus on our key innovation pillars: **sustainability, plant-based, health and nutrition, taste and craftsmanship, more convenient solutions for our customers and consumers, and new process technologies**. They select the right ingredients and packaging materials, analyse the various stages of the manufacturing process, and evaluate new and existing technologies, led by the latest scientific developments and nutritional recommendations.

To obtain new insights into the nutritional profile of our products, **we collaborate with scientific research institutes like Ghent University and KU Leuven**, follow-up on scientific studies and the latest trends and recommendation in nutrition science, and investigate techniques in other industries. The Vandemoortele Centre for Lipid Science and Technology joined forces with Ghent University in 2012. Since then, we have jointly conducted specific scientific projects for our MCOF business line, undertaking research into

margarines with fewer food additives and healthier fats. In collaboration with KU Leuven, we have conducted research into sugar reduction for our bakery and patisserie product range.

## Product innovations in Bakery Products

In the BP business line, we improved both our service and our products in 2022. Our R&D team is continuously working on even more nutritional and healthier bakery products, resulting in the **launch of many items with an improved nutritional profile and more Clean Label products**. One of our 2022 highlights was the launch of a new generation of croissants for artisan bakeries. We also created a fully new distinctive range of specialty bread loaves.

Our consumers perceive freshly baked bread as healthier than pre-packaged alternatives. The same goes for multicereal and wholemeal bread, bread without food additives and bread that is rich in fibre. In order to meet our consumers' expectations, we are developing a new bread category that goes beyond mere nutrition. **Our new and distinctive specialty loaves are exceptionally rich in nutrients and carry many health claims**. For example, one of our new loaves is rich in fibre, to aid digestion, and another contains vitamin D, to support the immune system. In addition, our specialty loaves have a highly authentic and natural look, feel and taste.

75

R&D team members from various backgrounds



Loaves bread



Regarding our service, we are currently expanding our innovative and sustainable pastry range Bake'Up®. **Bake'Up® is a unique freezer-to-oven concept of high-quality, French-inspired pastry products.** Because they are prepared very quickly, they generate 4% less product waste compared to raw pastry. The shorter baking time allows for several small batches throughout the day, instead of a single batch in the morning, resulting in less waste. The frozen Bake'Up® products are also 60% smaller than pre-proofed pastry, which results in lower transport and storage costs. The more efficient transport process between France and the US has actually reduced our carbon footprint by 13%! And lastly, the Bake'Up® products are more robust and have a longer shelf life, which also reduces food waste.

### Product innovations in Margarines, Culinary Oils & Fats

In our MCOF business line, new and exciting reformulations are being undertaken regarding the nutritional value of our products.

In 2020, we started a project to eliminate as many E numbers (food additives) as possible from our Gold Cup® professional margarine range. **This led to the development of our first E-free Gold Cup® margarine, which was launched in March 2022.** By using fewer food additives, we aim for more transparency and less complex ingredient lists.

In 2022, we were **the first company on the market to achieve a Nutri-Score® A recipe.** We succeeded in developing a Nutri-Score® A spread by adding fibre to the recipe and reducing the fat content (25% fat content). We have set up various other projects with the aim of improving the nutritional value and achieving a higher Nutri-Score® for our spreads.

# 1<sup>ST</sup>

**company to bring a Nutri-Score® A spread on the market**





### Packaging innovation

To reduce waste, Vandemoortele is increasing the amount of recycled material in its packaging. We aim to **use packaging as efficiently as possible, use fewer different materials, and choose recyclable alternatives** whenever possible.

We continue to replace PET bottles with PET containing 30% r-PET. **In 2022, 21.5% of the PET we used consisted of recycled materials.** We are working to increase this to at least 25% by 2025.

Furthermore, **our researchers focused on mono-materials:** packages that consist of a single type of material, as this makes it easier to recycle. We are currently testing to **replace the aluminium leaves on our PP tubs with polypropylene (PP) seal leaves,** increasing sorting and recycling efficiency of these products by 14%. In addition, **our donut flowpacks currently need 85% less plastic than our blisters,** because the flowpacks are partially constituted of cardboard. For a



4-pack of standard donuts, the switch from a blister pack to a flowpack results in a 40% reduction in the carbon footprint. This also has a logistics advantage, since we can now add 39% more packs to each pallet.

### Digital transformation

Over the years, Vandemoortele has invested in **a number of digital platforms to improve its operations and customer experience.** These include, among many others, the SAP Sales Cloud® for CRM, SAP SuccessFactors® for HRM, Microsoft 365 for internal collaboration, Transporeon® for collaboration with transporters, our supplier collaboration portal, Salsify® for PIM, Hubspot® for marketing automation, and the Vandemoortele Professional platform for food service and artisan bakery operators. This has all been undertaken in the context of a digital roadmap, **based on 3 pillars: customer experience, operational excellence and core functions.**

In 2022, we kept a strong focus on the digital customer experience and on our e-commerce options. We launched some of our platforms in new countries and market channels, and offered the operators new learning opportunities and improved processes. This approach will continue in 2023.

# OUR HR APPROACH

## OUR HR CHARTER

Based on our three values – ambition, cooperation and respect – we aim to build a capable **organisation** with engaged associates working in a strong **people & performance culture**.

To achieve this mission, we have developed **three interconnected people initiatives**:



PEOPLE 4 GROWTH

**People 4 Growth** ensures we employ engaged, talented and competent associates, who are involved in a capable and efficient organisation.



GROWTH 4 PEOPLE

**Growth 4 People** ensures that our associates are happy and engaged in their professional journey, are working in a safe environment, and feel safe and included.



**Leaders 4 Growth** ensures we have leaders strong in performance and people management, who are living our values, and who support the organisation in achieving the aspired economical, ecological, and social results.

Each pillar is monitored with appropriate methods, such as efficiency benchmarks, engagement surveys, safety indexes, pulse surveys and 360-degree feedback surveys.

## People organisation

To build an engaged people organisation, we have defined several initiatives:

- Our jobs and work structures are safe, inclusive and engaging. The results we expect are both realistic and ambitious, and we support our associates in acquiring the resources and competencies they need to be successful.
- We facilitate and encourage the personal and professional development of our associates. This is embedded in our organisational structure and culture, and is in line with the Vandemoortele Group's long-term mission and vision.
- Our reward policy is market competitive, above median, internally equitable, fair and motivating.
- We encourage and contribute to an open, constructive, proactive and timely internal communication culture.
- We ensure individual and collective employment terms that are in line with legal requirements and the highest ethical standards.





- We aspire to a good match between organisational and individual needs, in order to support a realistic work-life balance.
- We provide an environment that is diverse and inclusive, and provides opportunities for all.

### Performance culture

To ensure our HR mission supports the general Vandemoortele performance culture, we have defined three strategic focus areas.

- **Organisational effectiveness:** in every aspect of our organisation – Operations, Sales, Logistics and Support functions – we develop work methods to ensure we deliver the products and services our customers desire. We share best practices and embrace efficiency-enhancing methods like Make & Bake (operational excellence), W1N (commercial excellence) and DRIVE (efficient distribution).
- **Organisational efficiency** is crucial to achieving our business, ecological and social targets while still offering competitive products and services. To ensure we work in the most cost-efficient way, we continuously monitor and benchmark the cost levels in different functional areas.
- A **strong organisational culture** ensures that our people know how to behave, without lengthy and complex procedures. Our company culture is based

on three core values: ambition, cooperation and respect. These values are more than just attractive words: they are embedded in the majority of our HR and leadership processes. We take specific measures to ensure that our associates really use our values as guidelines for their behaviour.

### How do we treat people?

Our aim is to build an engaged people organisation and a strong performance culture, embedded in both our HR and leadership processes.

To attract and retain talented professionals, we create and live a strong employer brand and utilise a high-performing recruitment process.

**We offer structured onboarding plans to make sure new associates feel welcome**, as well as talent management (people review, professional journey, P&DMP, among others) and talent development (mentoring, Vandemoortele Academy, Young Graduates community, e-learning and similar) programmes.

All our leaders support our HR mission and adhere to our people policies. They are committed to leading their teams and interacting with our associates in an ethical, respectful and trustworthy way.

## OUR EMPLOYER BRAND

A company's reputation as an employer has never been more important than it is today. Job seekers are increasingly looking for positions they can be proud of, and employers who will treat them well. Having **a reputable employer brand** helps Vandemoortele to recruit and retain talented professionals, to create a strong company culture and an inclusive workplace, to reduce hiring and marketing costs and to improve productivity. It also increases employee engagement and supports a better employee experience. As such, a strong employer brand is a critical asset in the current war for talent.

### Branding exercise

Vandemoortele has long expressed concern about sustainable jobs. Among other things, we are committed to long-term contracts, appropriate pay, a simple application process, leadership programmes and hybrid working, among other things. In order to present job seekers and other stakeholders with a strong and unified employer story, we have embarked upon a branding exercise. This consists of three steps:

**Our commitments: long-term contracts, appropriate pay, a simple application process, leadership programmes, hybrid working ...**

- 1. Data collection:** we start by gathering as much data as we can. What are our strengths and our points of improvement? Why do our associates enjoy working for us? We present our leaders with questionnaires and we organise associate focus groups. The goal is to map the reality of how people feel about working at Vandemoortele. Together, our efforts add up to a comprehensive data set on our reputation as an employer.
- 2. Data analysis:** in a second step, we analyse our data and identify our Employer Value Proposition (EVP). This essentially consists of the core benefits that make up our wider employer brand. Based on our analysis, we will formulate proposals to create a stronger employer brand.
- 3. Employer brand creation:** in 2023, we will develop a centralised approach, including employer branding guidelines, that will help our various entities to create a stronger employer brand. This will support our efforts to recruit and retain talented professionals, and to improve our company culture. We will supplement our approach with proposals for local improvements, since culture, market situation, talent pool, etc. are highly site-specific.

## First branding steps for Vandemoortele Izegem

In light of the global branding exercise that Vandemoortele is currently undertaking, our Izegem site has already taken steps in **positioning itself as an attractive employer**. To support their 'Tasty job days' in October 2022, Vandemoortele Izegem developed a successful employer branding campaign 'Word jij onze nieuwste smaakmaker?' with a playful twist and a clear reference to

Vandemoortele's core business: shaping a tasty future.

The campaign included billboards, newspaper ads, social media messages, a web page, a TV commercial and even bread bags with campaign images. During the event, the factory showcased both its products and its top technology resulting in three new hires for vacancies.





# AWARDS AND RECOGNITIONS

## AWARDS



Awards for Best Belgian Sustainability Reports

### Award for Best Impact Report

For more than 20 years, the Institute of Registered Auditors (IBR-IRE) has **highlighted Belgian organisations** (and organisations active in Belgium) **that report on their environmental, social and governance (ESG) efforts.** By being granted an Award for Best Belgian Sustainability Report, such organisations gain visibility. During the 21<sup>st</sup> award ceremony in Brussels, Vandemoortele won the award for 'Best Impact Report' in the category 'Large Companies'.

### Our innovative PP seal

In 2022, our brand new polypropylene seal for margarine packages was granted the Readers' Award at the Sustainability Awards 2022. By testing fully recyclable margarine tubs, we aim to simplify the sorting process of empty packages. Since we are currently the first supplier in Europe to test offer this type of sustainable margarine packaging, **Vandemoortele takes a pioneering position in the world of margarines.**



### Bake'Up® receives an Innovation Award in Shanghai

**Bakery China** The Bakery China Innovation Awards are granted to bakery practitioners who develop and improve **high-quality baking products and technologies.** In 2022, three Vandemoortele products were in the running for an award: our Bake'Up® croissant, our focaccia and our maple pecan plait. In the end, the Bake'up® croissant took the award home.

# 1<sup>ST</sup>

## at the awards for best Belgian Sustainability Reports with best impact





Fossette bread



### Bronze Cooking Award 2022 for our Fossette bread

Once again, the *Cooking + Catering Inside* team compiled a list of **exciting innovations for professional caterers**. What makes the work of cooks and bakers easier? Which innovations create an advantage in everyday professional kitchens? To make voting easier, innovations were divided into various categories. The panel ultimately granted the Vandemoortele Fossette bread the Bronze Award in the Savoury Bakery Products category.

### Trophée des Pépites de la Boulangerie 2022

In 2022, the magazine *Honoré Le Mag* (in cooperation with the CEBP and the FEB) organised the 3<sup>rd</sup> edition of the *Trophée des Pépites de la Boulangerie*. The aim of this competition: to **highlight the products, equipment or concepts best suited to the world of bakery, pastry and confectionery**. After assessing all candidates, the jury handed out 19 awards to products that particularly caught their attention. One of the winners was the Vandemoortele croissant 'Secrets de Reflets de Gelfin'Or®': another recognition of the quality of our products.



### DLG Contest in Germany

Every year, the DLG (*Deutsche Landwirtschaftsgesellschaft* or German Agricultural Society) presents awards to food manufacturing companies that market high-quality products. The system enjoys a **high level of recognition among consumers**. A special examination committee, which changes each year, examines the taste and content of all participating products.

Vandemoortele Germany has been taking part in the annual tests since 2007. Due to our broad product range and our high-quality products, we receive several awards every year. In 2022, we submitted 27 items for inspection, and received 17 Gold Awards and 4 Silver Awards.





## RECOGNITIONS

### FINN ranking top 20

Which Belgian companies offer the most transparency with regard to their carbon footprint? That is the question that communications agency FINN tries to answer each year. In 2022, FINN again analysed the level of disclosure by 50 large Belgian companies, particularly with regard to their carbon emissions. **Vandemoortele achieved a top 20 ranking: a good score among the big players.**

The FINN ranking differs from others in that it mainly evaluates the completeness of a company's reporting efforts. Has the company set clear targets, are there reliable measurements, which numeric results are mentioned? **Our top 20 result indicates that we are making good progress in complying with the new European Corporate Sustainability Reporting Directive (CSRD).** However, this is just the start!



### BREEAM 'Excellent' certificate

BREEAM (the Building Research Establishment Environmental Assessment Method) is the most widely used method worldwide for determining the sustainability performance of buildings. The international BREEAM certificate considers sustainability criteria across nine different areas: management, energy, health & well-being, transport, water, materials, waste, pollution and land use & ecology. In 2019, the Vandemoortele

**“The new BREEAM certificate fits perfectly in our ‘Protecting Nature’ strategy, and is another confirmation of our consistent aim to be a sustainability leader in all areas”**

**Marc Croonen,  
Chief Human Resources,  
Sustainability and  
Communication**

headquarters obtained a BREEAM building certificate due to it being nearly energy neutral (BEN). **In 2022, we received a new certificate, now with an ‘Excellent’ score.**

When the building was designed, we aimed for a flexible and pleasant working environment, with plenty of daylight and greenery. Photovoltaic panels supply the building with electricity, and a ground storage system provides heating and cooling, thus minimising the need for high-efficiency boilers. Since then, we have gone one step further and created a car park where rainwater is not sent into the sewers, but instead permeates into the soil on site. The parking spots and the forecourt consist of water-permeable pavements, and the existing trees and biodiversity were taken into account.



Sedex, short for Supplier Ethical Data Exchange, is a not-for-profit organisation dedicated to improving responsible and ethical business practices in global supply chains. The web-based Sedex tool assists companies in their management of data on ethical performance along their supply chain. With the tool, we monitor and assess our social, environmental and business ethics risks. **17 of our 29 production sites are now registered in Sedex: a good starting point to build on.** In the long term, our use of the Sedex tool should have a positive impact across our entire supply chain.



### EcoVadis score

EcoVadis is a business rating platform for assessing corporate social responsibility and sustainable purchasing. **The EcoVadis self-assessment tool helps companies to gain insights on their sustainability level.** Based on the 2022 assessed data, Vandemoortele received a 'silver' EcoVadis medal. All the themes assessed (Environment, Sustainable Procurement, Labour and Ethics) received a score above the average of our sector, with 'Environment' scoring the highest. Our improvements are the results of the adoption of new policies and measures, and of the increased transparency in our annual report. More work will be put into monitoring and reporting of ethics issues and into third party risk and compliance verification. In the next few years, we will use the EcoVadis assessment tool as a management tool to define our priorities and to decide which steps we will take next.



### WWF Palm Oil Buyers Scorecard

The **WWF Palm Oil Buyers Scorecard** assesses the progress of companies on the commitments and actions necessary to be a responsible palm oil user. They now assess companies' progress based on their RSPO reporting. The 2021 assessment included all our products, also the private labels that we make for our customers. As a result of this broadening of scope and change to the data assessed, we received a lower score compared to last year. **With our 2021 results, we are now in the mid-range. For 2025 we have set clear targets for fully traceable, deforestation-free and exploitation-free palm oil, as well as for certified sustainable palm oil.**





# CORPORATE GOVERNANCE

PART II

# “WE CHERISH OUR CULTURE OF CARING: DOING THE RIGHT THING IS PART OF OUR DNA”

**Good governance is crucial in both good and bad economic times. Having efficient governance structures and processes in place helped us to temper the consequences of the sudden emergence of supply chain issues and inflation in 2022, and ensured that a difficult year went better than we expected.**

**2022 started out as an unpredictable year. How do you look back on it?**

**Philippe Delsaut:** “2022 was a year with many challenges. The Russo-Ukrainian conflict in particular had a major impact on our organisation in terms of availability and pricing of certain raw materials like sunflower oil and wheat, which are critical to our business. Despite these challenges, Vandemoortele was able to navigate those troubled waters. Having a clear and transparent governance structure enabled us to quickly attain a good overview of the situation.”

“The Management Committees, the Executive Committee, the Audit Committee and the Board of Directors each took up their responsibilities very quickly. They were then able to properly address those challenges and follow up on them, which resulted in a good outcome.”

**What are the key principles of the Vandemoortele governance framework?**

**Philippe Delsaut:** “Acting honourably and ethically is of primary importance to the governance of any organisation. Our processes and – more importantly – our general behaviour need to be consistent with our



Philippe Delsaut –  
Chief Legal & Risk Officer

**“Acting honourably and ethically is of primary importance to the success of the Vandemoortele Group”**

**Philippe Delsaut –  
Chief Legal & Risk Officer**



vision and values. Continuous improvement of our governance framework helps us to achieve a good performance, responsible stewardship and ethical behaviour. We aim to create long-term value and align our governance with our sustainability goals to ensure our future success.”

“To everything we do, we apply a simple ‘acid test’: are we doing the right thing, and are we doing things right? We expect not only our associates, but also our customers and suppliers to make the right choices.”

**If you had to pick Vandemoortele’s top three best governance practices, what would they be?**

**Philippe Delsaut:** “First of all, as a family business, we cherish our culture of caring. Transparency, respect and cooperation are very important. ‘Doing the right thing’ is part of our DNA: our associates do their best to make the right choices, and they support others in doing the same.”

“As far as family businesses go, Vandemoortele is also very well structured: it is easy for new associates to find their way around. Whenever necessary, we adjust and improve the structural framework to make work more efficient and effective for them. In addition, a great deal of effort goes into making sure the next generation of the family are well prepared and ready to support the growth and continuity of the company. This shows the strong commitment and passion the shareholders have for Vandemoortele’s long-term success.”

“And finally, we are very responsive when quality or safety issues arise. Our clear governance structures and our tried-and-tested procedures help us to avoid potential issues and allow us to immediately bring in the right people to make the right decisions, in the interest of all stakeholders concerned.”

**What are, in your opinion, Vandemoortele’s main governance challenges for 2023 and beyond?**

**Philippe Delsaut:** “One of our challenges – but one that at the same time can be considered an opportunity – is definitely our increased focus on growth in regions outside Europe. As we expand our business internationally, having a solid and efficient governance structure becomes even more important. We want everyone in the organisation to understand that although we aim to achieve good results, how we achieve those results is equally, if not more, important.”

“In 2023, we will also improve our existing processes regarding Enterprise Risk Management (ERM). Our goal is to get a more holistic view across the organisation of our risks, how they are interrelated and how we can best mitigate them, with a particular focus on environment-related risks.”

“Lastly, we want to put additional efforts into our stakeholder management. Not only for our external stakeholders, but also for our internal stakeholders, our own associates: we want to show all our people in a clear and efficient way what we expect from them in terms of good governance. They should share with us the responsibility to act in the best interests of all stakeholders.”



# PRINCIPLES OF GOOD CORPORATE GOVERNANCE

As a family business, we focus on our **strategic objectives while tackling operational issues and responsibilities** on a daily basis. To achieve our goals, we put in place various policies and procedures, and continuously implement and monitor them.

Adequate corporate governance is one of Vandemoortele’s essential tools for ensuring our sustainable growth and profitability, now and in the future, to the benefit of our stakeholders.

The Vandemoortele Corporate Governance Charter is based on several principles laid down in the 2020 Belgian Code of Corporate Governance.

The responsible conduct of our affairs is embedded in **9 best governance practices**:

- We adopt a clear governance structure;
- Our Board of Directors works efficiently and makes decisions in the best interests of our company;
- We use a strict and transparent procedure to appoint Board members and to evaluate their contributions, commitment and integrity;
- We set up specialised audit and compensation committees;
- We outline a clear executive management structure;

- We remunerate our directors and executive managers fairly and responsibly;
- We treat all our shareholders equally and respect their rights;
- We ensure an adequate disclosure of our corporate governance, with sufficient attention paid to transparency and public reporting;
- Our codes of conduct, policies and other charters guarantee the commitment of all our associates, directors, suppliers, customers and other business partners to ethical behaviour.

## 9 best governance practices embedded in the responsible conduct of our business



## LEGAL STRUCTURE

The Vandemoortele Group encompasses both the operational holding company Vandemoortele NV and all companies that are consolidated in the IFRS consolidated annual accounts of Vandemoortele NV. This is collectively referred to as 'Vandemoortele Group' or simply 'Vandemoortele'.

Vandemoortele NV is a **public liability company under Belgian law**. Its shares are not listed on the stock exchange. Vandemoortele NV has made public offerings of securities within the meaning of Article 1:12, 2° of the Belgian Code of Companies & Associations ("CCA") (*Wetboek van Vennootschappen en Verenigingen; Code des Sociétés et Associations*) since the issuance of retail bonds.

The company's registered office is located at Ottergemsesteenweg-Zuid 816, 9000 Ghent. Its KBO (Central Register of Enterprises) number is 0429.977.343. Vandemoortele has various direct and indirect subsidiaries and branches, both in Belgium and abroad.



Natasja Laheij is also part of the Board of Directors, but is absent from this picture.



## BOARD OF DIRECTORS

The Board of Directors is Vandemoortele’s highest decision-making body, except for matters reserved for shareholders. It oversees the CEO and the Executive Committee on behalf of the shareholders. Board members may also serve on the associated Audit Committee or the Compensation & Nomination Committee.

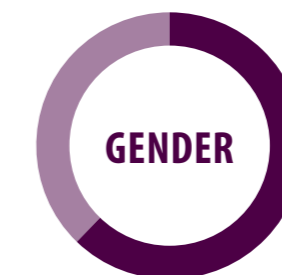
The primary objective of the Board of Directors is to **sustain and further develop a successful group** in the food industry by creating sustainable value in line with the vision of the family shareholders, i.e. making great food for a more enjoyable and healthier life through a truly people-driven organisation.

The Board consists of 12 directors. The current members are:

- **6 non-executive family directors:** Jean Vandemoortele\* (Chairman), Catherine Billiet\*\*, Marie-Christine de Briey\*, François Casier\* (representing Arema sprl), Charles Vandemoortele\*\* (representing Honest Foods BV) and Christian Vandemoortele\* (representing Artval NV);
- **5 non-executive and non-family directors:** Michel Delloye (representing Cytifinance NV), Cécile Bonnefond (representing CB management), Natasja Laheij, Philippe Schailleé and Otmar Hofer;

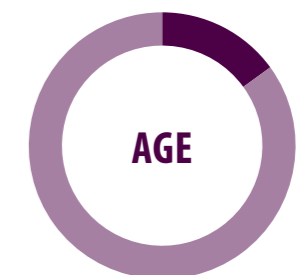
- **Vandemoortele’s CEO**, who is also the company’s Managing Director: Yvon Guérin.

The members of the Board of Directors have different professional backgrounds, ranging from law and finance to marketing, economic sciences and food technology. As such, their knowledge and skills complement each other and add diversity to the Board. Ten of the twelve current Board members are over fifty years old; eight of the twelve are men.



**67%**  
male Board members

**33%**  
female Board members



**17%**  
Board members between 30-50 years old

**83%**  
Board members over 50 years old

\* fourth generation family director

\*\* fifth generation family director

# 12

**directors complement each other in their professional backgrounds, knowledge and experience**

## The Chair

The Board elects a Chairperson from among its members. In line with the Belgian Code of Corporate Governance, there is a **clear division of responsibilities** between the person who presides over the Board of Directors (the Chair) and the person who assumes executive responsibility for the company's business (the CEO). The CEO maintains close contact with the Chair.

The Chairperson chairs the meetings of the Board of Directors. He or she ensures the efficient preparation, deliberation and decision-making of the Board, and fosters an atmosphere of trust conducive to open discussions and constructive criticism. This enhances support for the decisions made by the Board. In the event of a conflict between the Chair's personal interests and those of the company, the meeting will be chaired by another member of the Board.

## Nomination and selection

The Board of Directors must be composed of an adequate number of directors with diverse, yet complementary, professional backgrounds, knowledge and experience. The composition of the Board should allow for changes without disrupting its efficient operation. In accordance with Vandemoortele's Corporate Governance Charter, at least one-third of the Board must be of a gender different to the other members.

Directors are appointed for a period of 3 years, twice renewable. To submit (re-)appointment proposals to the shareholders, the Board requires a recommendation from the Compensation & Nomination Committee.

To be considered for (re-)appointment as a non-family director, a candidate must meet certain criteria. Ideally, every candidate should:

- have **specific skills, knowledge and experience** to complement those already present on the Board. To attract the right candidates, the Board draws up a description of the profile they are looking for;
- demonstrate **probity, integrity and professionalism** and be sufficiently available to fulfil their obligations as a non-family director in an adequate manner;
- be sufficiently **independent**. That is, they must be free of any commercial relationships, close family ties or other connections with the company, the controlling shareholders or the management of the Vandemoortele Group. Such ties might give rise to conflicts of interest and/or could affect the independent and sound judgement of the director.

The family shareholders freely determine the criteria that the family directors must fulfil.

The mandates of the directors expire at the Annual General Meeting immediately following the date on which they reach the age of 70.





## Responsibilities of the Board

The Board of Directors supports the CEO and the Executive Committee in the performance of their duties, and questions their approach when appropriate.

The key responsibilities of the Board of Directors are:

- **Strategy:** the Board outlines Vandemoortele’s strategic course, based on proposals from the CEO and the Executive Committee. It approves the operational plans and the main policies developed by the CEO and the Executive Committee to implement the strategy.
- **Leadership:** the Board appoints Vandemoortele’s CEO and the members of the Executive Committee. It defines the Group’s general remuneration policy and the specific remuneration conditions for the non-executive directors, the CEO and the members of the Executive Committee. It also reviews their performance.
- **Supervision & monitoring:** the Board supervises the business evolution and Vandemoortele’s general performance. It approves and evaluates the risk management and internal control processes proposed by the CEO and the Executive Committee.

In general, the Board meets seven times per year. This number may vary according to the needs of the

Vandemoortele Group. Additional meetings to discuss specific topics may be called at any time, though the timing should allow for some flexibility. In the event of tied votes, the Chair of the meeting has the casting vote.

## Sustainability at Board level

The Executive Committee proposes Vandemoortele’s sustainability strategy, which is an integral part of the overall strategy, and implements monitoring systems. The Board of Directors validates the strategy, oversees various sustainability impacts and carries ultimate responsibility. Twice a year, **the Board reviews and approves the sustainability results** as published in the Mid-Year Report and the Annual Report. Sustainability legislation and frameworks are recurring topics on the agenda. Senior managers give regular updates and Board members can take specific training courses. When necessary or advisable, the Board also invites external experts.

## The Board of Directors carries ultimate responsibility over validating the sustainability strategy and overseeing various sustainability impacts and risks

## Evaluation

The Board of Directors examines and evaluates its own operation and performance as a collegial body on a regular basis. This includes the specialised committees and their respective responsibilities, tasks and operations.

To this end, the Chair conducts a **yearly internal Board assessment**, based on individual discussions with all members. These evaluations have four objectives:

- to review the operation of the Board;
- to ascertain whether or not the key issues are thoroughly prepared and discussed;
- to assess the existing composition of the Board in the light of the required composition;
- to evaluate the interaction between the Board, the CEO and the Executive Committee.

The findings of each evaluation are reported to and discussed within the Board.

## Special committees

The members of the Board of Directors actively engage in their duties. They are committed to making business decisions based on objective data and independent judgement.

In order to carry out its tasks and responsibilities efficiently, the Board has set up 2 special committees.

The **Compensation & Nomination (C&N) Committee** assesses the performance of the CEO, the members of the Executive Committee and the individual directors. It also assists and advises the Board on the nomination of the CEO, the members of the Executive Committee and the non-family Board members, as well as on remuneration matters, organisational development and talent management. The C&N Committee currently consists of:

- Cécile Bonnefond (representing CB management) (Chair);
- Michel Delloye (representing Cytifinance NV);
- Jean Vandemoortele;
- François Casier (representing Arema sprl).

The **Audit Committee** assists and advises the Board in its monitoring responsibilities, especially regarding control and risk management, IT systems, financial reporting, compliance, and the mechanisms available for raising confidential concerns. It also reviews and assesses any investment of €20 million or above from a financial and risk perspective, prior to submitting a recommendation to the Board of Directors, who shall make the final decision on such an investment.

The committee currently consists of:

- Natasja Laheij (Chair);
- Michel Delloye (representing Cytifinance NV);
- Jean Vandemoortele;
- François Casier (representing Arema sprl).



# CEO

The Chief Executive Officer (CEO) is appointed by the Board of Directors. He or she leads the Executive Committee.

The CEO has the **final operational authority and responsibility for the entirety of the Vandemoortele Group**, within the framework of the decisions made by the Board and within the confines of the powers delegated by the Board. He or she also ensures the daily management of the company as Managing Director (*Gedelegeerd bestuurder; Administrateur-délégué*).

# EXECUTIVE COMMITTEE

The CEO leads an Executive Committee (ExCo) that consists of 7 members:

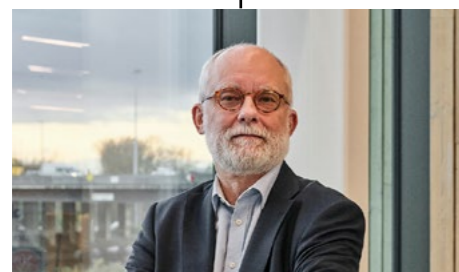
- the CEO;
- the Managing Directors of the two business lines;
- the Chief Legal & Risk Officer (CLRO);
- the Chief Human Resources, Sustainability & Communication Officer (CHRO);
- the Chief Financial Officer (CFO);
- the Chief Transformation Officer (CTO).

The ExCo assists the CEO in leading the Vandemoortele Group operations. It **supports and monitors the BP and MCOF business lines** and helps them to achieve their goals. It also outlines and prepares Vandemoortele's long-term strategy and monitors the execution of the Board's decisions within the agreed frameworks. All members of the ExCo are responsible for their own specific business line or Group service, and report directly to the CEO.

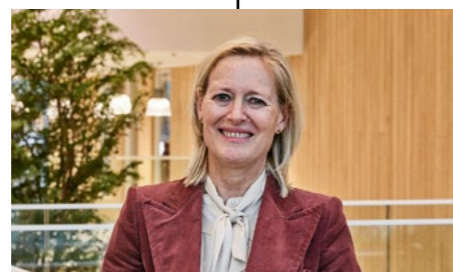
The ExCo presents Vandemoortele's complete and reliable financial and sustainability statements to the Board of Directors. The ExCo members assess the company's and the Vandemoortele Group's financial and sustainability situation, and provide the Board of Directors with all necessary information to carry out its duties.

# 7

**ExCo members are committed to ensuring the optimal financial and sustainability situation of the Vandemoortele Group**



Business line MCOF  
**BART BRUYNEEL**



Business line bakery products  
**SABINE SAGAERT**



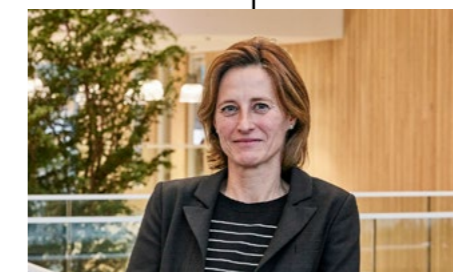
Legal & Risk  
**PHILIPPE DELSAUT**



HR, Sustainability,  
Communication  
**MARC CROONEN**



Finance & IT  
**HERMAN VAN  
STEENSTRAETEN**



Transformation  
**HELENA VANHOUTTE**

## Responsibilities

The key responsibilities of the ExCo are:

- **Strategy:** the ExCo is responsible for Vandemoortele's strategic development. It challenges and approves the strategies and annual plans of the BP and MCOF business lines, including sales, category management, channel management, operations and supply chain.
- **Leadership:** the ExCo evaluates investment proposals and marketing choices. These include our country/channel strategies, our must-win battles, our digital transformation, Vandemoortele's corporate identity, and various other policies and procedures.
- **Supervision & monitoring:** the ExCo monitors and evaluates various aspects of Finance, HR, IT and Corporate Governance. Important topics include financial controlling, talent management, organisational development, consistent IT systems, risk management and internal auditing.

# 3

**key responsibilities of the ExCo:  
strategy, leadership and  
supervision & monitoring**



# REMUNERATION POLICY

Vandemoortele provides **market-compliant remunerations** for all associates, the Board of Directors, the CEO and the ExCo.

- The directors receive a fixed annual remuneration for their contribution. All directors receive the same amount, with the exception of the Chairperson, whose remuneration is twice that of the other directors. Members of (one of) the specialised committees receive a fixed payment for each committee meeting they attend.
- The remuneration package of the CEO and the members of the ExCo consists of three components:
  - a fixed remuneration;
  - a variable annual bonus;
  - share options.

Remunerations are **tailored to the responsibilities** that individuals bear within the Vandemoortele Group. They are evaluated each year by the Compensation & Nomination (C&N) Committee. This committee also periodically checks the market compliance of the total remuneration packages. At the Group level, we engage with an independent external party to check our salaries against comparable salaries on the market. We engage with local partners to conduct

research on salaries in a specific region. Through the **Associate Engagement Survey**, we evaluate our associates' overall satisfaction with their remuneration. Annually, and in cooperation with an external party, we evaluate the wages in terms of diversity and fairness to avoid discrimination.

In 2021, we also partly linked the remuneration of 25 senior executives to our sustainability goals. In 2022, we expanded this to our nearly 700 staff members. The sustainability goals linked to remuneration were defined by the project leaders, our Group Sustainability Manager and the Chief of Human Resources, Sustainability and Communication. Finally, the scheme was approved by the ExCo and the C&N Committee.

**700**  
**staff members have our sustainability goals linked to their remuneration**







# INTERNAL GOVERNANCE RULES, CONTROL AND RISK MANAGEMENT

As a market leader, Vandemoortele aims to achieve **outstanding results, but not at any cost**. We do not tolerate unethical business practices or behaviour that violates fundamental human rights. We maintain high ethical standards, with zero tolerance for corruption or bribery. Respect for all human beings is very important to us.

In order to **prevent unethical behaviour**, we have developed various codes, procedures and policies for our organisation and our entire value chain. In 2022 we created a project team to ensure that all our policies are up to date by mid-2023, and that all associates are aware of them. Training sessions are currently being organised on an ad hoc basis. In 2023, we will develop clear targets regarding policy updates and training courses.

All our suppliers are expected to sign the Vandemoortele **Supplier Code of Conduct**. Additionally, we regularly and explicitly state the commitments we expect from our partners in terms of corruption and child labour. We allow ourselves the right to audit our suppliers, and constantly try to improve our approach in this regard.

## Code of Business Conduct and Ethics

Vandemoortele has created an extensive Code of Business Conduct and Ethics to **guide associates in making ethical and legal decisions**. It provides all our associates with clear and unambiguous guidelines for ethical and moral conduct in business. Self-interest should never prevail over the interests of the company. We expect our associates to exercise reasonable judgement when conducting our business, and encourage them to refer to our Code on a regular basis.

## STANDARDS OF CONDUCT

The first section of the Code, 'Standards of Conduct', contains the mandatory rules and principles our associates are required to observe while conducting Vandemoortele business. They offer **guidelines** regarding conflicts of interest, compliance with various laws and regulations, confidentiality, fair dealing, bribes, equal opportunities, human rights, health & safety and many other topics.

The rules mainly referred to in the Code are those relating to:

- **Conflicts of interest:** these occur when the personal interest of an associate conflicts with the interests of the company. Associates should avoid any activity or circumstance in which their personal interest (or that of a colleague or immediate superior) may benefit from a Vandemoortele action over which they have control. Any transaction or relationship that could give rise to a conflict of interest must be immediately reported.
- **Fair dealing:** fair business relationships are key to long-term success. We expect our associates to deal with customers, suppliers, competitors and colleagues in an ethical and lawful manner. Misuse of privileged or confidential information, and improper manipulation, concealment or misrepresentation of material facts are not tolerated.
- **Bribes and kickbacks:** Vandemoortele does not allow bribes, kickbacks or other improper payments. No associate may offer or receive money or other items of value to obtain or direct business, or to grant or receive favourable treatment.
- **Human rights and labour standards:** we respect human rights and do not allow discrimination based on race, colour, religion, creed, gender, pregnancy, age, social status, origin, physical or mental disability

or sexual orientation. Any other type of human rights violation is equally forbidden. We make every effort to be fully aware of human rights issues and to promote respect and equality for all. Associates of Vandemoortele enjoy freedom of association. They work on a voluntary basis (i.e. there is a ban on forced labour) and receive a fair salary.

### COMPLIANCE PROCEDURES

The second part of the Code, 'Compliance Procedures', contains specific information about how the Code works and **how violations must be reported, investigated and sanctioned.** Associates who violate the rules will be sanctioned in accordance with Vandemoortele's working regulations and the applicable law.

**We do not tolerate unethical business practices or behaviour that violates fundamental human rights. We maintain high ethical standards, with zero tolerance for corruption or bribery**





Suspected violations or breaches of the Code or other policies or procedures must be reported through our standard reporting structures, which allow for confidential reporting of incorrect behaviour. If an associate believes that the Code (or any other rule or regulation) has been – or is about to be – violated, he or she should immediately report this. Nobody should fear retaliation. Any associate who reports a violation will receive fair treatment and their concerns will be properly investigated. Our current reporting structures will be updated in 2023 and placed in line with the Whistleblowing Directive, resulting in a new Whistleblowing policy and our SpeakUp portal.

In 2022, we received six reports of incorrect behaviour. Each report was thoroughly evaluated and we took appropriate actions. No report was considered critical; as a result, communication to the Board was not necessary.

### **GRIEVANCE MECHANISM**

Non-associates who are concerned about possible negative impacts in Vandemoortele’s value chains may share their concerns through our grievance mechanism. This has already been established for the palm oil value chain, and we are working on extending the scope to cocoa in 2023. Grievances can be submitted through SpeakUp, the **reporting portal** we also use for whistleblowing cases.



**“I uphold our  
high standards  
in corporate  
governance”**

**OUR  
PEOPLE**

**Aline Mainil** Corporate Legal Counsel

“I joined the Legal Team at the Ghent HQ in 2022. My expertise is mainly in corporate law and governance matters. Having a clear governance structure enables Vandemoortele to navigate through the complexities of doing business internationally more easily. It provides a good framework for identifying issues and coming up with proper solutions. As an international company, it is very important for us to uphold high standards in terms of corporate governance across all our geographical locations. I contribute to our compliance with these standards and to our monitoring systems.”

Belgium,  
Ghent HQ

# SUPPLIER CODE OF CONDUCT

In line with our Code of Business Conduct and Ethics for our associates, we have also established a Vandemoortele Supplier Code of Conduct. This Code summarises the **rules that all Vandemoortele suppliers must adhere to**. The requirements have been established in accordance with the ten principles of the UN Global Compact, the world’s largest corporate sustainability initiative. The UN Global Compact is a call to companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

The Vandemoortele Supplier Code of Conduct contains the following principles:

- Business must be conducted lawfully and with integrity;
- Working environments and social conditions must comply with international frameworks;
- All workers will enjoy freedom of association;
- Work is conducted on a voluntary basis;
- All workers are of an appropriate age;
- Working hours for all workers are reasonable;
- All workers are paid fair wages;
- All workers are treated equally, and with respect and dignity;
- The health and safety of workers is protected;
- Business is conducted in a manner that reduces its environmental impact.





## SUSTAINABILITY GOVERNANCE

In order to implement our sustainability strategy and to **achieve our sustainability goals**, we have created a governance structure that embeds sustainability throughout our entire organisation.

- The Sustainability Team draws up action plans, discusses bottlenecks and provides input for our sustainability strategy;
- Each commitment is supported by a project leader and a multidisciplinary project team;
- The Group Sustainability Manager reports to the Executive Committee and the Business Line management teams four times per year. He or she reports to the Board of Directors twice a year, and additionally in the case of specific milestones.

The global Vandemoortele **sustainability strategy is embedded in our commercial and operational strategies**. We encourage our various sites, commercial teams and countries to set up local sustainability programmes, focusing on key local priorities and challenges.

The Board of Directors is regularly presented with an update on the status of our **sustainability targets**. This happens at least twice a year, along with the publication of the financial results. Additionally, our Internal Audit Team regularly assesses the process behind and data quality of the sustainability data and requests a third (independent) party assessment of our achievements and suggestions for improvements.

**2**  
**times a year we present the status of our sustainability targets to the Board of Directors**



**PART III**

# **KEY FINANCIAL INFORMATION**

## “AFTER COVID-19, WE NEEDED TO RESTORE OUR MARGINS AND DEAL WITH NEW THREATS LIKE INFLATION”

**Inflation, geopolitical instability and supply chain disruptions ranked among the top threats to economic growth in 2022. As a responsible food producer and employer, Vandemoortele took steps to protect its profit margins and safeguard the further growth and development of the company.**

**2022 was a complex and challenging year.**

**How do you look back on it?**

**Herman Van Steenstraeten:** “In 2022, one challenge followed another. We were still recovering from the impact of COVID-19 when the war in Ukraine started. This quickly resulted in an economic crisis, both in Europe and the rest of the world. The consequences were many: risks of energy shortages, rising and volatile energy prices, sourcing issues for raw materials, high inflation, to name a few. All of this compounded the global economic slowdown that had already begun to affect our supply chain in 2021. As a company, we had to act quickly and take decisions on various fronts.”

**Are you satisfied with the 2022 financial results?**

**How well did Vandemoortele do compared to 2021?**

**Herman Van Steenstraeten:** “As a large food producer, we have a responsibility toward our associates, our customers and our suppliers. To safeguard the further growth and development of our company, we need to be able to present healthy profit margins. In 2021, we were still struggling to re-establish our pre-COVID results. In 2022, we needed to restore our margins, optimise our portfolio, and cope with the consequences of the war and



Herman Van Steenstraeten –  
Chief Financial Officer





the economic crisis. Thanks to the strong teams of both of our business lines, we were able to achieve our goals.”

**What were Vandemoortele’s most important financial drivers and challenges in 2022?**

**Herman Van Steenstraeten:** “As in 2021, the most important challenges were those of dealing with various sourcing issues and inflation. Prices increased greatly, and we had no choice but to pass a portion of our rising costs on to our customers. This was a challenging, difficult and delicate exercise. In addition, delivery lead times for electronic equipment and components kept getting longer, which made it difficult to achieve our desired rate of investment.”

**Which business achievements stand out for the year 2022?**

**Herman Van Steenstraeten:** “In general, I’m impressed by and proud of the resilience that all our teams exhibited in 2022. The reactive and even proactive commitment of teams like R&D, Supply Chain, Procurement, Sales and many others was admirable. It is thanks to this teamwork that we were able to achieve our goals.”

“At the same time, Vandemoortele successfully raised €50,000,000 through a public offer of subordinated bonds in Belgium. The bonds were successfully placed in the market, which indicates that investors still have a high degree of confidence in our company, even in the current volatile environment. We are very pleased

with the market’s reaction during this difficult economic period: it will help us to further develop and implement the strategies of both of our business lines.”

**Which challenges and opportunities do you see for Vandemoortele in 2023?**

**Herman Van Steenstraeten:** “The biggest uncertainty we have is the impact of the economic situation on global consumption. The purchasing power of families has decreased, and we do not yet know if their consumption behaviour will change, and, if so, how this will impact Vandemoortele. In addition, prices remain highly volatile, which makes trading and negotiation much more complex. We remain ambitious, however: our aim is to grow further, and we continue to take the necessary steps to achieve this.”

**“All our teams exhibited an impressive resilience in 2022. Thanks to this, we were able to reach our goals”**

**Herman Van Steenstraeten – CFO**



# KEY FINANCIAL FIGURES

MILLION EURO KEY FINANCIAL FIGURES	2018 EXCL. IFRS 16	2019 EXCL. IFRS 16	2019 INCL. IFRS 16	2020 INCL. IFRS 16	2021 INCL. IFRS 16	2022 INCL. IFRS 16	PRE-COVID 2019 VARIANCE	2021 VARIANCE
REVENUE	1,414	1,384	1,384	1,197	1,330	1,739	355	409
Adjusted EBITDA*	130	143	152	104	119	165	13	46
EBITDA*	123	131	140	98	111	163	23	52
Adjusted EBIT**	75	90	90	44	55	103	13	48
EBIT (profit from operations)**	68	75	75	38	46	98	23	52
EAT***	51	48	48	37	33	71	23	38
SNFD****	190	136	170	133	92	33	-137	-59
RATIO's								
Adjusted EBITDA / Revenue	9.2%	10.4%	11.0%	8.7%	8.9%	9.5%		
Adjusted EBIT / Revenue	5.3%	6.5%	6.5%	3.6%	4.1%	6.0%		
Net profit / Revenue	3.6%	3.4%	3.4%	3.1%	2.5%	4.1%		

\* Earnings before interests, taxes, depreciation and amortisation

\*\* Earnings before interests and taxes

\*\*\* Earnings after tax

\*\*\*\* Senior net financial debt



# CONSOLIDATED STATEMENTS

## CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	2022	2021
<b>Assets</b>		
Goodwill	199,329	199,329
Other intangible assets	5,925	7,612
Property, plant & equipment	372,256	398,816
Derivatives	5,061	-
Deferred tax assets	32,661	38,334
Other financial assets	30	30
Other assets	2,858	2,809
<b>Non-current assets</b>	<b>618,120</b>	<b>646,931</b>
Inventories	203,277	141,015
Trade and other receivables	275,572	220,302
Derivatives	5,728	2,587
Other financial assets <sup>(1)</sup>	-	11,360
Cash and cash equivalents	38,559	59,364
Other assets	12,929	6,489
<b>Current assets</b>	<b>536,066</b>	<b>441,117</b>
<b>Total assets</b>	<b>1,154,185</b>	<b>1,088,048</b>

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	2022	2021
<b>Equity and liabilities</b>		
Share capital	79,365	79,365
Retained earnings & reserves	412,490	357,356
<b>Equity</b>	<b>491,856</b>	<b>436,721</b>
Borrowings	110,643	123,445
Deferred tax liabilities	18,091	19,515
Derivatives	-	2,681
Employee benefits	15,083	19,090
Provisions	7,147	6,391
Other non-current liabilities	4,964	4,059
<b>Non-current liabilities</b>	<b>155,926</b>	<b>175,180</b>
Borrowings	85,749	114,030
Current tax	9,459	5,242
Derivatives	7,718	3,133
Employee benefits	44,028	41,928
Trade payables and other liabilities	359,449	311,813
<b>Current liabilities</b>	<b>506,404</b>	<b>476,147</b>
<b>Total equity and liabilities</b>	<b>1,154,185</b>	<b>1,088,048</b>

<sup>(1)</sup> 2021 included Sicavs noted on the Luxembourg market and valued at the final recorded market price before closing date



## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER  
THOUSAND EURO

	2022	2021
<b>Revenue</b>	<b>1,738,893</b>	<b>1,329,601</b>
Raw materials and consumables used and goods for resale	(1,067,594)	(738,585)
Changes in inventories of finished goods and goods purchased for resale	53,327	7,204
Services	(287,597)	(237,952)
Employee benefit expenses	(287,377)	(259,413)
Depreciation, amortisation and write down	(64,869)	(62,173)
Net impairment losses	(2,846)	(1,901)
Change in provisions	(755)	1
Other operating income	29,097	19,663
Other operating expenses	(12,341)	(10,531)
<b>Profit/ (loss) from operations</b>	<b>97,935</b>	<b>45,913</b>
Financial income	10,125	6,690
Financial expense	(15,414)	(11,442)
<b>Profit/ (loss) before tax</b>	<b>92,647</b>	<b>41,162</b>
Income tax (expense)	(21,452)	(8,006)
<b>Profit/ (loss) from continuing operations</b>	<b>71,195</b>	<b>33,156</b>
<b>Profit/loss</b>	<b>71,195</b>	<b>33,156</b>
Profit/loss attributable to the owners of the parent	71,195	33,156

As the shares are not traded in a public market, the standard IAS 33, § 66/70 relating to the presentation and disclosure of the basic or diluted earnings per share and the weighted average number of ordinary shares is not applicable.

# BUSINESS REVIEW 2022

## FINANCIAL PERFORMANCE

Throughout the entirety of year 2022, we have been faced with the consequences of the Russo-Ukrainian conflict: **supply shortages of raw materials and a very high inflation of costs**. While we were still recovering from prolonged COVID-19 measures, the war presented an additional **major impact on the European economy**. Despite these difficult economic conditions, we were able to end the year with growth figures.

**Our revenue increased to €1,739 million in 2022** (+26% compared to the pre-COVID year of 2019). The adjusted EBITDA amounted to €165 million, or 9.5% of the 2022 revenue. This represents a 14% increase of the adjusted EBIT compared to the pre-COVID year of 2019 to €103 million.

**The main challenge of 2022 has been to translate the sharply increased input costs** (ingredients, raw materials, energy and labour) into higher sales prices. With our volumes having returned to 2019 levels, the key driver for revenue growth has been this unavoidable increase in sales prices. While also managing the cost inflation, we have continued **to implement our strategy of a better product, channel and geographical mix** in both business lines, which has additionally contributed to the growth of our results.

On top of a strong adjusted EBIT, low adjusting items and the positive impact of IFRS accounting on our IFRS hedges allowed us to achieve **earnings after tax (EAT) of €71 million in 2022**. This is 48% higher than in the pre-COVID year of 2019.

The consolidated balance sheet includes equity of €492 million (compared to €437 million at the end of December 2021) and a senior net financial debt of €33 million (compared to €92 million in 2021). In 2022, **Vandemoortele successfully issued a fixed rate subordinated bond** for an amount of €50 million with an interest coupon of 5.6%, listed on the regulated market of Euronext Brussels. The bond was successfully placed upon the market, which indicates that investors still have a high degree of confidence in our company, even in the current volatile environment.

**Despite the difficult economic conditions, we were able to end the year with growth figures**





## Performance of Bakery Products

**Our main challenges in 2022 were coping with increasing costs and general inflation.**

However, while having to deal with the passing-on of cost increases to the market, we continued to implement our strategy. We maintained our focus on pastries and sweet treats. These product categories, both with a higher added value, have grown in 2022 and have made the BP business line more profitable. **The added-value part of our bread category also grew in 2022.** At the same time, we reduced our raw bread capacity by closing one production site in Replonges, in line with the declining demand in the market for this commodity type product.

Once the COVID-19 measures were lifted in 2022, we were able to pursue our ambition of growing

the Food Service channel. **We improved our channel mix in Europe, and we also diversified geographically,** with a particular focus on the USA and Asia. For instance, we have opened an office in Shanghai to support our growth in the Asian markets.

Altogether this resulted in revenues of €1,013 million in 2022 and an adjusted EBITDA of €97 million in this business line. This high revenue is mainly due to higher sales prices, but our volumes also grew by 5%. Thanks to the focus on added value products and strict cost control, we were also able to perform well in financial terms, and to **improve profit in this business line.**

## Performance of Margarines, Culinary Oils and Fats

Transferring increased raw material costs to the market and securing enough availability of our products: these were our main challenges in 2022. We additionally focused on **reformulations of our recipes to replace, wherever possible, sunflower oil** – which was either unavailable or very expensive – with other oils.

The revenue in the MCOF business line increased to €732 million. This higher revenue is mainly due to the sharp increase in sales prices, but we were also able to substantially grow our volumes here, by 7%. The adjusted EBITDA for this business line amounted to €68 million. Most of our MCOF channels did well in 2022, compared to 2021, but are just back on pre-COVID level. The Artisan Bakery segment recovered after the lifting of

COVID-19 restrictions. We further rolled out our growth strategy in the Food Service channel in France and Spain. The demand for Vandemoortele products increased among our industry channel customers in all countries.

Thanks to these increased volumes, our factories were able **to work more efficiently**, thus reducing costs. In the retail channels, our sales volumes slightly decreased, largely due to the lifting of COVID-19 measures resulting in lower levels of domestic consumption. However, thanks to the overall increase in volumes, our factories were able to work more efficiently and reduce costs.

MILLION EURO KEY FINANCIAL FIGURES BP	2019	2020	2021	2022	PRE-COVID 2019 VARIANCE
REVENUE	886	724	813	1,013	127
Adjusted EBITDA	96	61	87	97	1
EBITDA	85	56	81	95	10
Adjusted EBIT	46	14	37	48	2
EBIT (profit from operations)	32	7	30	43	11

MILLION EURO KEY FINANCIAL FIGURES MCOF	2019	2020	2021	2022	PRE-COVID 2019 VARIANCE
REVENUE	496	470	516	732	236
Adjusted EBITDA	56	43	32	68	12
EBITDA	55	43	30	68	13
Adjusted EBIT	44	30	18	55	11
EBIT (profit from operations)	43	30	16	55	12

### Important events after the closing date of the accounts

None have been noted at present.

### Cost drivers

Following the war in Ukraine, the prices for raw materials reached a record high in 2022. Ukraine and Russia are the largest suppliers of wheat and sunflower seeds in the world. In the BP business line, **the cost of butter and flour – two crucial raw materials – increased steeply** at the end of 2021 and continued to increase throughout 2022. In the MCOF business line, the shortage of sunflower oil and the resulting high prices posed a major challenge.

It was not only raw material prices that continued to rise, however. Operational costs grew significantly as a result of high prices for gas and electricity. Packaging prices and employment costs also increased significantly.

The main challenge in 2022 was **maintaining profitability in a highly inflationary environment.**

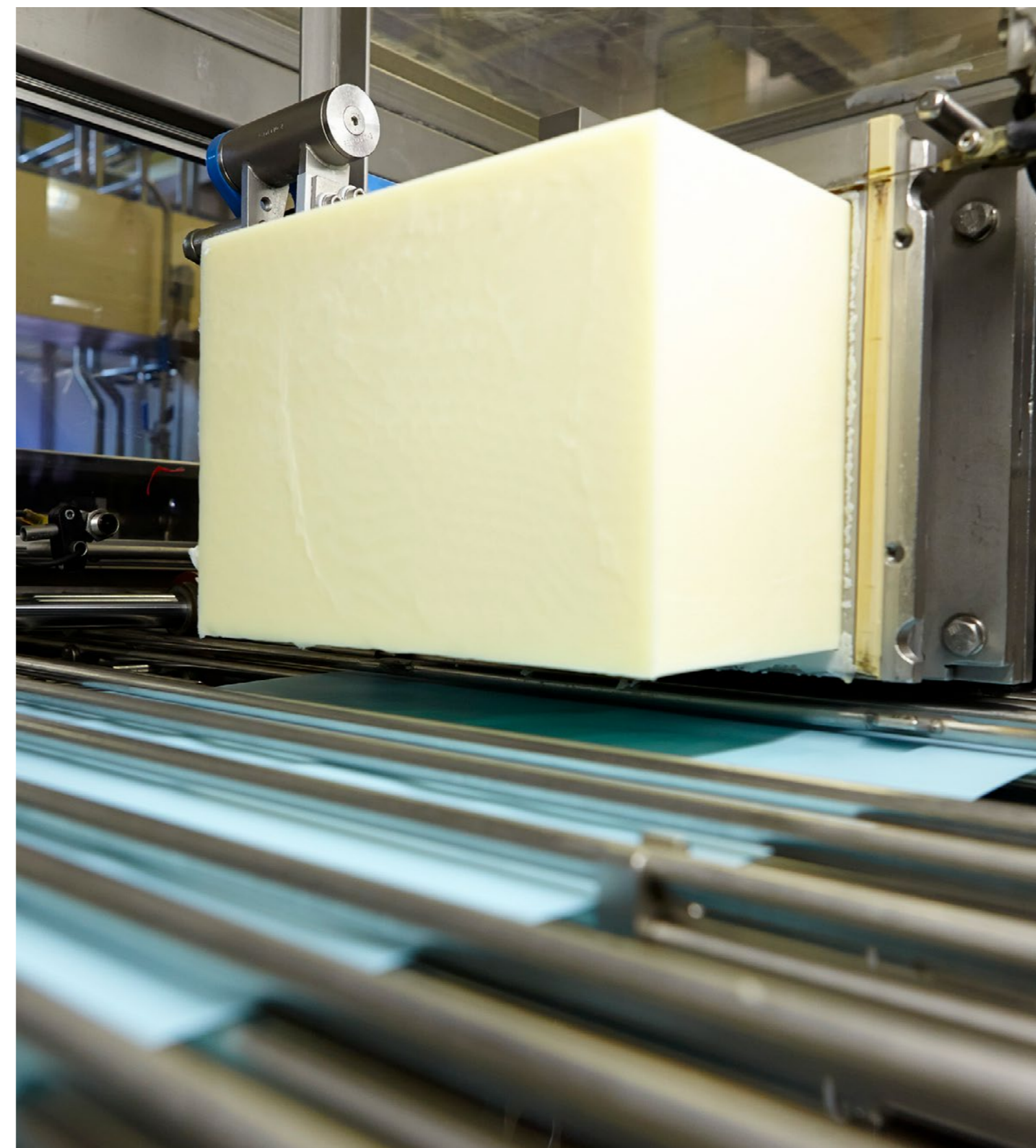
Tight and active cost management was necessary, and we were forced to transfer the rising raw material prices to our customers. Strict cost management led to marketing campaigns being temporarily put on hold, and recruitment was limited. By the end of the year, we increased our marketing budget again.

### Investments

In order to support our growth and meet the increased demand for our products, Vandemoortele spent almost **€48 million on investments in 2022.** These were mainly intended to increase **our production capacity and improve our installed capacity**, while further enhancing **operational efficiency and ensuring safety, health and environment requirements.** We invested €34 million and €14 million in the BP and MCOF business lines respectively.

To support the growing demand for our pastry products, we are investing in a new pastry line in Torcé 2. The plant will be operational from the second quarter of 2023. We continue to invest in further automation equipment, mainly in the packaging areas of several sites. To meet the increasing demand for floor-baked bread, we are adjusting the capacity of some of our floor-oven bread lines. Our USA sales remain robust, and **we have recently opened an office in Shanghai to support our growth in the Asian markets.**

Investments in MCOF focus on the (ongoing) replacement of the production control system, the installation of the new Cleaning-In-Place (CIP) system and the new extrusion line. **We have also invested in a pumpable shortening line**, which combines the functionality of solid fat with the simplicity of handling liquid oil.



A portrait of Pedro Clapers, a middle-aged man with short, graying hair, wearing a dark blue blazer over a light blue button-down shirt. He is smiling slightly and looking directly at the camera. The background is an office setting with a large green plant on the left and a window with a colorful logo on the right.

▶ **Pedro Clapers** Country F&A and HR Manager

"After working in previous positions at different companies, I joined Vandemoortele in November 2007. From the start, I felt I had finally found my preferred/matching workplace: a company that combines a caring and long-term family vision with the advantages of a multinational company. The Sant Just office feels like a family to me: no matter how difficult things become, we work together and we believe in each other. I look to the future with optimism, knowing that I am working with very engaged and talented people: a perfect combination to obtain excellent results."

Spain,  
Sant Just  
Desvern

# OUR PEOPLE

**"At Sant Just,  
we are one  
big family"**



# RISKS

## OUR RISK MANAGEMENT PROCESS

Our current Risk Management process relies on two sources:

- Every two years, associates from different departments perform **a bottom-up risk assessment** within their area of expertise. This group of associates then discusses the different risks, in order to reveal gaps and overlaps. They also discuss possible measures to be taken in order to mitigate the risks.
- In the years without a bottom-up risk assessment, the internal audit team uses **a top-down approach**. Based on the risks that were identified in the previous year, they interview members of senior management in order to assess whether these risks are still relevant, and whether any new risks should be added to the list.

In both cases, the internal audit team rates the identified risks and draws up a risk heat map to help with prioritisation. Based on this heat map, **a list of priority risks** is then presented to the ExCo and subsequently to the audit committee. The ExCo and the audit committee discuss the list of priority risks and make the final decision as to which risks will be monitored at the company level. **For each priority risk, a mitigation plan is prepared and regularly reviewed by the ExCo and the audit**

**committee.** This information is also used to prepare the audit plan for the coming year.

In 2022, we started to incorporate **ESG (Environment, Social, Governance) risks** into the risk management process. From a list of 40 potential ESG risks, the risk team proposed three ESG risks to be added to the list of priority risks: war for talent, talent attraction and retention, use of natural resources, and changing consumer behaviour.

As of 2023, our approach to Enterprise Risk Management will change slightly. Rather than alternating a bottom-up with a top-down approach on an annual basis, we will start performing **a yearly bottom-up exercise**. At the same time, we will also expand the number of associates that participate in these yearly exercises, in order to ensure that we have a good representation from all layers, functions and locations across our organisation.

## FINANCIAL RISKS

### Inflation

The price increases for product ingredients, raw materials, labour and energy have led to unavoidable contract renegotiations **to incorporate these price increases into our sales prices.** In response, customers may reduce their

# 3

**ESG risks are added to our priority risks: war for talent, talent attraction and retention, use of natural resources, and changing consumer behaviour**





purchase volumes or decide to switch to another supplier. In some cases, we may be (temporarily) removed from the supplier lists of large retailers when we are unable to come to an agreement. Consequently, there is a degree of dependency on key customers that wield significant bargaining power.

### Credit risk

Depending on the ability of our customers to fulfil their contractual obligations, **Vandemoortele could potentially be exposed to a credit risk.** To protect ourselves against customer defaults and bankruptcies, we rely on the services of international credit insurance companies and apply internal credit limits for customers.

### Fluctuations in currencies and interest rates

Because of the nature and structure of our activities, Vandemoortele has **only limited exposure to the risk of fluctuations in currencies and interest rates.**

## OPERATIONAL RISKS AND CHALLENGES

### Cyber security

A hostile cyber-attack, especially one that stems from ransomware, could potentially have a significant impact. Therefore, we have implemented a reinforced **ICT infrastructure and adequate cybercrime insurance** to protect us against this risk. In addition, a security council – with associates from various

departments – has been created to monitor the evolution of this risk.

### Supply chain interruption

The limited availability of raw materials, combined with unexpected issues with single-source key suppliers, may lead to **a supply of raw materials that is insufficient for our manufacturing capacities and for keeping up with product demand.** This issue has become evident over the past year, and will probably remain a significant challenge in the upcoming years.

### Product liability

Very rarely, our products may contain **contaminants or bacteria that impair their safety or quality.** Acting to replace or recall non-conforming products could impact our financial results or lead to reputational damage.

### Regulatory non-compliance

The legislation on environment, climate, health and safety is becoming **increasingly strict and complex.** New regulations concerning sustainable production (i.e. packaging tax, carbon tax, traceability of production, etc.) may put pressure on our supply chain. In addition, **EU legislation on sustainability reporting** (the Corporate Sustainability Reporting Directive) will require large companies to disclose information on how they address social and environmental issues from 2024 onward. We work hard at Vandemoortele to maintain full compliance with the different legislations, and even to be a forerunner in certain domains. But more

stringent legislation in different areas will present us with challenges and additional costs in the upcoming years.

## FORCE MAJEURE RISKS

### Geopolitical - The Ukraine crisis

The Ukraine crisis does not have a direct impact on our business, since Vandemoortele has no production sites or commercial offices in Russia or Ukraine. However, there could be **an indirect impact, through further price increases of certain raw materials**, as Ukraine and Russia are the world's largest suppliers of wheat and sunflower seeds. Strict cost management will continue to be a focus in 2023, and incorporating the increased prices of raw material into our sales prices will be key to this.

## ESG RISKS

### War for talent, talent attraction and retention

After the pandemic, we witnessed a revival of the labour market. As a consequence, **a focus on employer branding and on attracting and retaining people once again became a priority**. In the war for talent, it is becoming increasingly difficult to attract the right profiles, especially operators. Job-seekers are increasingly looking for positions that they can be proud of and employers who will treat them well. As such, a strong employer brand with a clear and ambitious vision on sustainability is a critical asset in the current circumstances.

### Use of natural resources

Our dependency on fossil fuels and the use of other natural resources results in climate change and disruption of the environment. Extreme weather conditions and natural disasters, such as floods, heatwaves and forest fires, are becoming increasingly common. Since our products are made from agricultural raw materials, **we depend on weather conditions being appropriate for cultivation**. For example, heatwaves that give rise to droughts reduce the quality and quantity of wheat harvests, and consequently have an impact on our operations. Furthermore, **natural disasters caused by climate change can result in damage and disruptions to both supply chains and our own infrastructure**.

### Changing consumer behaviour

Consumers' preferences are increasingly shifting in favour of healthier, natural, more ecologically friendly products with less impact on our planet. In addition, labelling will make **consumers increasingly aware of a product's impact on people and the environment**. We risk losing our market share and being out-competed within the market if we fail to capitalise on these trends. By continuously improving the ways in which we source our ingredients, enhancing our products to make them more sustainable, and guaranteeing clean and safe food products with a good nutritional balance, changing consumer behaviour will provide us with an opportunity instead of a risk.





## OUTLOOK FOR 2023

Our main challenge for 2023 is **the uncertain impact of the economic slowdown on global consumption**. 2022 was marked by steep inflation figures, which have continued in the first months of 2023. Even though energy prices have decreased, **food prices have risen by an average of 17%** compared to the same period last year. In addition, price increases in the food sector largely impact the end consumer.

Since **the purchasing power of many families in Europe has decreased**, it is unclear if their consumption behaviour will change, and if so, how this will impact Vandemoortele. We remain ambitious, **however: our aim is to keep growing** and we take the necessary steps to achieve this.

In 2023, **the BP business line** will continue to develop **the Food Service channel** and to expand **the product mix** by introducing **more added value products**. The ambitious BP investment plan entails both capacity extension and the improvement of existing production lines. These investments are needed to deal with our long-term development plans, which follow **our expansion and our growing market share**. In addition, we will continue to invest in sustainability, in energy optimisation and in the safety of our manufacturing sites, keeping our assets up to date and compliant with

all current energy regulations and safety standards. In order to support our ambitious plans, we have already strengthened our engineering team. **All major new investments will be screened for their sustainable nature**.

As in BP, **the MCOF business line** will also roll out and accelerate **the development of the Food Service channel**. In addition, the MCOF business line is investing in new technologies that will make it easier for our industrial customers to use our products in their production processes. As in previous years, MCOF will continue to further **optimise and automate** the already **highly technological and digitalised production process**.

In both business lines (BP and MCOF), we will increase our investments in **digital customer experience and in e-commerce** to foster sales and to further improve our sales efficiency.



PART IV

# SUSTAINABILITY

## “PUBLIC INTEREST IN SUSTAINABILITY IS GROWING. OUR ASSOCIATES SUPPORT US MORE THAN EVER”

Despite all kinds of political and economic struggles, sustainability remained a hot topic in 2022. At Vandemoortele, sustainability leaders Aurélie Comhaire and Marc Croonen look back on a challenging but satisfying year.

In 2022, Vandemoortele continued on the path toward greater sustainability. In which areas did you make significant progress? And what was your greatest sustainability achievement?

**Aurélie Comhaire:** “We made fine efforts in many fields, but we exceeded our goals in four areas: the reduction of food safety complaints, the reduction of energy intensity in the Bakery Products (BP) business line, the reduction of our water consumption, and our support for gender diversity and inclusion. For example, the number of women in senior management positions increased from 21% to 29.5%, and we received 57% fewer food safety complaints compared to 2016.”

**Marc Croonen:** “In 2022, we included specific sustainability targets in the variable remuneration of all our staff members. This concerns almost 700 people worldwide; it is a good way to place sustainability higher on the agenda of all leaders. Additionally, the launch of our first integrated annual report further emphasised our commitment to sustainable business, both internally and externally.”



Aurélie Comhaire –  
Group Sustainability Manager

Marc Croonen – Chief Human Resources,  
Sustainability and Communication

“In the course of the year, we developed a number of webinars to keep our associates up to date on our 12 sustainability commitments. These online training sessions are now offered to all of our associates, and we aim for maximum participation.”

**Do you feel that sustainability is becoming more important to your stakeholders, especially to your own associates?**

**Aurélie Comhaire:** “Interest is certainly increasing. For example, more and more job applicants refer to our sustainability efforts. Our engagement survey also shows that our associates’ expectations have grown. We no longer need to exert ourselves to get our managers and associates on board; now they are the ones who demand progress. The growing public interest in sustainability obviously has a lot to do with this. Our Award for Best Belgian Sustainability Report with best impact was the icing on the cake in this regard.”

**Which commitments were more challenging in 2022? And what induced lower performances in these areas?**

**Marc Croonen:** “In terms of safety, although we achieved the lowest severity score ever, we did not reach our ambitious frequency target. Too many small incidents occurred. There are reasons for this: a large number of our temporary associates left during the COVID-19 crisis, and with many new and inexperienced people around, the explosive post-pandemic restart was even more



**“We have included sustainability targets in the variable remuneration of all our staff members”**

**Marc Croonen – Chief Human Resources, Sustainability and Communication**

difficult. However, safety is still very important to us, and we expect to see new improvements very soon. We are already planning new training sessions, more focus on peer-to-peer feedback and other measures.”

**Aurélie Comhaire:** “Apart from safety, we faced two other challenging commitments: the reduction of food losses in the BP and the Margarines, Culinary Oils and Fats (MCOF) business units, and the reduction of the energy intensity in the MCOF business unit. We are taking steps to remedy this and to achieve our targets as quickly as possible.”

**Sustainability reporting is changing at a rapid pace at present, especially with the new European CSRD legislation. Is Vandemoortele ready for these changes?**

**Marc Croonen:** “I think so, yes. The new rules confirm that we took the right decisions in the past regarding measurement and transparency. Since our foundations are now quite strong, we don’t need to start from scratch. However, we keep raising the bar a little higher each year.”

**Aurélie Comhaire:** “We combine our financial results and our sustainability results into a single integrated annual report. In this way, we offer our stakeholders a clear, concise and coherent story. Sustainability is embedded at the heart of our business, so the choice for an integrated report seems logical. We have also extended this integrated reporting

to our mid-year results. Moreover, transparent communication is essential for Vandemoortele, not only to build trust with our stakeholders, but to remain competitive in the future.”

**What will be your sustainability priorities in 2023?**

**Marc Croonen:** “One of our first concerns will be to adapt our sustainability strategy to the changing expectations of society, as these are evolving at a high pace. We will also make changes to our strategy to achieve greater alignment with the EU Corporate Sustainability Reporting Directive (CSRD), and of course we will incorporate our learnings from recent years.”

**Aurélie Comhaire:** “In 2023, we will increase our reliance on Science-Based Targets (SBT). One of our main priorities will be the FLAG standard, which helps companies to set science-based targets for Forest, Land and Agriculture aspects. This includes the reduction and removal of land-related emissions and other land management issues.”

“In addition to these two topics, we will maintain our efforts in many other areas: the reduction of our scope 3 emissions, our sourcing strategies for flour and cocoa, introduction of a wider range of plant-based products into our portfolio, continued attention to diversity and inclusion, even more internal training opportunities, and more. Together with our associates and all our stakeholders, we keep working to shape a tasty future sustainably.”

**“In 2023, we will increase our reliance on science-based targets”**

**Aurélie Comhaire – Group Sustainability Manager**







# OUR SUSTAINABILITY STRATEGY 2021-2025

## SHAPING A TASTY FUTURE SUSTAINABLY

Big challenges the world faces, like the climate crisis, are becoming ever more critical. Vandemoortele wants to be a part of the solution. We believe that **sustainability is an important driver for our business performance**, and we see it as the only right way to create long-term value for all our stakeholders.

As a food company, we are at the forefront of the **transition to another, more sustainable, food supply**. We want to make a difference by reducing our negative impacts to the highest possible extent and by maximising our positive contributions wherever possible. By doing so, we want to contribute to a world where everyone can lead a good life within the limits that our planet imposes.

**Our ambition is to set the trend and to become a leader among our peers**

**We take responsibility across the entire business chain:** from sourcing, across product design and our operations, to the way people consume and dispose of our products. Our Corporate Sustainability Strategy 2021-2025 provides a strong foundation for all our actions, and places sustainability at the heart of our business. It includes our production processes, our working and management standards, our company culture, our attitudes inside and outside the company, and of course our brands and products.

Businesses' successes should not be at the expense of the planet and the health of people. This is why **we take all the necessary precautions, but also exceed legislator obligations**. Our ambition is to set the trend and to become a leader among our peers. We realise that there is still a way to go, but we are determined – and proud – to shape a tasty future sustainably.

## Three goals, twelve commitments

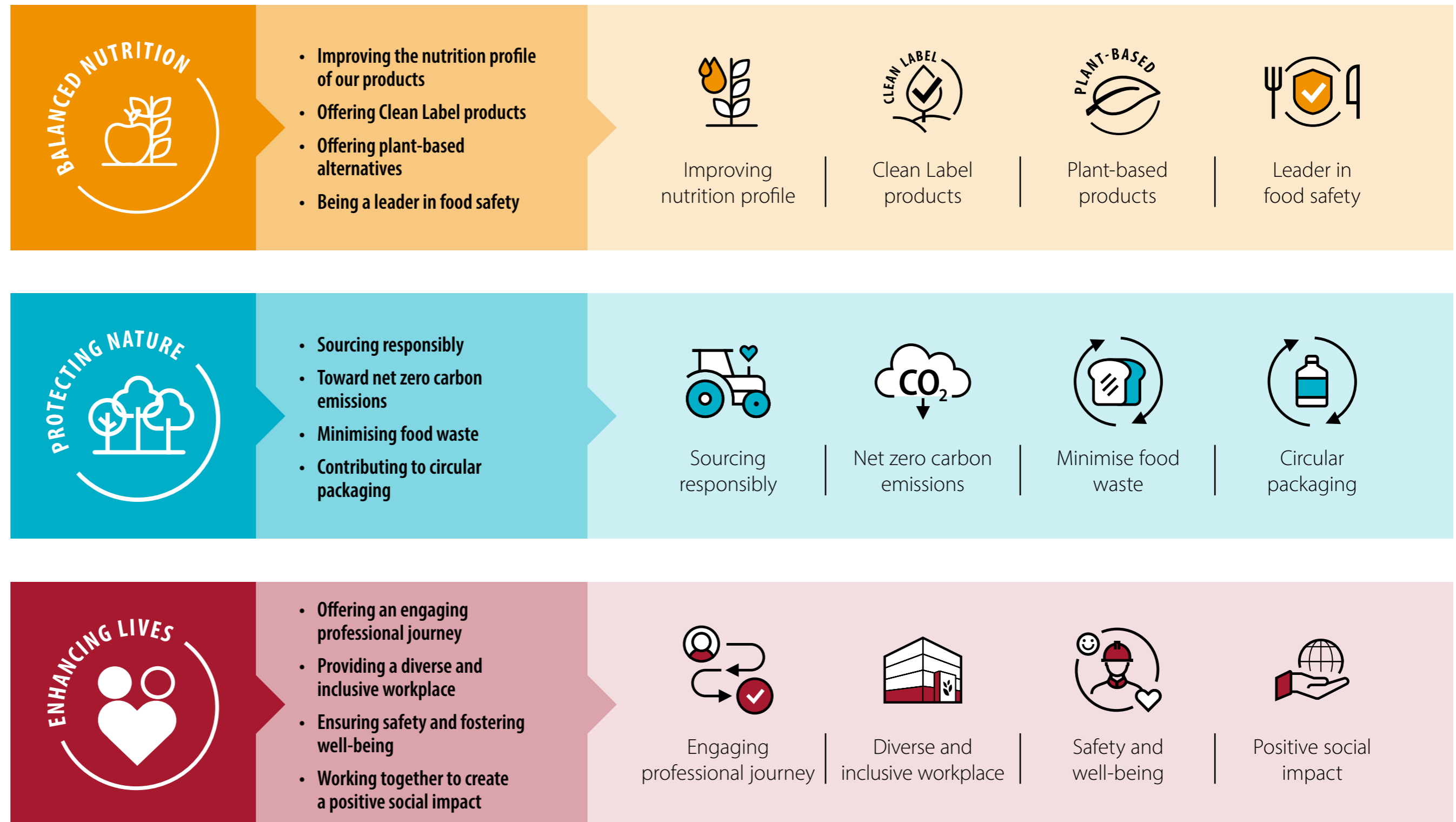
Our sustainability strategy is directed by three strategic goals: Balanced nutrition, Protecting nature and Enhancing lives.

- Our first goal, **Balanced nutrition**, shows our commitment to improving the nutrition profile of our products, to offering Clean Label products and plant-based alternatives, and to being a leader in food safety.
- Our second goal, **Protecting nature**, covers our efforts to source more responsibly, to strive for net zero carbon emissions and a minimum of food waste, and to contribute to circular packaging.
- We intend to reach our third goal, **Enhancing lives**, by offering an engaging, inclusive and safe workplace and professional journey to our associates, and by collaborating with our partners in order to create a positive social impact.

Our three goals are underpinned by twelve commitments that form the **foundation of our social, environmental and economic performance across the value chain.**

We make our ambitions viable by expressing specific targets per commitment.

Our sustainability strategy is dynamic: we continuously search for new impacts that our business operations could have on the environment. We also consider upcoming legislation and changing stakeholder expectations. Because of this, **we have added two new topics to this report – air pollution and biodiversity –** that were not included in the previous report.



## BUILDING OUR STRATEGY 2021-2025

Our Corporate Sustainability Strategy 2021-2025 is the result of an **in-depth process of research and consultation of internal and external stakeholders**. We organised desk research, internal workshops, interviews with managers and associates, and a broad consultation among external stakeholders. The process is described in detail in the **Annex**.

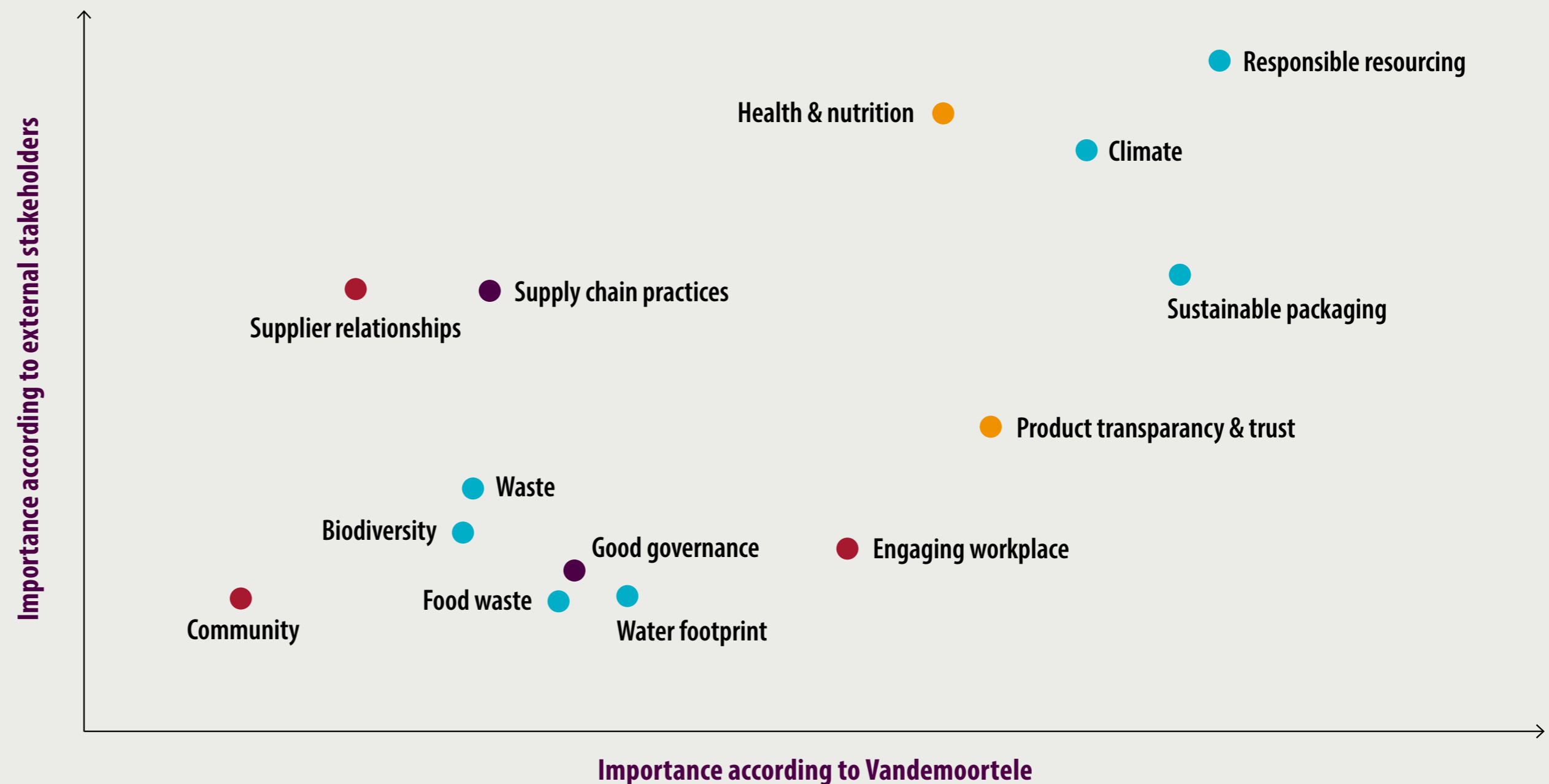
### Materiality matrix

The research and consultation process allowed us to set up our materiality matrix. This matrix identifies and prioritises the sustainability topics that are most important to our company and our stakeholders, and those that impact us in terms of growth, cost or risk. They are also the topics that our stakeholders expect us to take action on. **Our priority material topics are responsible sourcing, health & nutrition, climate, sustainable packaging and product transparency & trust.** We supplement these topics with good governance and supply chain practices as overall themes.

### Review of the strategy

The changing expectations of society motivate us to regularly scrutinise our sustainability strategy. With the **new European legislation** on corporate sustainability reporting (Corporate Sustainability Reporting Directive, CSRD) coming up, we have decided to prepare a new strategy in 2023, in close collaboration with our internal and external stakeholders. We will do this according to the principle of double materiality, as required by the CSRD.

### Materiality matrix



## OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS


Vandemoortele supports the UN Sustainable Development Goals (SDGs), which provide a shared blueprint to **end poverty, protect the planet and ensure that by 2030 all people will enjoy peace and prosperity**. Our sustainability strategy aligns with the 17 SDGs and their specific underlying targets. We pay special attention to the SDGs that we have the greatest impact on.



**As a food company, we are committed to improving the nutrition profile of our products, to offering Clean Label products and plant-based alternatives, and to being a leader in food safety. By doing so, we contribute to the following SDGs:**

**2 ZERO HUNGER:** we provide tasty, balanced and safe nutrition (2.1).

**3 GOOD HEALTH AND WELL-BEING:** we promote good health by offering nutritious products and contribute to well-being by inspiring tasty moments (3.4).



**We make every effort to source more responsibly, to strive for net zero carbon emissions and a minimum of food waste, and to contribute to circular packaging. In this way, we contribute to the following SDGs:**

**2 ZERO HUNGER:** we ensure sustainable food production systems and use ingredients from suppliers that implement productive agricultural practices, help sustain ecosystems, increase adaptive capacity in combating climate change, and progressively improve land and soil quality (2.4).

**7 AFFORDABLE AND CLEAN ENERGY:** we help to increase the share of renewable energy in the global energy mix (7.2) and we contribute to energy efficiency (7.3).

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION:** we afford a great deal of attention to the sustainable management and efficient use of natural resources (12.2). We reduce food waste and we prevent food losses along the supply chain (12.3). We manage all our waste in a responsible way

throughout its full life cycle (12.4). Through prevention, recycling and reuse, we prevent the generation of waste (12.5). We adopt sustainable practices and incorporate sustainability information into our annual reporting cycle (12.6). We provide associates, customers and end consumers with the necessary information to be able to act sustainably (12.8).

**13 CLIMATE ACTION:** we incorporate climate change measures into our strategy and action plans (13.2).

**15 LIFE ON LAND:** we contribute to the sustainable management of forests, and help to stop deforestation and restore degraded forests (15.2). We protect natural habitats and help to stop the loss of biodiversity (15.5).



**By offering an engaging, inclusive and safe workplace to our associates, and by collaborating with our partners in order to create a positive social impact, we contribute to the following SDGs:**

**2 ZERO HUNGER:** we ensure fair incomes of small-scale food producers (2.3).

**3 GOOD HEALTH AND WELL-BEING:** we contribute to well-being by offering an engaging and inclusive workplace and by stimulating health and safety at work (3.4).

**4 QUALITY EDUCATION:** we offer our associates a meaningful job where they can flourish and make a difference (4.4). We ensure that there are no gender inequalities in terms of access to training (4.5). We provide our people with the knowledge and skills needed to promote sustainable development (4.7).

**5 GENDER EQUALITY:** we do not tolerate any form of discrimination against women (5.1) and ensure women's participation at all levels and provide equal leadership opportunities (5.5).

**8 DECENT WORK AND ECONOMIC GROWTH:** we push for technological modernisation (8.2) and create decent jobs, entrepreneurship, creativity and innovation (8.3). We strive to decouple economic growth from environmental degradation by reducing our negative impacts (8.4). We offer employment and decent work for all people, including young people and people with disabilities, and pay equally for equal work (8.5). We protect labour rights and promote safe working places for all of our associates (8.8).

**17 PARTNERSHIPS FOR THE GOALS:** we participate in partnerships that mobilise and share expertise and technology, and we provide financial resources to support the achievement of the SDGs in developing countries (17.6).

**GOAL 1****BALANCED NUTRITION****Our commitments:**

Improving  
nutrition profile



Clean Label  
products

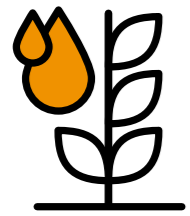


Plant-based  
products



Leader in  
food safety

The quality and taste of our products are our trademarks. We produce food that tastes good and brings people together at delicious and pleasant moments with family and friends. At the same time, guaranteeing clean and safe food products with a good nutritional balance for consumers is our priority. We are continuously improving our products to make them more sustainable. We invest in research and product development in order to provide even better, more balanced and sustainable products.



## IMPROVING THE NUTRITION PROFILE OF OUR PRODUCTS

### WHY DO WE WANT TO MAKE A CHANGE?

As a market leader in the food industry, we recognise the importance of a healthy and nourishing diet in the **prevention of health problems** such as obesity, heart disease, high blood pressure and type 2 diabetes. The World Health Organization therefore recommends a transition in the way we eat, with less sugar, salt and saturated fats, and more fibre and unsaturated fats.

Consumers themselves are also interested in healthier foods, with balanced nutrition ranking high among their expectations. By offering products with a better nutrition profile, we aim to **contribute to consumer health and to meet their expectations**.

The growing consumer interest in a healthier diet is a positive evolution, but it does present certain challenges for Vandemoortele. **A good balance between taste and a healthy nutrition profile is crucial.** This sometimes means that recipe improvements cannot be implemented immediately if they compromise on taste. Last year, we encountered a number of **additional challenges**: as a result of the Russo-Ukrainian conflict, our researchers spent much of their time looking for

alternatives for important ingredients like sunflower oil. Inflation may also prompt consumers to buy cheaper foods instead of healthier products. In such uncertain circumstances, consumer demand for healthy food products is difficult to predict. However, as a healthy diet is of such importance, we continue our quest for improvements, regardless of the circumstances.

### OUR POLICIES AND FRAMEWORKS

Our approach to improving a product's nutrition profile depends on the product type and its function within a daily diet. **For frequently used products like bread and spreads, we work on improving their basic composition.** We reduce the salt level and increase the amount of fibre in our bread products, and reduce the amount of saturated fat and salt in our spreads. For our indulgent range, which includes products like donuts and croissants, our priority is to create foods with a full, pleasurable taste, while still aiming for a lower salt and sugar content.

### Nutrition and health claims

For our health claims, we make reference to **the EU**





**approved list of nutrition and health claims made on food.** This list is continuously maintained by the European Commission (EU Regulation N° 1924/2006.EU).

### Nutri-Score®

The Nutri-Score® nutritional label, owned by France Santé Publique, informs consumers about the nutritional value of food products and helps them to make healthy choices. With the aim of **improving the Nutri-Score® of our MCOF products**, we reduce the total amount of fat, saturated fat and/or salt. In 2023, the Nutri-Score® scientific committee will publish a revised algorithm to calculate the scores. Some of our D scores will probably shift to C, but at the same time it will become very difficult to achieve an A score. Once the **new algorithm** has been launched, we will re-evaluate our 2025 target.

### Scientific partnerships

Our nutritional innovations are accelerated through partnerships with trusted scientific institutions. In the Vandemoortele Centre for Lipid Science and Technology, we collaborate with the University of Ghent to carry out **scientific projects for the MCOF business line**, for example regarding industrial margarines with a low saturated fat content. Our R&D department also collaborates with KU Leuven to research **potential sugar reduction measures**. The know-how we gather from these studies is taken into account when we develop new products or improve existing ones. For example, we have been able to create a croissant that contains 30% less sugar, while maintaining the same sweet taste.

### OUR TARGETS FOR 2025

- 15%** salt reduction in bakery products compared to 2019 (volume %)
- 10%** sugar reduction in pastry, sweet treats & patisserie compared to 2019 (volume %)
- +10%** increase in bread products with health or nutrition claims compared to 2019 (number %)
- +7%** increase in products with claim high in UFA + other claim in spreading & cooking compared to 2019 (number %)
- +7%** shift to an improved Nutri-Score® in spreading & cooking compared to 2019 (number %)

## OUR ACTION PLANS

### Salt and sugar reduction

All new products we launch contain as little salt and sugar as possible. In our existing range, we monitor and identify products in which we can further reduce the salt and sugar levels. Products with a high salt and sugar content and a large production volume are given priority. We **focus on products in which the best results can be achieved**, while at the same time avoiding an impact on taste or texture.

We have been progressively reducing the salt and sugar levels in our donuts over a number of years. To continue on this path, we have defined an **action plan for our pastry, patisserie, donuts and bread range**. In countries like France and the Netherlands, our actions are supported by new guidelines that impose salt and sugar reductions in various food products. This will help us to reach our goals, as competitor companies and bakers will also be prompted to reduce their salt and sugar levels.

### Nutrition and health claims

The improved compositions of our bread products and our margarines for spreading and cooking allow us to make various nutrition and/or health claims. These claims include **'high in fibre', 'high in omega-3 fatty acids', 'cholesterol lowering', etc.** We increasingly use wholegrain wheat, which contains greater levels of fibre and minerals, in our bread range. We also offer a range of spreads that contain extra vitamins, minerals and/or omega 3.

In 2021, we launched our immune-boosting concept; a formula that allows us to add an **'immune boosting' claim to margarines**, due to the addition of vitamins and minerals. Retailers can purchase this concept for integration into their own brands.

### Breads with health benefits

In 2022, we launched two new bread types with specific health & nutrition benefits:

- Our **High in Fibre breads** are multigrain and wholegrain, with home-made sourdough and full of healthy seeds. As such, they help support digestive health. They are a good source of plant protein, contain no food additives, and have achieved a Nutri-Score® A.
- Our **Vitamin D breads** are filled with dried fruits, seeds and nuts, all of which provide vitamin D. This promotes the normal functioning of the immune system. A sufficient amount of vitamin D is also important for normal growth and the development of bones and teeth. Our Vitamin D breads contain no food additives, and have achieved a Nutri-Score® B.





## OUR PERFORMANCE IN 2022

### Bakery Products

In 2022, **we managed to reach our salt and sugar reduction targets for donuts. Our efforts to reduce the salt levels in our other bakery products were not quite on track.** We reached a reduction of 2% by volume compared to 2019. In our range of pastries, sweet treats and patisserie, we achieved a sugar reduction of 4% in sales-weighted average sugar content. For some of our bread products, we have adjusted our recipes, resulting in -4% – or even -7% – less salt.

As salt and sugar reductions have a **large potential impact on taste**, we have to be very careful when changing our recipes: we do not want to lose our customers. Most reductions happen gradually, so consumers adapt to the new taste. When we launch new products, we always launch them with the lowest

possible salt and sugar content. For our existing products, we continue to work toward our reduction targets.

Next to salt and sugar reductions, we also aim for bakery products with **other health benefits**. In 2022, we developed and launched several new bread products with important health and nutrition claims, like ‘high in fibre’, ‘high in protein’, ‘wholegrain’ or ‘source of vitamins’.

Although customers seem to attach greater importance to healthy choices these days, **most health improvements are not (yet) having a significant impact on our sales results**. This is probably due to the general rise in food prices. In 2022, customer demand for products with health and nutrition claims decreased with 0.5% compared to 2019.

#### TARGET 2025 (BASELINE 2019)

-15% salt reduction in bakery products

-10% sugar reduction in pastry, sweet treats & patisserie

+10% increase in bread products with health or nutrition claims (number %)

#### STATUS 2022

-2%

-4%

-0.5%

### External cooperations

As a committed food producer, Vandemoortele also participates in valuable research projects initiated by other organisations. Our current cooperations include PulseBake, Fibraxfun and Well on Wheat?.

- The research project **PulseBake** aims to translate the available knowledge about legumes into tailored advice for mills, ingredient suppliers and (industrial) bakeries. The goal is to create a more diverse, healthy and sustainable range of bakery products.
- **Fibraxfun**: dietary fibre plays an important role in a balanced diet. Fibraxfun is a collective, fundamental research project that aims to create a knowledge platform for new types of wheat with extremely high dietary fibre content.
- A growing number of people describe themselves as gluten and/or wheat intolerant, often without any real diagnosis. The international **‘Well on Wheat?’** project addresses the health aspects of wheat consumption and of avoiding wheat and gluten.





## Margarines, Culinary Oils and Fats

Our efforts to **sell more products with health claims** are increasing, but further improvement is necessary. In 2022, we increased the number of products with health claims by 5%. This includes claims such as '(naturally) high in omega 3', 'cholesterol lowering' or 'source of vitamin B'.

With regard to our margarines and cooking fats, we are **well on track to achieve our Nutri-Score® targets**. We improved the Nutri-Score® of 8% of our spreading and cooking margarines. Last year, we also successfully developed a low-fat spread with Nutri-Score® A by adding fibre to the recipe; a first in the market! In 2023, some of our retail customers will also embrace this concept.

# 5%

**increase in the number of products with health claims in 2022**

### TARGET 2025 (BASELINE 2019)

- +7% **increase in products with claim that are high in UFA + other claims in spreading & cooking (number %)**
- +7% **shift to an improved Nutri-Score® in spreading & cooking (number %)**

### STATUS 2022

- +5%
- +8%



# OFFERING CLEAN LABEL PRODUCTS

## WHY DO WE WANT TO MAKE A CHANGE?

With its own Clean Label, Vandemoortele responds to the **growing consumer demand for food products to be more ‘natural’ and contain fewer food additives**. We aim for ingredient transparency through the use of simple and recognisable ingredients. Over the past few years, we have eliminated many food additives from our products, without compromising on taste, quality or food safety. Some food additives were replaced by ‘cleaner’ alternatives, like natural flavours. Every step is considered from various angles: for example, eliminating an additive should not lead to increased food waste.

There is no legal definition of the term ‘Clean Label’, and the label is still in evolution, becoming ever-stricter. Over the next few years, we will attach even greater importance to **clear and transparent consumer information**, in order to avoid differences in interpretation.

**We respond to the growing demand for more ‘natural’ products**

## OUR FRAMEWORK

### Our definition of ‘Clean Label’

In 2020, Vandemoortele outlined its first Clean Label definition: a label that provides clear information to our consumers about which ingredients we use. This Clean Label definition permitted nine different food additives in our Clean Label products. In 2022, we launched a new and stricter definition, which allows **only four food additives**: carotene E160a<sub>ii</sub>, carotene E160a<sub>iii</sub>, ascorbic acid (E300) and the emulsifier lecithin (E322). Carotenes are orange or yellow fat-soluble pigments, mostly obtained from fruit and vegetables. Ascorbic acid, also known as vitamin C, is used in our products as a bread improver. The final additive that we permit under our current Clean Label definition is lecithin, a functional lipid found in egg yolk, which we use as an emulsifier in chocolate and other products.

### OUR TARGET FOR 2025

**80%** Clean Label for Bakery Products in 2025, according to the new definition

### Clean Label definition 2020

#### The 9 food additives that are allowed:

- carotenes (E160a<sub>ii</sub>/iii);
- ascorbic acid (E300);
- citric acid (E330);
- emulsifiers (E322, E471, E481);
- raising agents (E450<sub>i</sub>, E500<sub>ii</sub>).

### Stricter definition 2022

#### Only 4 food additives that will be allowed with the new definition:

- carotenes (E160a<sub>ii</sub>/iii);
- ascorbic acid (E300);
- lecithin (E322).

## OUR ACTION PLAN

Our R&D team continues to **research the potential removal of food additives from all of our products**, in both our business lines (BP and MCOF) without compromising on taste, food safety or quality.

## OUR PERFORMANCE IN 2022

In order to **transparently monitor our Clean Label performance**, we have used both our old and our new definition to gather data for 2022. The results differ depending on the definition. In 2023, we will only gather data according to the new definition.

### Bakery Products

According to the old definition, 79% of our bakery products were Clean Label in 2022: a 3% increase compared to 2021. According to the new definition, 76.5% of our bakery products were Clean Label in 2022. Both results show that **our Clean Label ambitions are still on track**.

Following the changes in our definitions, we have adjusted our **Clean Label target for 2025**, from 83% to 80% for our BP business line. More specifically, we now aim for 65% Clean Label products in our pastry and patisserie range and 100% Clean Label products in our bread and Italian savoury range. This presents a **challenge, as it is not yet possible to remove certain food additives** from products that contain meat, for example, but these represent only a very small portion of our product range. As of 2023, due to our new definition, none of our donuts will be Clean Label any more: it is unfortunately impossible to produce them without the baking powders (E450, E500) and emulsifiers (E471, E481) that we need to create their tasty texture.

In the context of our new Clean Label definition, we continue to remove unwanted food additives from our products. In 2022, **several pastry products became Clean Label**, for example all our puff pastry sheets.



#### TARGET 2025

80% Clean Label for Bakery Products, according to the new definition (volume %)

#### STATUS 2022

76.5%



We also replaced guar gum (E412) with a Clean Label alternative in our cereal breads, and we are working to remove PGPR (E476) in the chocolate coating used on our donuts.

### Margarines, Culinary Oils and Fats

In our stricter Clean Label definition, emulsifiers like E471 are no longer allowed. However, such emulsifiers are needed in most margarines and fat spreads to **make sure the recipes remain stable until the end of their shelf life**. Without emulsifiers, our products could lose water, which would increase the risk of mould. Since this is a risk we do not want to take, we will continue to use emulsifiers, thus limiting the potential number of Clean Label products in the MCOF business line. As a result, **we will not establish a new Clean Label target for MCOF**. We prefer to create Clean Label references and E-free products whenever possible, but if not, we will eliminate as many food additives as possible without compromising on taste or safety.

In 2022, we removed the emulsifier lecithin from our entire lamination portfolio and from many of our in-dough recipes. Furthermore, we have been studying the impact of removing synthetic preservatives like sorbate from MCOF products on food safety and food waste for several years. This **two-year research project** (2020-2022) has been run within R&D in cooperation with Ghent University, and is made possible by a substantial VLAIO (Agentschap Innoveren en Ondernemen) grant.

### E-FREE PRODUCTS

E numbers are codes given to food additives (e.g. colours and emulsifiers) based on a food safety assessment by the European Commission (upon scientific screening by the European Food Safety Authority – EFSA). The European Commission considers all current E numbers to be safe, and permits their use in food products for human consumption. Nevertheless, **consumers increasingly prefer products without food additives**. For this reason, we try to remove or replace E numbers, without compromising on taste, food safety or quality. In 2022, we launched our first E-free Gold Cup® margarine and various E-free margarines for industrial customers.

**4**

**food additives – no more – without compromising on taste or safety, make up our new and stricter definition for Clean Label products**



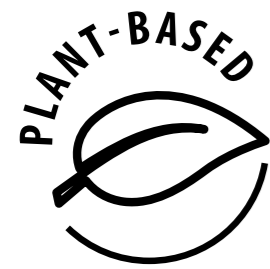
# OUR PEOPLE

Belgium,  
Izegem R&D

◀ **Lieselot Delabie** Lab & Bakery Manager

“After completing my studies in chemistry, I joined Vandemoortele in 2000. During my years with the company, my passion for food and nutrition has grown. I believe that food can be a part of our daily enjoyment and well-being. In addition, a well-balanced diet can have a positive impact on people’s health. I am intrigued by the scientific background on health, nutrition and sustainability topics and I like to discuss these topics with colleagues. Many of my colleagues are also becoming more and more interested in sustainability, which helps grow my enthusiasm for the topic.”

“I enjoy discussing  
health, nutrition  
and sustainability”



# OFFERING PLANT-BASED ALTERNATIVES

## WHY DO WE WANT TO MAKE A CHANGE?

By offering plant-based products, Vandemoortele meets current and future **consumer demands on sustainable diets** and supports people in making healthy and nutritious food choices. Moving toward more plant-based ingredients also significantly reduces our products' carbon footprint, in line with the European Green Deal and the Farm to Fork Strategy. Furthermore, plant-based alternatives decrease the negative impacts of food production on animal welfare.

With **growing consumer awareness about healthy food**, sustainability and animal welfare, along with the advice of food experts to eat more plant-based foods, we expect the demand for plant-based products to further increase in the near future. The health and sustainability benefits and the growing demand motivate us to expand our plant-based portfolio further.

## OUR POLICIES AND FRAMEWORKS

While the demand for vegan and vegetarian products grows and the range of available products expands, there is still no EU legislation at present for vegan or vegetarian claims on food packaging. As a responsible

player in the food market, we want to **correctly inform our consumers about our products**. How we deal with the definitions and claims is outlined in our position paper 'Our position on plant-based/vegan'. Our current claims for 'vegan', 'plant-based' and 'vegetarian' products are based on the definition of the European Vegetarian Union (EVU), ISO 23662:2021 or the Publicly Available Specification (PAS) Guideline.

## OUR ACTION PLANS

### Plant-based products

We started offering plant-based alternatives decades ago, and we are always looking for new products to expand our portfolio in both the BP and MCOF business lines.

In our portfolio, we have **plant-based margarines, spreads, cooking oils and vinaigrettes**. Compared to butter, margarines and spreads contain lower amounts of saturated fatty acids and are often rich in unsaturated fatty acids, in some cases also in omega-3 fatty acids. In addition, their environmental impact is significantly lower than the impact of butter. We are continuously



improving and expanding our product range. Also in our vinaigrettes range, we have made progress with the launch of **a fourth vegan vinaigrette**: our light Vandemoortele vinaigrette 'Fine herbs'. This vinaigrette contains 25% less sugar as well.

We also offer plant-based products within our BP business line, such as most of our large bread portfolio, our vegan croissant and our vegan chocolate roll. In addition, we have developed a range of **vegan patisserie products**, ranging from a banana cake to high-quality chocolate and lingonberry mousses and blueberry mousses. Nevertheless, we still often rely on traditional dairy products, such as milk, butter and eggs, for the time being, until we find alternatives that can match their authentic taste and structure.

### OUR PERFORMANCE IN 2022

Our goal is to achieve **a good balance in our assortment**, so that we can offer tasty solutions to everybody's liking. We do not aim for a 100% plant-based product assortment. For certain products, we use recipes based on authentic heritage, making it difficult to exclude certain traditional dairy products or eggs.

Margarine is a fully fledged plant-based alternative for butter. In our current portfolio, a total of **61% of MCOF products and more than 73% of the volume sold are 100% plant-based**. However, not all our margarines are 100% plant-based: some margarines can contain,

for example, small amounts of milk or whey powder; in margarines for pan-frying, proteins from milk or whey powder are particularly important to reduce spattering.

In the **BP business line**, we now have **25% plant-based products in total**; 51% of the volume we sell is 100% plant-based. These figures are driven by the proportion of bread products in our portfolio. The recipe for bread is plant-based by definition. In the other BP categories, we have some plant-based products, but they represent very small volumes. Most of our bakery products contain eggs, milk powder and/or butter.

### Pan-frying with pea protein

Our R&D department has developed a **plant-based alternative for pan-frying margarines**. In pan-frying margarines, milk or whey protein is often added to reduce spattering. We have succeeded in developing a plant-based alternative with the same benefits by using pea protein instead of milk or whey protein. The concept is ready, but it has not yet resulted in a product launch.

**We aim to offer tasty solutions to everybody's liking with our well-balanced assortment**







## BEING A LEADER IN FOOD SAFETY

### WHY DO WE WANT TO MAKE A CHANGE?

Food safety is an important aspect of food production and handling, as it ensures that the health and safety of consumers are protected. Therefore, as a food company, we take responsibility for delivering **safe and high-quality food products, to protect people's health and maintain their trust.**

As Vandemoortele aspires to be a leader in food safety, **we always aim higher than the legal requirements.**

We also take into account the quality expectations of our customers, to ensure our products are well-aligned with their wishes. However, food quality and safety requirements are becoming increasingly stringent.

**Legislation is ever-changing**, for example on cross-contamination or on the use of pesticides. This has an impact on Vandemoortele, our production sites and on our Group policies, and makes it more difficult to achieve our goal of going beyond legislation.

Ensuring food safety also has an **environmental and economic impact**, as it prevents recall food waste and costs.

### OUR POLICIES AND FRAMEWORKS

To ensure the delivery of safe products, we have implemented **strict safety rules along the entire supply chain.** We monitor both our own production sites and those of our high-risk suppliers, to make sure they uphold the highest safety standards. Our safety measures range from risk analyses, audits and follow-ups to the implementation of our foreign body policy, and our commitment to food defence and zero food fraud.

#### Global Food Safety Initiative

All our production sites now hold a certificate of either the International Food Standard (IFS) or the British Retail Consortium (BRC). This means they **comply with the quality standards of the Global Food Safety Initiative (GFSI)**, a global non-profit organisation that standardises food safety norms. Our compliance assures our customers that we meet the highest standards in food safety.

In the near future, the **new food safety standard of the British Retail Consortium (BRC) will come into force.**

The ninth version is again stricter than its predecessors, which makes it harder to meet requirements. We are already preparing the necessary measures to safeguard our production and distribution.





### Foreign body policy

Vandemoortele takes all necessary measures to prevent contamination with foreign bodies, allergens, chemicals or microbiological elements. Our **foreign body policy for the BP business line** outlines a protocol to prevent foreign objects, such as pieces of plastic, metal or insects, from ending up in our food products. **This policy will soon be extended to the MCOF business line.**

### Other policies

Vandemoortele has many different policies and procedures in place to **ensure the safety of our operations and the quality of our food products**: an allergen policy, a good cleaning policy, a food defence policy, a food fraud policy, various traceability and complaints procedures, foreign body management, a standard hazard analysis of critical control points, a roadmap for external audits, etc. **We constantly monitor and assess our guidelines**, and adjust them as needed.

**We monitor both our own production sites and those of our high-risk suppliers, to make sure they uphold the highest safety standards**

### OUR TARGETS FOR 2025

- 100%** unannounced GFSI certification of our production sites\*
- 98%** compliance with GFSI principles of suppliers, traders and logistic partners
- 63%** reduction of food safety complaints compared to 2016
- 0** incidents of food defence and food fraud

\* the four Paindor sites in France are not included in this KPI

## OUR FOOD SAFETY ACTION PLANS

### Certification and auditing across the supply chain

To guarantee the highest possible quality and safety levels, we subject our production sites to **unannounced audits**. This means they may be subjected to an audit at any time during a four-month period. We set the same high standards for our suppliers, traders and logistic partners, and expect them to adhere to the fundamental principles of the GFSI. We encourage all our partners to enter the certification process, be audited by Vandemoortele, or – for our low-risk suppliers – to complete a food safety questionnaire.

Our non-certified suppliers are categorised into high-risk and low-risk suppliers. **High-risk suppliers are scheduled for an audit**. During these audits we evaluate their quality systems, their manufacturing processes and the general order and cleanliness of the site. If suppliers perform poorly, we request that they improve their performance, and we draw up action plans to monitor their progress. If no improvement is made, we may decide to replace the supplier.

Our **low-risk suppliers** are mainly local suppliers, for whom certification may be difficult to acquire. In such cases, we provide **alternative quality checks**, like the mandatory Vandemoortele Food Safety Questionnaire, which covers the fundamental principles of the GFSI.

New suppliers are only added after a thorough risk analysis. We try to choose suppliers that are located close to our manufacturing sites, to lower transport emissions and transport costs, and reduce safety risks.

### Food defence and food fraud

To **protect our facilities against internal and external sabotage attempts**, we equip them with surveillance cameras, fences and other security systems. In addition to this, we avoid food fraud by conducting a specific risk analysis, and by upholding a high level of transparency regarding our products and ingredients: our customers know exactly what they are buying.

**Vandemoortele guarantees the highest possible quality and food safety levels in all our production sites**



### OUR FOOD SAFETY PERFORMANCE IN 2022

#### Factory and supplier audits

In 2022, 80% of the **Vandemoortele production sites** underwent an unannounced audit. The factories that were previously under the 'announced audit' system implemented the new IFS auditing system, which means that they will be subjected to an unannounced audit once every three years, in addition to the announced audits. The new audit rules make it easier for us to ensure the high quality and safety standards we set for ourselves. It is the first time that we have achieved the 'prepared for

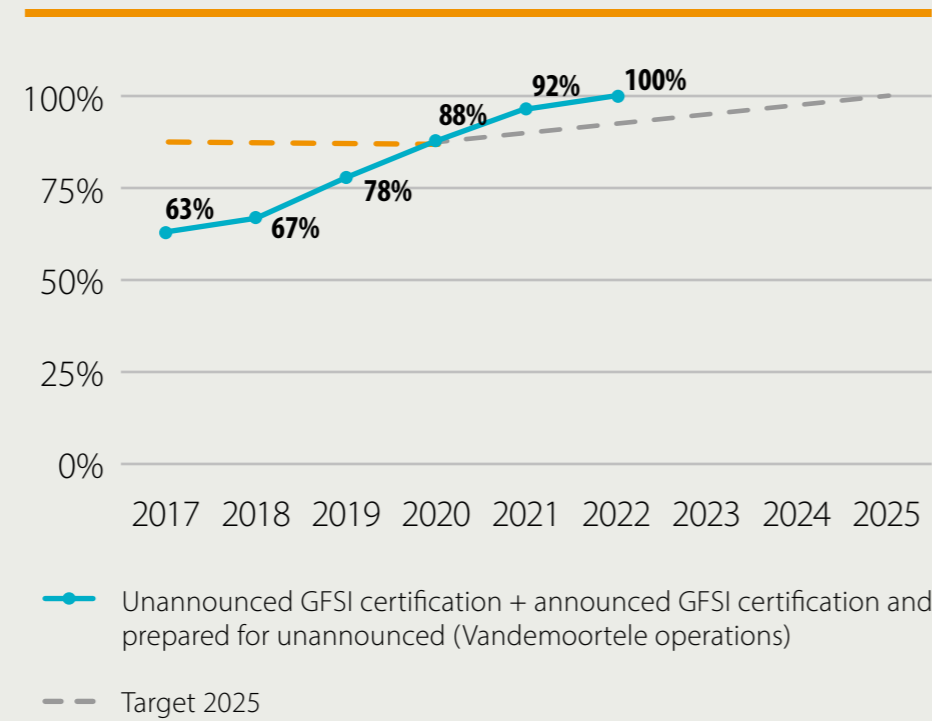
unannounced audit' status for 100% of our production sites.

Of **our suppliers, traders and logistic partners**, 97% now adhere to the fundamental principles of the GFSI. This includes our sites at Moià (Spain) and Ghislenghien (Belgium), which were previously excluded from the data because of different monitoring systems. 87% are GFSI certified, the other 10% are monitored by Vandemoortele,

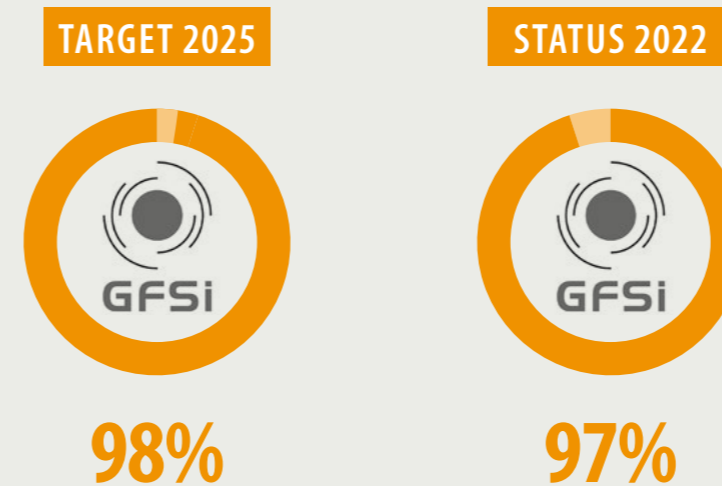
# 100%

of our production sites are prepared for an unannounced audit

**% unannounced GFSI certification + announced GFSI certification and prepared for unannounced (Vandemoortele operations)**



**% GFSI principles compliance of suppliers**



### % reduction food safety complaints

TARGET 2025  
(BASELINE 2016)



-63%

STATUS 2022  
(BASELINE 2016)



-57%

for example with a mandatory food safety questionnaire. **To raise the total percentage to 98% by 2025**, we are encouraging the remaining 1% to enter the certification process, complete a food safety questionnaire, sign quality requirement agreements or be audited by Vandemoortele. This remains a challenge, as it often concerns very small local suppliers. Nevertheless, we still pressure them to comply with our policy requirements.

### Fewer food safety complaints

Thanks to our foreign body policy, we received 57% fewer food safety complaints in 2022 compared to 2016. This was a very positive result, which we largely owe to **various types of automation** and to the **raised policy awareness** of our associates. By 2025, we want to reduce the figure of 2016 by 63%. Each complaint is followed by a deep root cause analysis to prevent it from happening again. **Concerning food defence and food fraud, we once more counted zero incidents in 2022.**

### New software for Product Lifecycle Management

In 2022, we introduced a new software system to manage the lifecycle of our products. Our new Product Lifecycle Management (PLM) software is an upgrade of our current PLM system, DevEX, which we use to create technical data sheets (documents with technical information about our finished products). Technical data sheets are very important to **guarantee food safety**, as they provide our customers with correct product information. The new

system also includes a **supplier collaboration portal**, where suppliers can add their own data and observations. This will improve our data collection about ingredients and raw materials, and provide us with more information about the GFSI certification of our suppliers.

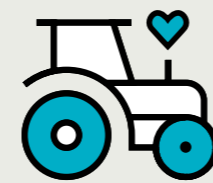
### The essentials of our foreign body policy

In 2017, Vandemoortele developed a new foreign body policy for its BP business line. The main topics of this policy are:

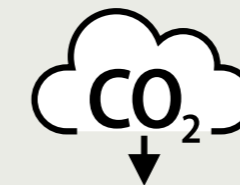
- Management commitment;
- Detection methods (metal and X-ray detection);
- Packaging;
- Ingredients;
- Loose equipment;
- Environment;
- Maintenance and intervention;
- Fixed equipment and infrastructure;
- Hazard Analysis and Critical Control Points (HACCP);
- Other procedures.

Based on this policy, our quality managers **perform a gap analysis and develop specific action plans** for their departments.



**GOAL 2****PROTECTING NATURE****Our commitments:**

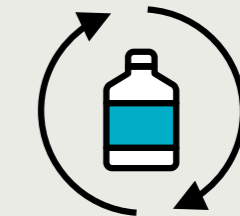
Sourcing responsibly



Net zero carbon emissions



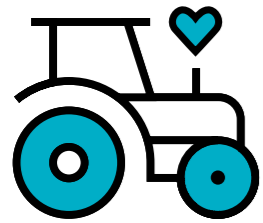
Minimise food waste



Circular packaging

Vandemoortele is aware of its environmental responsibility as a food company. Food has a major impact on the ecological footprint of our society. How our food is cultivated, sourced and produced affects our soils, our natural habitats and water systems, our climate and air. The current food system challenges the limits of our planet through deforestation and degradation of soil and biodiversity.

We want to do business in a way that allows us to sustain our activities for years to come. That is why we contribute to tackling the big ecological challenges of today and tomorrow. We do this by continuously improving the ways in which we source our ingredients, by targeting net zero carbon emissions, by banning food waste and through a focus on circular packaging in order to minimise the use of single-use plastics.



## SOURCING RESPONSIBLY

### WHY DO WE WANT TO MAKE A CHANGE?

At Vandemoortele, we are aware that we are accountable for our entire value chain. Being a manufacturer of tasty and high-quality food products, **we do not want to act at the expense of local farmers or the health of our planet.** We source our ingredients with respect for people and planet, and make conscious choices when purchasing key commodities like palm oil, soy, cocoa, wheat and eggs.

Sourcing responsibly is not only our responsibility; it also helps to **eliminate various risks in our supply chain.** By monitoring the social and environmental sustainability of our suppliers, we enhance our compliance with local laws and codes, protect our supply chain from operational risks, and improve our reputation.

External factors like **price increases or climate conditions** may put pressure on our sustainable sourcing processes. For example, unexpected droughts led to lower crop yields and increased soybean prices in 2022. At the same time, a severe outbreak of **bird flu** led to availability problems for egg products. Despite such challenges, sustainable sourcing remains one of our main goals, and we do our utmost to fulfil our commitments in this domain.

### PALM OIL

Vandemoortele uses palm oil in both our BP and MCOF business lines. Although we sometimes use other vegetable oils, we prefer palm oil for two reasons: 1) the use of palm oil as an ingredient ensures that our products have the desired structure and taste; 2) palm oil has a higher yield per hectare than any other vegetable oil. **We take all the necessary measures to minimise the environmental and social risks** associated with

### OUR TARGETS FOR 2025

- 100%** physically sustainable certified palm (consumer and professional brands)
- 100%** palm traceable to mill
- 75%** palm traceable to plantation (supplier score)
- 100%** key palm oil suppliers have an NDPE policy
- 100%** verified palm grievances have an action plan



**It is crucial that palm oil is grown and processed sustainably to avoid deforestation, loss of biodiversity and the exploitation of local farmers**

palm oil cultivation and production. These risks include deforestation, loss of biodiversity, the exploitation of local farmers and other issues.

**100% sustainable**

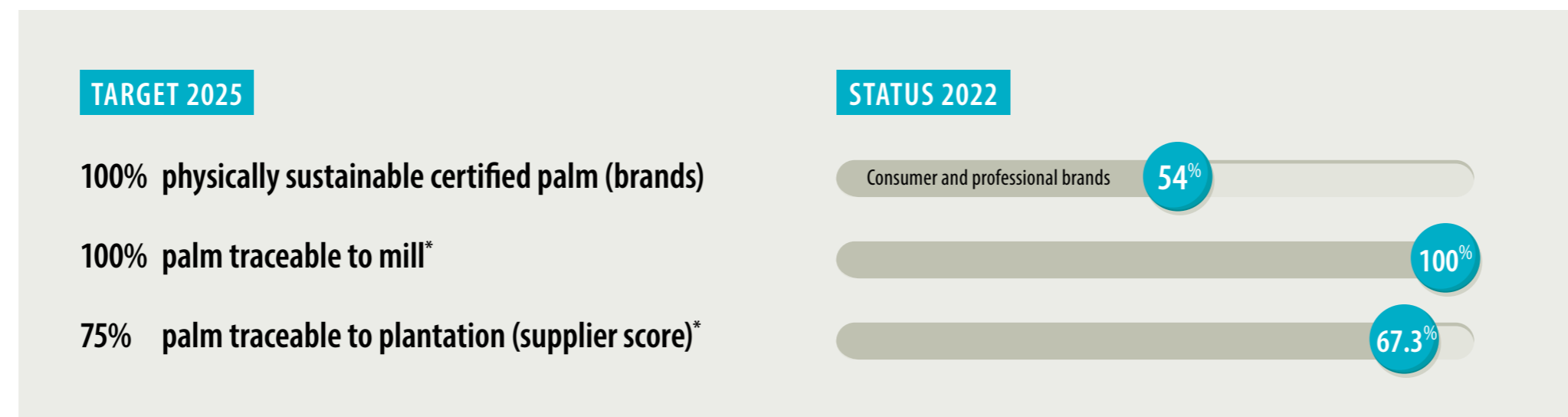
Since 2009, we have been a **member of the Roundtable on Sustainable Palm Oil (RSPO)**. We have made a lot of progress in our sourcing practices since then. Starting from 2015, we have committed ourselves to sourcing palm oil that is certified as 100% sustainable for both our consumer and professional brands.

At the start of our journey, we only purchased credits from RSPO-certified growers, crushers and independent smallholders. Now we are also **sourcing physically sustainable certified palm oil**. To achieve this, we have accepted, next to segregated palm oil that comes from certified sources, the Mass Balance Supply Chain

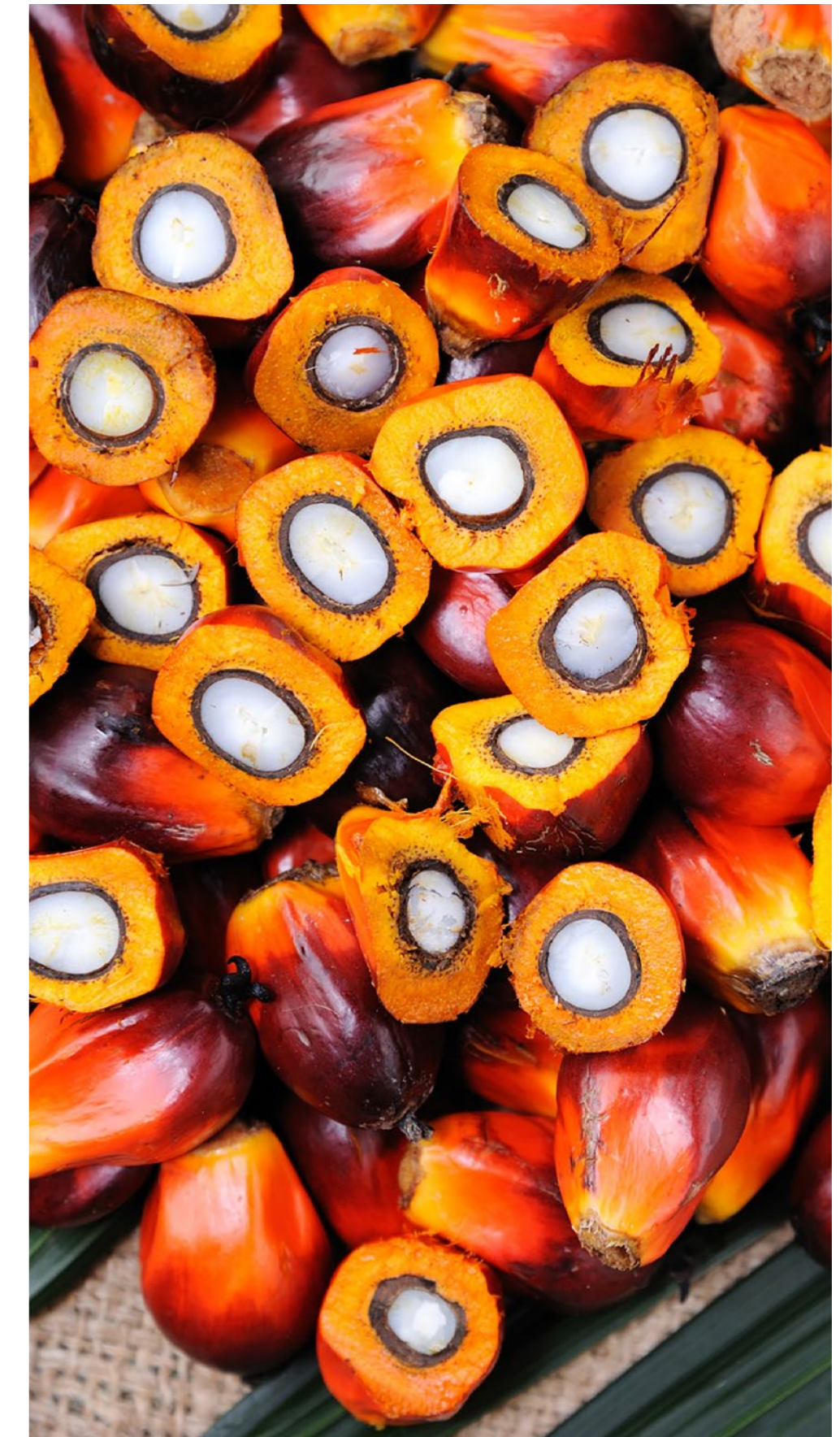
Model, which means sustainable palm oil from certified sources is mixed with ordinary palm oil throughout the supply chain. Of course, we also accept palm oil that follows the stricter, segregated scheme and comes only from certified sources. In 2022, we reached 54% physically sustainable palm oil for both our consumer and professional brands: a huge improvement compared to 2021. We are fully committed to our goal of 100% by 2025, and we believe that we will reach it, in spite of pricing and availability issues.

**Traceability**

Approximately 1,000 mills supply our factories, each of them receiving palm oil from different plantations. This **large number of suppliers poses a particular challenge** in obtaining a clear and thorough overview of the entire supply chain, starting with the farmers and their plantations, then to mills and refineries, until the



\* Traceability results for palm oil are only available with a semester delay. The presented data are the results of S1 2022.







transport to Vandemoortele’s sites. Our initial target was to achieve traceability all the way back to the mill. In 2019, we decided to extend this by aiming for **transparency** all the way back to the plantation. In 2022, we reached 100% palm traceable to mill and based on our suppliers’ score, we could also trace 67.3% all the way back to the plantation.<sup>1</sup>

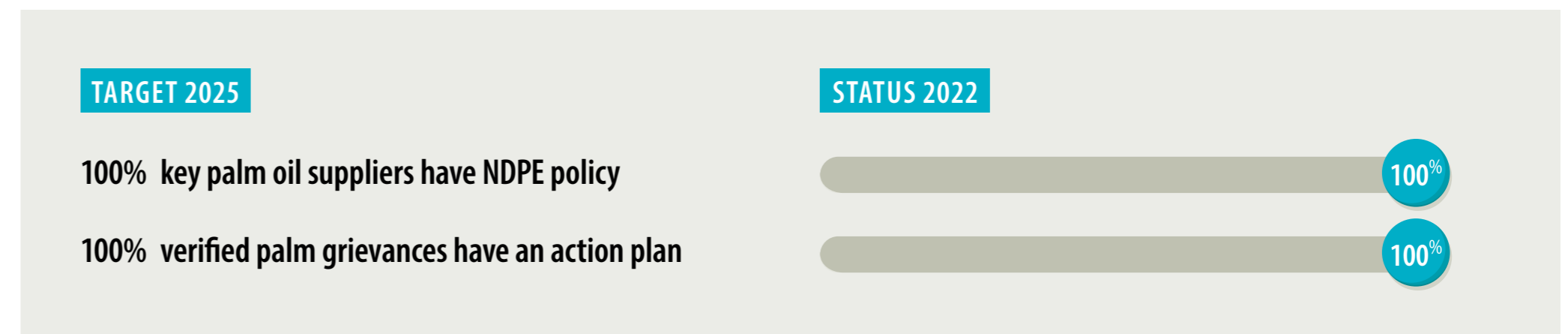
### NDPE policy

NDPE stands for No Deforestation, No Peat and No Exploitation. These commitments intend to make palm production more sustainable. In recent years, we have strongly encouraged our key palm oil suppliers to put in place an NDPE policy equivalent to our own. With this policy, our **suppliers are required to refrain from removing forests or peatland** to create additional plantations. We also expect them to uphold labour and community rights. Since 2017, all our key palm oil suppliers have committed to an NDPE policy. This helps us to contribute to a more sustainable palm oil value chain.

### Dialogue with suppliers

For Vandemoortele, good cooperation and regular conversations with our suppliers are key to responsible sourcing. To stimulate such dialogue, we conduct the EPI (Engagement Policy Implementation) survey, provided by Earthworm Foundation, on a regular basis. **The survey audits our suppliers’ NDPE policy implementation**, with focus areas ranging from traceability to grievance mechanisms.

In 2022, we asked our key suppliers to participate in a new EPI survey. We are now analysing their scores and listing **possible opportunities for improvement**. In 2023, we will consult our suppliers again to decide on a new and agreed action plan.



<sup>1</sup> Traceability results for palm oil are only available with a semester delay. The presented data are the results of S1 2022.

## Grievances management

In 2022, we trialled our new grievance mechanism. This was based on the internally agreed procedure to handle grievances regarding our palm oil supply chain. By drawing up this grievance mechanism, we can now **deal with grievances in a structural and more timely way**, instead of through the ad hoc approach that we used to employ. The mechanism is fully aligned with other processes, like our whistleblowing procedure. In 2022, we started monitoring how often a verified palm oil grievance was followed by a time-bound action plan. By the end of the year, we had set in place an action plan for 100% of the grievances we received.

## SOY

Although we do not directly process soy ourselves, we prefer suppliers that use sustainable soy in their production processes. For example, some of the products we buy, like eggs and milk, are derived from soy-fed poultry and livestock. We opt for sustainable soy in order to **avoid the negative consequences of soy cultivation**, such as deforestation and the displacement

### OUR TARGET FOR 2025

**100%** sustainable certified soy  
(direct + indirect)

of small farmers and indigenous people. In 2022, prices for soybeans were relatively high due to unexpected droughts and lower crop yields. This should be remedied in 2023, when higher availability is expected to result in lower prices.

## RTRS member

Vandemoortele has been a member of the Round Table on Responsible Soy (RTRS) since 2011. This organisation advocates the production of responsible soy through the promotion of good agricultural practices, respect for the environment and fair working conditions. **RTRS soy is 100% Deforestation and Conversion Free (DCF) and fully compliant with the new EU legislation** on deforestation-free commodities.

We support this mission by purchasing RTRS credits for all soy in our supply chain. The credits directly benefit farmers located in the Cerrado biome, Brazil, and their surrounding environment. By adding new incentives for soybean growers, we recognise their efforts in stopping the conversion of their native habitats. In 2023, we will also try out **AceTrack, a new soy purchasing approach with geo-localisation**, which will allow us to trace the soybeans we purchase for our soy oil back to farm level.



### Alliance4Soy

Since 2018, Vandemoortele became one of the eight initial subscribers to Alliance4Soy, a **consortium of food companies that currently chairs the Round Table on Responsible Soy association (RTRS)**. Many other companies have joined us since then. Our goal: to gradually build alliances and facilitate governance alignments to achieve 100% responsible soy. Through our involvement in Alliance4Soy, we also take part in the **Collaborative Soy Initiative**, a global platform that aims for 100% deforestation and conversion-free supply chains by fostering synergies between actors and stakeholders.

In 2022, 82% of all soy used in our supply chain was certified as coming from a sustainable source. Since 2017, we have **exclusively used 100% RTRS-certified soy** in our own consumer and professional brands. By 2025, we aim to expand this to 100% RTRS-certified soy in all our products.

# 100%

## RTRS-certified soy in all our products is our goal

#### TARGET 2025

100% RTRS-certified soy

#### STATUS 2022

Consumer and professional brands

100%

All our products

82%

### WHEAT

Wheat plays an important role in our BP business line. That is why we engage in sustainable cultivation. Many wheat farmers work every day to contribute to a sustainable future in agriculture. For some of our products sold in France, we use flour made from **CRC®-certified (Culture Raisonnée Contrôlée) wheat** in all of our product categories, with the exception of our donuts. This French certification **guarantees responsible and local farming that encourages biodiversity and offers a fair wage to farmers**.

As there is no European framework in place at present for sourcing sustainable wheat, we purchase our flour from sources that are as sustainable as possible. **We favour local suppliers and make sure they are audited every year** by an independent third party. These audits allow us to share industry knowledge with our suppliers, with regard to things like pesticide-free pest management. In addition, the audits also allow us to benchmark our flour suppliers based on their results.

### Decarbonised wheat

Regarding the carbon emissions of the wheat we source, we know that more than 80% is generated by the use of fertiliser. The European market is now rolling out the **first initiatives to decarbonise wheat farming**, for example by using less fertiliser. Since Vandemoortele aims to be a frontrunner in sustainability, we are investigating the opportunity to engage in partnerships with our main suppliers. One of our aims is to help farmers to provide





decarbonised wheat. In this way, we aim to have a positive impact on our carbon footprint and improve farmers' wages at the same time.

To streamline our approach in the different countries, **we are developing a sourcing policy for wheat**, which will take quality, sustainability and availability into consideration.

## COCOA

The chocolate value chain faces **severe structural problems**, from poverty among cocoa farmers to depleted soil, deforestation, etc. In order to secure the future of chocolate, all the actors in the value chain need to step up their efforts to address these structural issues. Fortunately, our suppliers already have a high degree of awareness about sustainable cocoa, and they are taking their own actions to contribute to a more sustainable supply chain. Despite many global challenges, like climate change and the war in Ukraine, our supply remained stable in 2022. At present, **we purchase liquid chocolate**

**that has been certified by Rainforest Alliance**. When requested by the customer, we also source **solid cocoa that bears the Fairtrade® label**.

## Sourcing policy

Some of our most sustainable customers now **request chocolate with both certifications**. While we can provide this for solid chocolate, we are still looking into the possibilities for liquid chocolate. In addition, we are in the process of **developing our own sourcing policy on sustainable cocoa**, which describes our sustainable sourcing strategy and the solutions and targets that we commit to.

By 2025, we want 100% of the cocoa in our consumer and professional brands to have received **Mass Balance Certification**. In 2022 we reached 48.5% certified cocoa in our branded products; 19% more than in 2021. This increase was partly the result of a targeted marketing campaign to convince our customers to use more sustainable certified cocoa in their products.

### TARGET 2025

100% physically sustainable certified cocoa (consumer and professional brands)

### STATUS 2022

48.5%

## EGGS

Since January 2020, as a result of stricter EU legislation, **we only purchase cage-free liquid eggs**. This means that the hens are not locked up in cages, but kept in a large barn. We use such eggs for all our products, except for our sauces like mayonnaise, which are usually made with 100% free-range eggs, obtained from farms where hens are allowed outside.

# 100%

**free-range eggs are used in our mayonnaise**

## Availability crisis

In 2022, the European food industry was confronted with considerable availability issues in regard to egg products, mostly due to a long and **severe outbreak of bird flu**. Because all free-range hens had to be kept inside, their eggs were declassified from free-range to barn eggs. This meant we temporarily had to use more barn eggs than we usually do, though we still managed to source enough free-range eggs for our various sauces.

At the same time, **the demand for eggs went up**, while the supply dwindled. Increasing food prices caused people to eat more eggs instead of meat, while the rising prices for bird feed led farmers to breed fewer hens. The result was a small 'perfect storm', which had a negative impact on both prices and availability. We are currently **looking for Clean Label and/or plant-based alternatives** for our liquid egg products to be available for crises in the future.

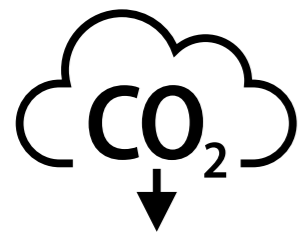
TARGET 2025

100% barn eggs

STATUS 2022

100%





# TOWARD NET ZERO CARBON EMISSIONS

## WHY DO WE WANT TO MAKE A CHANGE?

Climate change is one of the biggest challenges for this and future generations. At Vandemoortele, we want to take responsibility and actively work on **minimising our own impact on the climate**. Our long term ambition is to be net zero by 2050: at that point, we will have reduced our emissions (including scope 3 emissions) to as close to zero as possible and have balanced the remaining emissions by carbon removal.

As an agrifood company, **our CO<sub>2</sub> impact is mainly situated in our supply chain**. The land use for our raw materials, the production of packaging and the transport of those commodities all have a large footprint. Of these, land use accounts for the biggest part due to the CO<sub>2</sub> equivalents released when cultivating the raw materials. We are actively engaged in reducing these impacts and those of our own processes and outbound transportation.

Global warming is having major consequences for humanity, and businesses too are taking a hit. Food companies may be at **risk of crop failure of commodities** due to extreme weather events

such as floods, droughts, fires and heat waves in sourcing regions. This could lead to commodity price increases and limited availabilities. The cost of CO<sub>2</sub> will also rise in subsequent years due to taxation. By being at the forefront of the transition, **we hope to turn this into an opportunity**.

## REDUCING OUR CARBON FOOTPRINT TO ZERO THROUGH SBTi

Reduction of carbon emission is high on our agenda and that of our shareholders and various stakeholders. Vandemoortele wants to further grow in a sustainable way and be a frontrunner in climate action. Therefore, we signed the Science-Based Targets initiative (SBTi) commitment letter in 2021. In 2022, using the SBTi criteria, **we developed our new 'science-based' CO<sub>2</sub> target in line with the Paris Agreement goals**. Our target commits Vandemoortele to be net zero by 2050, and automatically aligns with the ambition to limit global warming to 1.5°C. From 2024, we will reduce our absolute CO<sub>2</sub> emissions gradually by 4.2% per year.



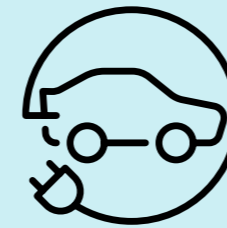
**Our target commits Vandemoortele to be net zero by 2050. From 2024, we will reduce our absolute CO<sub>2</sub> emissions gradually by 4.2% per year**

At the end of last year, the requirements for setting Science-Based Targets have changed for companies in the Food and Beverage sector. An additional so-called FLAG (Food, Land use and Agriculture) target will have to be set to reduce emissions at farm level. This will require a more detailed data collection process for our scope 3 emissions in the value chain. As we want to have one and the same baseline for all our emission reduction targets (scope 1, scope 2, scope 3 FLAG, scope 3 non-FLAG), we decided to use the year 2022 as a baseline. Therefore, we could not submit our targets within the required timeframe and will submit them in S2 2023.

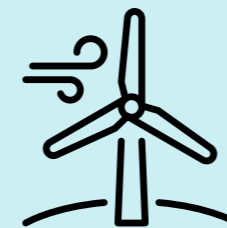
As a first step in this commitment, we are working toward **a transparent and clear way of disclosing our carbon footprint**. In 2022, seven work streams within Vandemoortele, composed of multidisciplinary teams of experts, worked on a transparent and auditable CO<sub>2</sub> accounting and reporting tool. From 1 January 2023, the tool will be operational. This year, we will run the proof-of-concept phase, focusing on our scope 1 and 2 emissions.

Like comparable agrifood companies, our CO<sub>2</sub> impact is mainly situated in our scope 3 emissions. **96% of our emissions** are due to indirect impacts through **land use** for our raw materials, the **transport** of these commodities and the **production of packaging**. Of these, land use has the biggest impact due to the loss in CO<sub>2</sub> capture capacity when cutting down forests to use the land for agriculture.

## CO<sub>2</sub> footprint of Vandemoortele



**Scope 1 emissions:** this covers our direct emissions - for example while running our heating installations or vehicles.

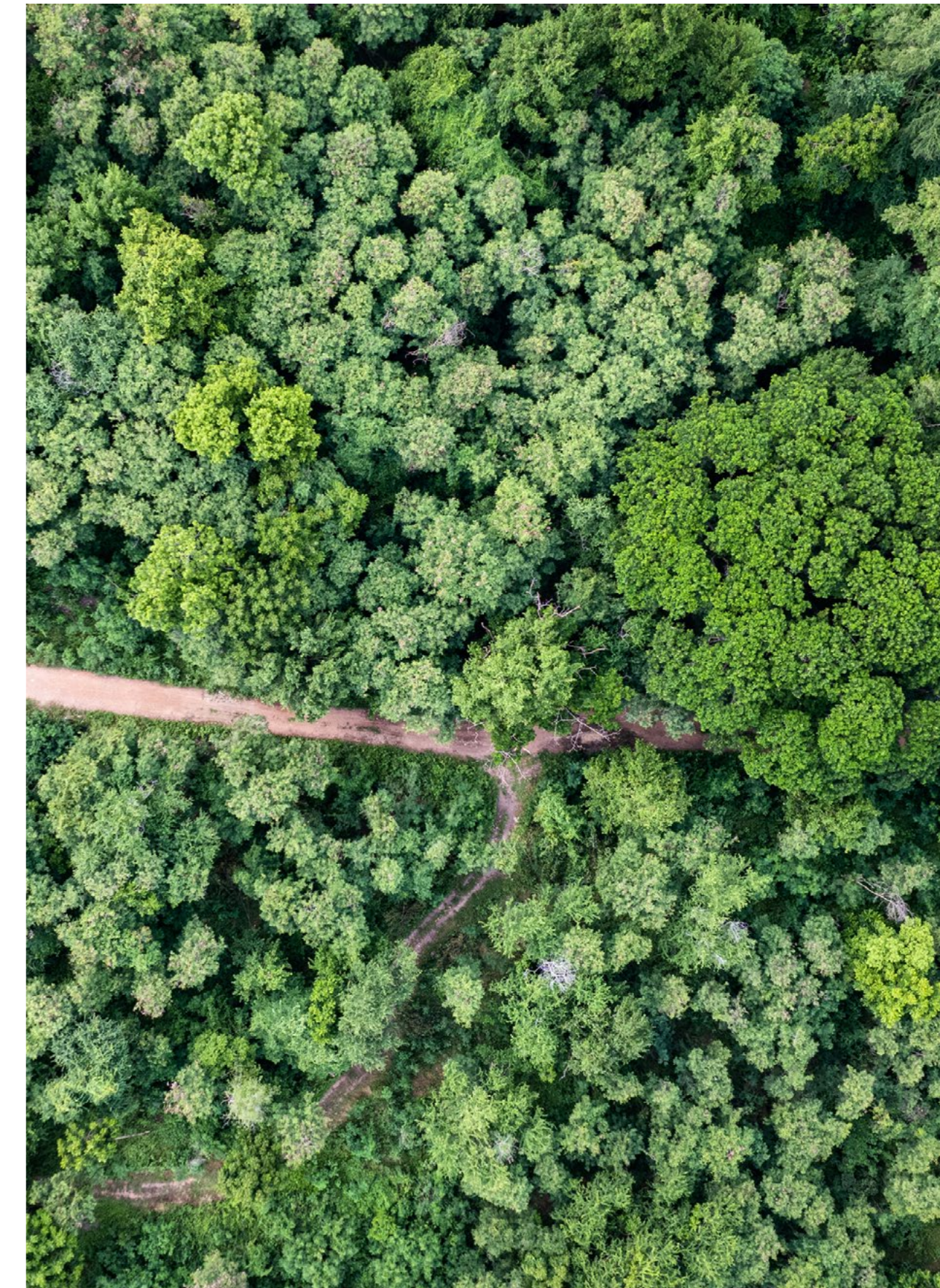


**Scope 2 emissions:** these are the emissions we generate indirectly through the electricity or energy we buy for running machinery and cooling processes.

Only roughly 4% of our CO<sub>2</sub> emissions come directly from our production plants, warehousing and offices connected to our production plants (scope 1 & 2).



**Scope 3 emissions:** these are all the emissions associated with the activities up and down our value chain. For example, from purchasing commodities from our suppliers and from the use of our end products by customers.





## OUR CLIMATE ACTION PLAN

To reduce our greenhouse gas emissions and to **reach net zero** in the long term, we have developed a strategy with three key priorities:

- Minimising our energy use;
- Maximising the use of renewable energy sources;
- Using fossil fuels and refrigerants as cleanly and efficiently as possible.

## Every four months, the sites review their action plans

## Adapting our buildings and production processes

Our production sites are responsible for drawing up **their own action plans to implement our threefold strategy**. Every four months, the sites review their action plans and adapt them where necessary. They also report on the effectiveness of the actions to the headquarters.

### Minimising our energy use

In order to reduce our energy consumption, we invest in sustainable solutions and work on **process optimisations** on a continuous basis. Since 2015, we have realised more than 300 energy reduction projects and initiatives across our company. In the last year, the rising energy prices gave our energy reduction investments

## OUR TARGETS FOR 2025

- 100%** green electricity
- 15%** 'on site' green electricity generation
- 70%** CO<sub>2</sub>-intensity reduction in production (scope 1 & 2) compared to 2015
- 15%** CO<sub>2</sub>-intensity reduction in transport and mobility (scope 1 & 3) compared to 2020
- 10%** reduction in energy intensity compared to 2020 (energy used/tonne produced) (electricity & gas) Group
- 10%** reduction in energy intensity compared to 2020 (energy used/tonne produced) (electricity & gas) BP
- 10%** reduction in energy intensity compared to 2020 (energy used/tonne produced) (electricity & gas) MCOF



an extra push. All of these investments and actions resulted in combined energy savings of approximately 12,000 MWh.

### Investments in sustainable solutions

For many years, we have been investing in **upgrades of our buildings and installations** to make them more energy efficient. We have improved the insulation in our buildings and equipment, and converted to LED lights to reduce the energy consumption of our buildings. At the end of 2022, 80% of all our lighting had been replaced by LEDs. In our factories, we adapted existing installations to make them more efficient: heat recovery, steam trap adjustments and so on. We also introduced new energy-efficient technologies, like the full automation of our water-cooled cooling towers.

# +300

**energy-reduction projects and initiatives have been realised across our company since 2015**

### Process optimisations

We continuously look for energy improvements in our operations. Our focus is on **effective maintenance, operational improvements and avoiding idle periods**. For instance, we introduce phased start-up within our production to avoid peaks in energy consumption, and set our ovens to lower setpoints between baking periods to avoid gas wastage.

### Maximising the use of renewable energy sources

#### Electricity from renewable sources

Since 2021, 100% of the electricity used in our production plants and the corresponding offices comes from renewable energy sources with Guarantees of Origin (GOs), predominantly from hydropower, wind and solar power systems. The goal is to **maximise our own on-site energy generation through solar power systems**. When all installations for which contracts have been signed are in operation, we will generate 10.2% of our electricity ourselves. From 2024, these solar panel installations will become operational.

#### Shift to green gas

Approximately 40% or 100,000 MWh of our yearly energy consumption is provided by natural gas. According to our SBTi engagement, **we will need to reduce our fossil fuel consumption by 4.2% per year from 2026 onwards**. Therefore, we are examining the possibilities for switching from fossil fuels to renewable energy sources for our heat processes, such as ovens,





fryers and so on. As it is not possible to electrify all our heat processes, a fuel and/or technology switch will be necessary to further reduce the carbon emissions of our operations, in the context of our journey toward net zero in 2050.

**Using fossil fuels and refrigerants as cleanly and efficiently as possible**

The largest part of our natural gas consumption stems from our heat processes. **The major fuel users are the steam boilers and gas burners** we use in our bakery division. The gas burners are meticulously maintained and periodically checked for their energy performance, and our steam boilers are equipped with economisers to increase their energy efficiency. To further reduce our CO<sub>2</sub> emissions, we replaced older gas oil burners with new ones. We are also working on improving the efficiency of existing ovens and boilers through new energy-efficient technologies.

While phasing out our moderate-to-high Global Warming Potential refrigerants by **shifting to natural refrigerants**, we operate our cooling installation in the best possible conditions, and employ strict maintenance schemes as to avoid any leakages of refrigerant to the atmosphere.

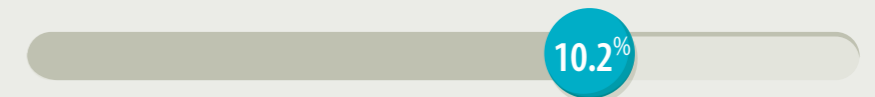
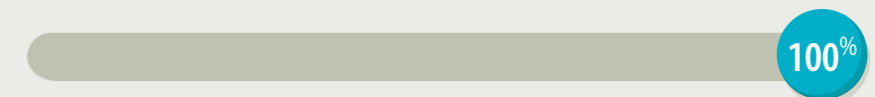
**100%**  
**of the electricity used in our production plants and the corresponding offices comes from renewable energy sources**

**TARGET 2025**

**100% green electricity**

**15% 'on site' green electricity generation (solar, wind)**

**STATUS 2022**





### Tackling our transport emissions

In our roadmap for the reduction of our carbon footprint, we will also tackle our emissions from outbound transportation. Our goal is to achieve a **15% CO<sub>2</sub> reduction for our transport by 2025** (against a 2020 baseline).

At the end of 2021, we mapped the carbon emissions from Vandemoortele’s downstream transport, i.e., the transport of our products to our customers. We assessed the **emissions of three different types of transport**, in combination with their fuel consumption and empty kilometres driven.



**1.** The first transport type is what we call **Execution**: transportation we schedule entirely ourselves and for which we use our own managed trucks (scope 1). From 1 January 2023, this transport will be covered by a new company – ‘Vandemoortele Transport Solutions’ – replacing the two collaborations we previously had with subsidiaries Metro and Panalog.



**2.** The second transport type is **Chartering**: external transport companies transporting products from Vandemoortele’s warehouses to distribution centres or customers (scope 3) on a load-to-load basis.



**3.** The third transport type is the **‘third party logistics model’** (3PL), meaning external transport companies that load our products in their own warehouses, from where they manage the complete distribution. The Vandemoortele goods are only a portion of their freight (scope 3). 3PL accounts for 33% of our deliveries to our customers.

After mapping the location of the impacts, we defined an **action plan to meet the CO<sub>2</sub> reduction target**, based on a six-part strategy:

- 1.** Increase fill rate of the trucks (the more we put in the trucks, the better);
- 2.** Convert to intermodal transport like train or ship for long distances;
- 3.** Network optimisation (the fewer kilometres transported, the better);
- 4.** Alternative energy sources;
- 5.** Carrier management with the transport suppliers;
- 6.** Training and qualification of the drivers to drive more efficiently.

The **shift to alternative energy sources** will be one of our biggest strategies in terms of **enabling sustainable transport**. For long distance transports – distances above 480 km with heavy goods – large hydrogen trucks appear to be the most feasible solution. For shorter distances, smaller electrified transport will probably be more suitable. However, in the short term, it will be difficult to achieve CO<sub>2</sub> reductions through hydrogen and electrified transport due to current technological limitations. More can only be deployed once electrified and hydrogen transport vehicles are available on the market and once the ecosystem, including charging stations, has matured sufficiently. While the technology remains unviable, we will continue to explore this technology, and continue working on the five other parts of the strategy, such as optimising our routes and stops or opting for train transport. This will only lead to slight reductions in our emissions.

### Hydrogen truck trial

As soon as hydrogen technology becomes viable, we want to be **ready to capitalise on it**. That is why last year we set up a pilot project in collaboration with one of our customers to assess the feasibility of including a hydrogen truck in Vandemoortele’s fleet.





## OUR CLIMATE PERFORMANCE IN 2022

### Our CO<sub>2</sub> footprint

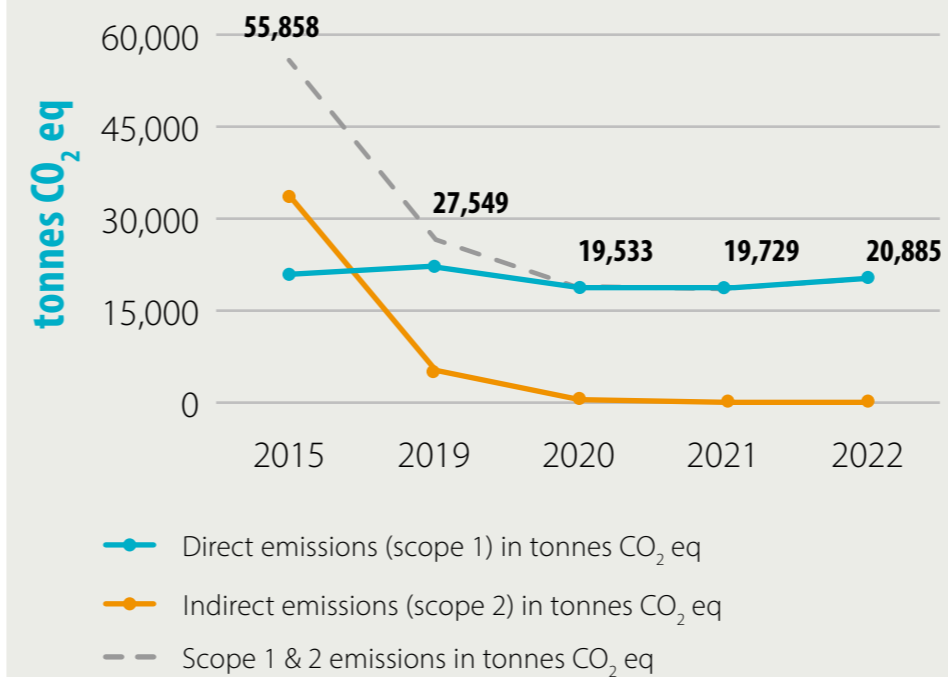
In 2020, we calculated our corporate carbon footprint for the first time. This exercise showed that our total carbon emissions amount to approximately 2 million tonnes of CO<sub>2</sub> equivalent per year. Scope 1 emissions account for 41,000 tonnes, scope 2 for 39,000 tonnes and scope 3 for 2,020,000 tonnes. From 2023, we will be able to make **a new and more precise calculation through the CO<sub>2</sub> accounting and reporting tool.**

In 2022, 20,885 tonnes of CO<sub>2</sub> equivalent were emitted (scope 1 + scope 2, excluding heating of the offices, fleet, transport and refrigerants): 20,444 tonnes are scope 1 emissions, and 442 tonnes are scope 2 emissions.

**Our energy saving initiatives have led to a slight decrease** of 0.2% in our CO<sub>2</sub> equivalent emissions per tonne compared to 2020. Compared to 2015, we have achieved a decrease of 60%.

### Scope 1 & 2 CO<sub>2</sub> emissions

(excluding heating of the offices, fleet, transport and refrigerants)



### TARGET 2025 (BASELINE 2015)

-70% CO<sub>2</sub>-intensity reduction in production (scope 1 & 2)

### STATUS 2022

-60%

### Our energy performance

#### Energy intensity

In 2022, compared to 2020, we were able to **reduce our energy intensity in the BP business line** by 8.5% to 2.186 MJ/kg. **The MCOF business line, however,**

witnessed a **3.1% increase** in energy intensity to 0.729 MJ/kg. At the Group level, this resulted in a 1.2% overall reduction.

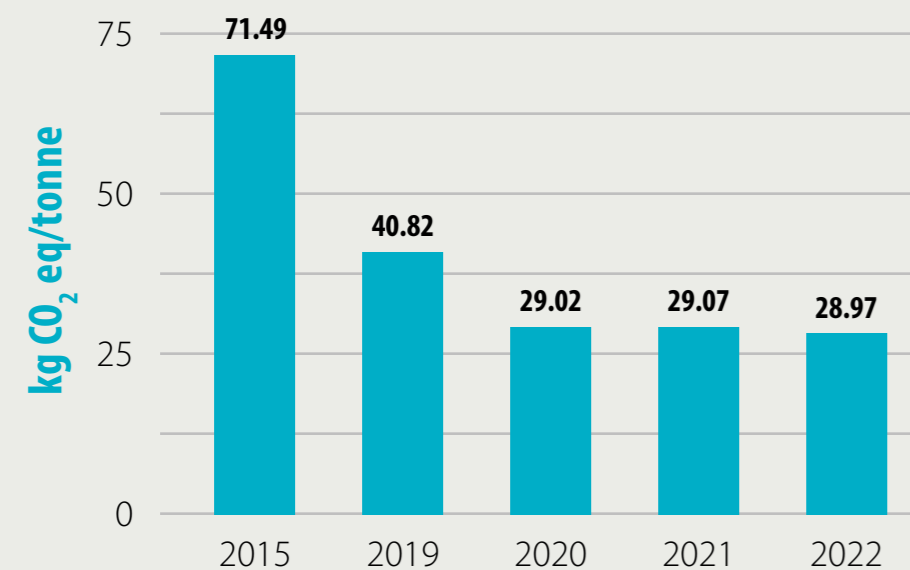
Due to a shift in our product portfolio, the **energy intensity of the BP business line** increased in the period between 2015 and 2017. Between 2018 and 2019, and with equal volumes, it decreased. Once the COVID-19 pandemic started, production volumes fluctuated, causing the energy intensity to rise in 2020. In 2021, we managed to lower the energy intensity once again, in spite of the fact that the production volumes had not yet

completely recovered. In 2022, Vandemoortele witnessed a continuous decrease in energy intensity of the BP business line, because production volumes have returned to pre-COVID levels. However, it must be noted that additional energy efficiency actions contributed to this positive result. **In the MCOF business line, we observed an increase** in energy intensity, **despite several energy efficiency actions** being implemented.

**Absolute energy use**

In 2022, the total energy consumption of our factories and warehouses amounted to 1,170,000 GJ.

**Scope 1 & 2 CO<sub>2</sub> intensity**



**TARGET 2025 (BASELINE 2020)**

**STATUS 2022**

-10%	<b>energy intensity reduction (energy used/tonne produced) (electricity &amp; gas) Group</b>	-1.2%
-10%	<b>energy intensity reduction (energy used/tonne produced) (electricity &amp; gas) BP</b>	-8.5%
-10%	<b>energy intensity reduction (energy used/tonne produced) (electricity &amp; gas) MCOF</b>	+3.1%

**Near-real-time data monitoring project in France**

In 2022, we launched a pilot project on energy metering, dashboarding and reporting across all of our production sites in France. Our aim: to help operators and supervisors gain a better overview of the energy consumption of their site or equipment. They now have access to a dashboard that shows **near-real-time energy data**, allowing them to detect any abnormalities in energy consumption, leading to **faster interventions**.

Studies have shown that such a monitoring system can reduce energy consumption by between 5% and 8%. We have also decided to further roll out this project in 2023 to all other production sites in Europe, and to extend it to a CO<sub>2</sub> emission reporting tool. In this way, Vandemoortele is preparing to have a reliable, auditable reporting method, in line with corporate carbon accounting standards.



## OUR TRANSPORT FOOTPRINT

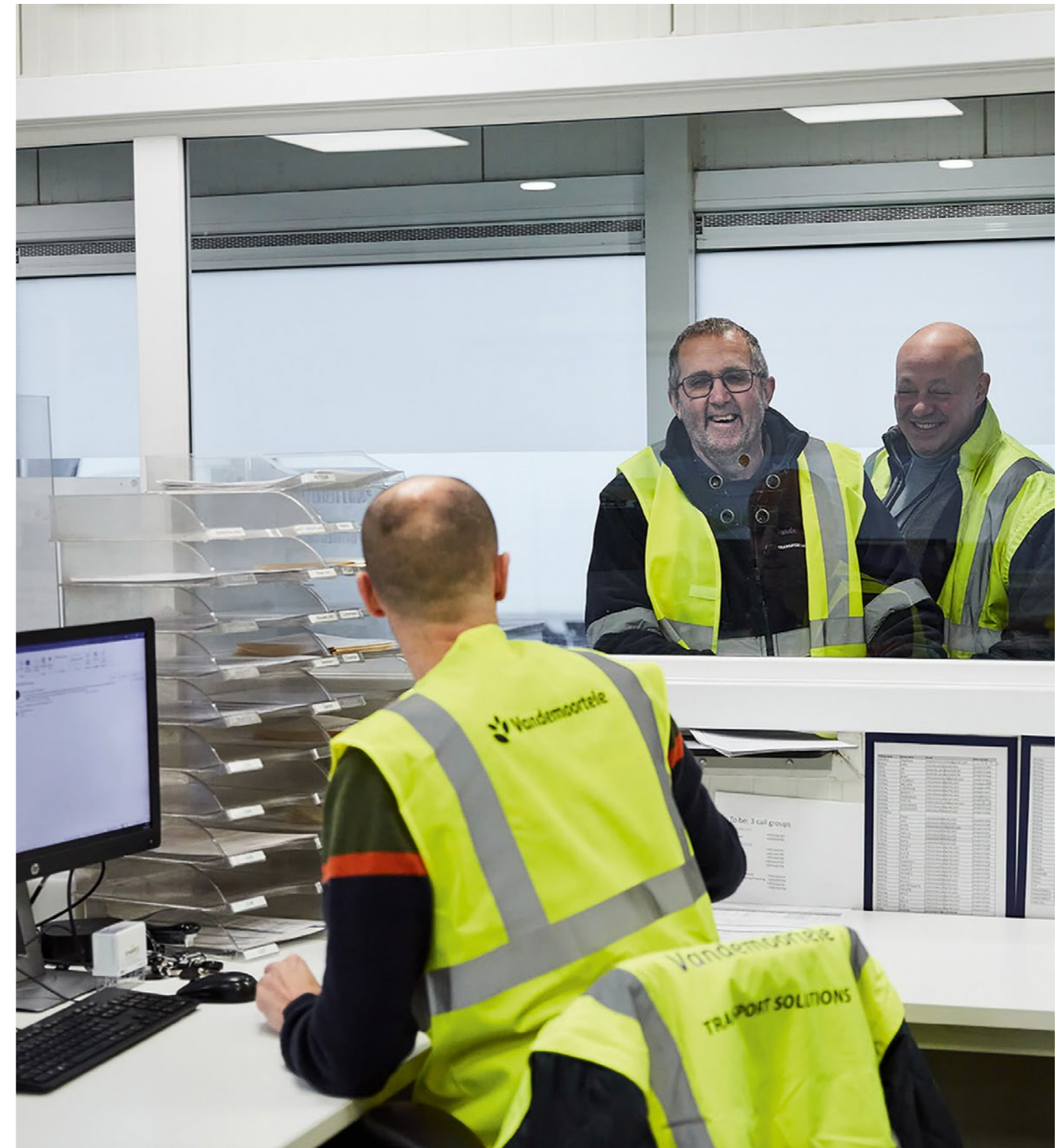
Our transport footprint is composed across our three activities as follows:

- In total, the **transport activities with our own fleet (Execution)** account for 25.3 kg CO<sub>2</sub> emissions per tonne. Compared to 2020, we have observed a 30% decrease in the emissions. Besides the continuous renewal of our fleet with modern trucks, the key driver of this reduction is the outsourcing of part of our small truck distribution transport operations to external parties who execute these transports more efficiently due to the volume scaling effect.
- The carbon footprint of our **external transport (Chartering)** accounted for 37.7 kg CO<sub>2</sub> emissions per tonne. That represents a 1% reduction compared to 2020. The decrease is limited, driven by the work done on network optimisation, increase in truck capacity utilisation, and increase in intermodal volumes, but offset significantly by the post-COVID volume growth, whereby overall volumes and kilometres increased.
- The transport CO<sub>2</sub> footprint of our **subcontracted 3PL activities** is exceedingly difficult to map. Our 3PLs combine our volumes with other suppliers, and for the moment too many assumptions need to be made in the calculation, making the data unreliable. This is also why we do not yet include that figure in the report.

Excluding the 3PL transport, total CO<sub>2</sub> emissions per tonne for transport reduced by 8.4% compared to 2020, which exceeds the target of 5% that we set for 2022.

TARGET 2025 (BASELINE 2020)	STATUS 2022
-15% CO <sub>2</sub> -intensity reduction in transport & mobility (excluding 3PL transport)	-8.4%

**30%**  
decrease in the emissions of the transport activities with our own fleet



“I like a job with  
lots of variety”

OUR  
PEOPLE



Belgium,  
Izegem  
Warehouse

◀ **Luc Declercq** Warehouse Employee

“For more than 15 years, I have been a part of the transport community at the Izegem Warehouse in Belgium. Every day, I make sure that food products are loaded on time and in full. Before loading, I check the condition of the goods and label the pallets. I log their temperatures and make sure that our products won't get damaged. Before the trucks leave, I instruct the drivers as to the correct temperature settings for the cooling units, and make sure that all transport documents are on board. The variety makes my job enjoyable.”





## MINIMISING FOOD WASTE

### WHY DO WE WANT TO MAKE A CHANGE?

Approximately **one third of all food for human consumption is discarded** at some point in the value chain. This has a significant impact on society and on the environment. Food waste leads to unnecessary use of ingredients, raw materials, transport and packaging, and is responsible for 8% to 10% of all greenhouse gas emissions (UNEP Food Waste Index 2021). As a food company, we see it as our responsibility to reduce food waste – both during and after production – to a minimum.

Because changeover operations occur frequently in all our production lines, the cumulative changeover losses have a significant impact on food waste. Other **causes of food waste** are quality issues, such as incorrect formulation, and commercial obsoletes (unsold finished products). Global factors like inflation and the war in Ukraine had a significant impact on our food losses in 2022, especially in the BP business line. Rising prices, ingredient shortages and lower-quality supplies affected our material efficiency, as did the lack of qualified associates.

Europe is taking the issue of tackling food waste very seriously. The Commission wants to step up to prevent

food loss and waste across the EU. **Legally binding targets to reduce food waste across the EU will be announced by the end of 2023.** The prevention of future legal risks or fines is an extra driver for Vandemoortele to reduce our food waste.

### OUR POLICIES AND FRAMEWORKS

To minimise food waste, we focus on three pillars: 1) through **operational excellence**, we aim to reduce our material inefficiency; 2) with our **First Time Right** approach, we ensure that all procedures are performed and products manufactured in the right manner, right from the start; and finally, 3) we count on **efficient planning** to avoid commercial obsoletes.

Concerning reuse, Vandemoortele has developed a clear **recycling policy for the BP business line**. Our main aim: to collect offcut materials and redundant products, and reincorporate them into the production process. We recycle dusting flour and have introduced milling machines into our bread factories. Our recycling matrix shows us which recipes are compatible in terms of allergens, ingredients, etc. This allows us to work more efficiently, while at the same time ensuring product safety.





**In the MCOF business line, our recycling efforts focus on remelting:** we remelt redundant products and reuse them in our manufacturing processes. At each step, we first check if this is allowed (regarding food safety regulations, allergens, microbiology, etc.). Thanks to our advanced scanning and Manufacturing Execution System (MES) registration system, full traceability throughout our whole production process remains secured.

### OUR TARGETS FOR 2025

- 30%** reduction of scrap in the BP business line compared to 2020
- 10%** reduction of scrap in the MCOF business line compared to 2020

**Our operators become more aware of their role in reducing food losses because of our evaluation and management systems**

## OUR ACTION PLANS

### Operational excellence

By focusing on operational excellence, we have achieved **a high degree of material efficiency over the years.** In our MCOF business line, we are currently nearing our limits, although we aim to keep improving. The material efficiency in the BP business line is at a slightly lower level, largely due to the more extensive range of products and recipes. Most losses occur during changeovers, when a production line is switched from one production run to another. Because of strict legal and quality requirements, losses are unavoidable at such moments.

To reduce food losses in our production lines we focus on **line automation, good maintenance and optimal production planning.** Our production processes rely on MES to point out where materials are being used inefficiently, thus generating waste. Over the past few years, we have also invested significantly in **evaluation and management systems**, to increase awareness of food waste issues across our organisation. Our factory dashboards provide detailed information about the use of materials. By reviewing the results every day, our operators become more aware of their role in reducing food losses.

To monitor the performance of our operations, **we have implemented a Performance Control System (PCS).** This involves hourly, daily, weekly and monthly meetings

at various levels within our organisation. In this way, we are able to identify loss-related and other operational issues in time, so we can quickly analyse and resolve or escalate them.

### First time right principle

Food losses can also occur as a result of quality-related problems or manufacturing faults, for example, the incorrect dosing of an ingredient or incorrect labelling. Such issues can be managed through the 'first time right' principle: **by meticulously monitoring all our processes, we prevent mistakes.**

### Commercial obsolesces

Even without faults or quality issues, we sometimes fail to sell our products before their 'sell by' date: they become commercial obsolesces. By using **good forecasting methods**, we ensure that supply and demand are well aligned, thus reducing commercial obsolesces to a minimum. When fluctuations do occur, we consult with our customers to offer them lower prices for products with a shorter 'best before' date.

### Reuse or recycling

Products that cannot be sold, for example due to overproduction, are recovered as much as possible. **In our MCOF business line, we reuse redundant oils and fats to make new products** (provided this process occurs shortly after the production date and the process is legally allowed). If reintroduction is not possible, we

process redundant products into biodiesel. **Food losses in the BP business line are reduced by reusing simple raw products like raw bread or pastry in doughs** (provided all health and safety conditions are met). If reuse is not possible, food waste is processed into animal feed or fermented.

## OUR PERFORMANCE 2022

### Bakery Products (BP)

The BP business line suffered **some unfortunate setbacks**. As a result of the energy crisis, consumers started buying more consciously, which had an impact on demand. In addition, there was a significant setback when the freezer warehouse in Eeklo (Belgium) collapsed and we had to destroy more than 3,000 pallets with spoiled, defrosted food.

Even in our own factories, we are not quite moving in the right direction. In 2022, we saw **a food waste increase of 10.9%** compared to 2020. There are various reasons for this. The main one is our supply chain: since COVID-19 and the onset of the war in Ukraine, we have experienced **difficulties in increasing our stock levels**. Demand is high, but we cannot expand our production sites accordingly, especially since many ingredients are in short supply. As a result, we are faced with short production runs and a high number of changeovers, simply to fulfil customers' orders. These changeovers generate greater levels of food losses. Moreover, since



our suppliers are not always able to deliver the required quality, we have to adapt our recipes to the available raw materials, which leads to testing and therefore food losses. When quality issues are only noticed after production, we have no choice but to reject an entire load or batch.

### Wanted: experienced workers

During the COVID-19 pandemic, we operated with longer production runs, which resulted in fewer product changeovers and fewer temporary workers. Therefore, some of our temporary workers had to look for other jobs during the COVID-19 crisis and did not return afterwards. Like many other companies, we are now **struggling to find qualified associates**. The temporary workers we hire now lack training hours and experience, which results in extra food waste. This is especially true for some of our specialised products, like certain types of croissants that are still made by hand. By offering our operators **more training opportunities**, we aim to improve our material efficiency and reduce our food waste.

### Innovation

In 2022, we put a **strong emphasis on our pastry products**, since these generate higher levels of added value. We reused more dough scraps, benchmarked our factories against each other, calibrated them in terms of the amount of dough used per product, and improved our changeover matrixes to reduce food losses. We also invested in increased cooling capacity to keep reusable dough scraps fresh. Where bread is concerned, we have been making efforts to grind bread scraps into powder and reuse them in fresh dough.

Our R&D department is currently working on a new technology to **allow butter to better retain its texture**. This should make us less susceptible to quality changes. The first systems will be installed in 2023. We are also continuing our efforts to make our associates more aware of food waste issues, and we are trying to implement a uniform mode of operation across all of our production sites.

### Margarines, Culinary Oils and Fats (MCOF)

Due to a production issue at our manufacturing site in Zeewolde, which caused a fair amount of food loss, **the 2022 food loss results for the MCOF business line were not as good as we had hoped**. We ended the year with a 1.88% food loss increase compared to 2020. By automating our lines and guarding the quality of our products, we aim to throw away as little as possible. To reduce the number of commercial obsoletes, we have





also implemented a 'possible obsolete list': a report that lists all products that will expire within a certain period, so that the commercial team can prioritise them.

Reducing food waste has always been important to us, but in 2022 it became more crucial than ever. This was mainly due to the **drastic price rises for raw materials**, sometimes up to 70%. As a result, the financial impact of food losses also increased. By including food waste in our daily follow-up meetings, we increased awareness among our operators. Especially with manual changeovers, it is very important to prevent overspill. We are currently **further automating our production lines**, and we have added extra manual checks to quickly detect mistakes, foreign objects or quality issues.

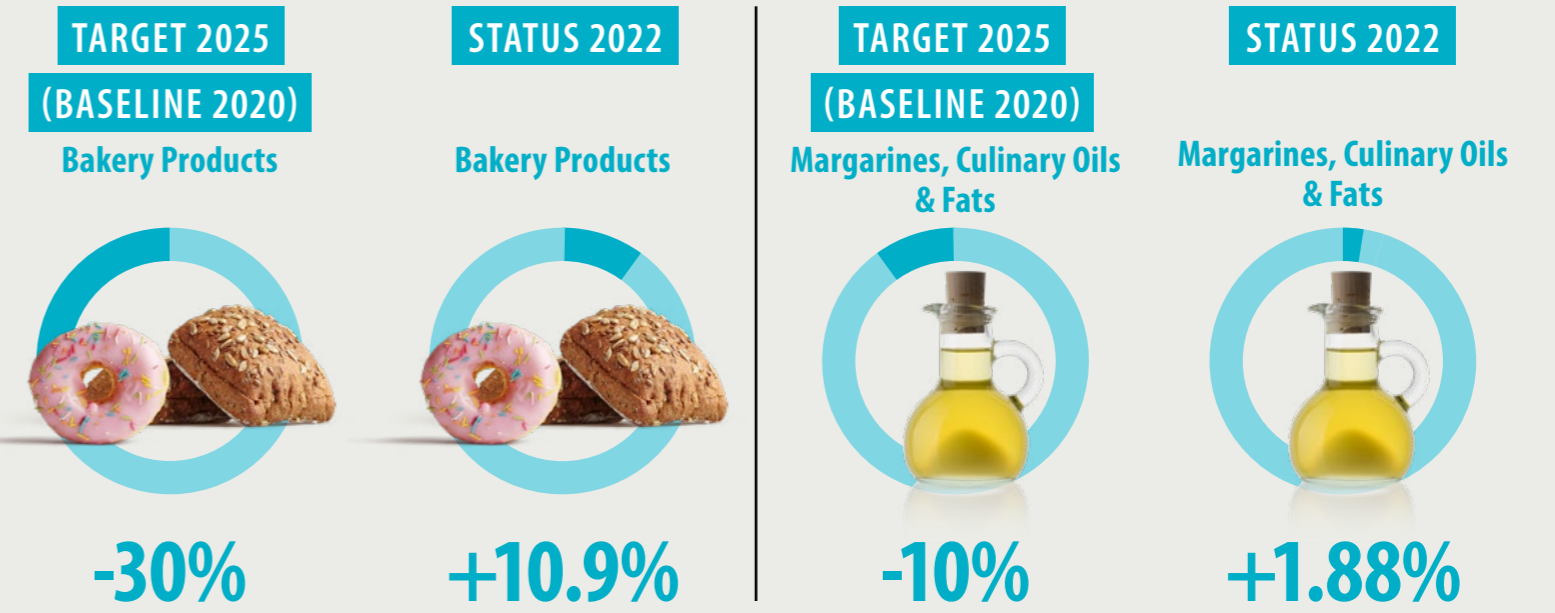
Our focus on material efficiency was a little harder to maintain in 2022. The forecasting efficiency in MCOF was sometimes affected by last-minute orders, which resulted in planning changes and extra production line changeovers. Additionally, smaller production volumes (a result of the aftermath of COVID-19) and more complex customer demands led to **a larger number of changeovers**. This made it harder to further decrease our food losses during production.

### New Batch Control System monitors food losses

As a part of the further automation of our production sites, Vandemoortele has rolled out a new Batch Control System (BCS) in the majority of its MCOF factories. The system coordinates and monitors the **automatic dosing of ingredients and raw materials**. It also records the real consumption of all ingredients and raw materials, thus providing better insights into where and when food losses occur. Starting from 2023, we will use those insights to take appropriate actions.

**Food waste is included in the daily follow-up meetings to increase awareness among our operators**

#### % reduction of scrap (total production of scrap + total rejected) (food loss)





## CONTRIBUTING TO CIRCULAR PACKAGING

### WHY DO WE WANT TO MAKE A CHANGE?

Plastic waste has become a global concern. **The EU's plastics strategy aims to transform the way plastic products are designed, produced, used and recycled.**

Our customers, mostly retailers, and consumers are also showing their concerns about the impact of plastic packaging. However, packaging our products is necessary to preserve their quality and to protect them against damage, light, oxygen, humidity, microbiological contamination, etc.

We want to address the plastic challenge and transition to **more sustainable packaging methods, without losing sight of the preservative and protective functions** of packaging. We also monitor the packaging choices of our suppliers and other partners, and encourage them to commit to sustainable packaging methods, without creating supply delays or food losses.

Working with **recycled packaging certainly offers opportunities**, like the reduction of oil usage, CO<sub>2</sub> emissions and the quantities of waste requiring disposal and it offers new business opportunities. But it also entails risks. For example, it can be challenging to obtain sufficient quantities of materials: recycled plastics are

in short supply but in high demand. New and stricter legislation, like the **Single-Use Plastics Directive**, puts even more pressure on the market. On top of this, recycling currently often generates slightly darker and less transparent plastic materials, which requires concessions and flexibility on the side of our customers.

### OUR POLICIES AND FRAMEWORKS

We advocate a circular economy, which keeps materials in the cycle for as long as possible, rather than disposing of them. That means that we see packaging as a resource, rather than an end point or a source of waste. **We collect and reuse packaging, and focus on creating fully recyclable materials**, which can in turn be used in new packaging. All our efforts support the applicable European packaging policies.

**Vandemoortele advocates a circular economy to keep materials in the cycle for as long as possible**



Since 2020, we have been a **member of the New Plastics Economy Global Commitment**. This initiative, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme, urges companies to rethink their packaging designs, and to thoroughly assess their use and reuse of plastics. The full report of our 2022 achievements and outlook for 2023 is included in the **Annex**.

### OUR TARGETS FOR 2025

- 25%** r-PET in our packaging
- 100%** recyclable, reusable or compostable packaging
- 100%** sustainable certified FSC/PEFC paper and cardboard

**2030 is the year in which the EU wants companies to use at least 30% r-PET in their packaging**

### OUR ACTION PLANS

To reduce the volume of our packaging materials, we ban all unnecessary packaging and make our packages as light as possible. We aim to **increase the amount of recycled content in our PET materials**. By 2030, the EU aims for European companies to use at least 30% r-PET in their packaging. In anticipation of this, our vinaigrette bottles are already moving towards 30% r-PET, and other types of packaging will follow.

By 2025, we aim to use only **100% recyclable, reusable and/or compostable packaging**. To reach this target, we are shifting toward more mono-material packages. This presents us with various challenges: our margarine wrappers, for example, usually consist of different layers. This makes them difficult to recycle. We are also still assessing the challenges and opportunities of compostable packaging in a retail context, since EU regulators fear this might trigger more littering.

Since 2021, we have exclusively used **100% recycled and recyclable paper and cardboard**. This means we only purchase paper and cardboard from FSC and PEFC (Forest Stewardship Council and Programme for the Endorsement of Forest Certification) certified suppliers. Both international organisations are committed to ensuring that forests are managed responsibly, taking social, ecological, and economic factors into account.





To make **packaging reporting more efficient**, we are currently updating our database systems to gather more data on both outgoing and incoming packaging. We are also working on a method to gather data on how and where our waste is disposed of. And we closely monitor projects to make packaging ‘smarter’, for example by adding data carriers (labels, watermarks) to enable better traceability throughout the value chain.

### OUR PERFORMANCE IN 2022

In 2022, 21.5% of the PET we used consisted of recycled materials (r-PET). In the course of the year, **we added several products to our recycled content line-up**, for example our 250 ml and 2 l vinaigrette bottles. We have also started an improvement process for our 450 ml vinaigrette bottles, making them approximately 10% lighter and containing at least 30% r-PET. The new bottles should be launched in early 2023.

As of 2022, **82% of our packaging materials can be considered recyclable**. This means that in most European countries the materials can be collected, correctly sorted, and recycled into new materials. This is, for example, the case for cartons, paper and PET bottles. An additional 15% of our materials are recycle-ready: this means that they are designed to be recyclable, but the infrastructure for collection, sorting and recycling may still be unavailable or under development in some European countries. So, for approximately 97% of our packaging materials, there is a way to prevent them from becoming waste.

### Research and innovation

- As a partner in ‘**HolyGrail 2.0**’, a project of the New Plastics Economy initiative, we assess the possibility of embedding digital watermarks within packaging materials. Those marks contain coded information that can be read by waste sorting and recycling facilities, as well as other uses. In early 2022, we launched two products with such a label as part of a pilot project. The method is expected to be rolled out on a larger scale from 2024 onwards.
- In our **Young Graduates Programme**, people who have recently joined Vandemoortele are given the opportunity to work on a team project for one year. In 2023, a group will explore the possibilities of reusable packaging for bakery products.

## Almost all of our packaging material can be prevented from becoming waste



We use only 100% recycled and recyclable paper and cardboard, and as great a proportion of recyclable plastics as possible. Since September 2022 we have been testing PP seals to replace the traditional aluminium seals for margarine tubs. This makes the tubs much easier to correctly sort and recycle. We even received an **award** for this initiative. We simplified our PET semiliquid bottle portfolio to retain only the lightest and most transport-efficient options, and carried out tests with collapsible, reusable bulk containers instead of expendable packaging. To reduce the volume of our packages, we optimised the thickness of our packaging bags for bakery products. A thorough Life Cycle Assessment was conducted to validate the positive impact of changing our donuts' packaging concept from blisters to flowpacks.

### Less single-use packaging, please

On 11 March 2022, Vandemoortele signed the Belgian **Green Deal 'Anders Verpakt'** (Differently Packaged), together with more than 80 other companies and organisations. With this project, the partners want to draw more attention to waste prevention and reuse of packaging, instead of focusing only on recycling. In the context of this project, we are assessing whether we can replace single-use bulk containers (1,000 l), used for bulk oils for customers and internal use, with foldable frame tanks that only require a change of liner. In addition, we are continually looking for other opportunities where reusable packaging is useful and feasible.



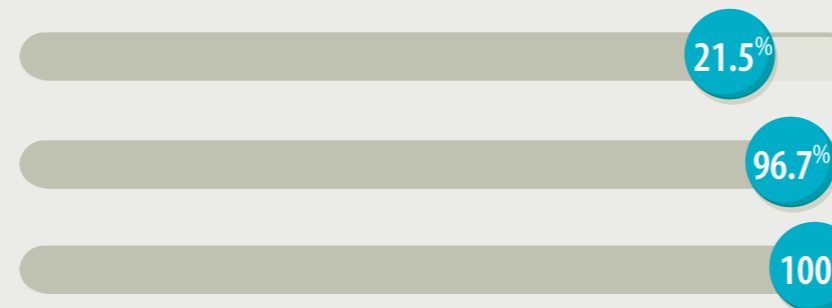
#### TARGET 2025

25% r-PET

100% recyclable, reusable, compostable packaging

100% sustainable certified FSC/PEFC paper and cardboard

#### STATUS 2022



# ADDITIONAL TOPICS

## Water consumption and discharge

### WHY DO WE WANT TO MAKE A CHANGE?

Vandemoortele has both direct and indirect impacts on water. Our direct impact is fairly limited and stems from our manufacturing processes. 60% of that direct water consumption is the **water we use as an ingredient** in our products. Our indirect impact on water is larger, and stems from the **irrigation of crops and the cultivation of our raw materials**.

Water resources are scarce, and at Vandemoortele we are aware of this. It is for this reason that we use water as sparingly and economically as possible. Global water resources are under increasing pressure from climate change and the competing demands of communities, agriculture and industry. This represents a potential risk for Vandemoortele, as **water shortages in our sourcing regions could have a high impact on our activities**.

### OUR POLICIES AND TARGET FOR 2025

We operate according to national and/or local regulations. However, **our reduction targets and associated actions go beyond legal requirements**: Vandemoortele has set a company-wide wastewater

emission reduction target of -5% by 2025 (compared to a 2020 baseline).

### HOW WE ACT ON WATER

#### Actions in our production plants

As we have already taken numerous measures in order to improve water efficiency in our production processes, **our options to further reduce water consumption are limited**. Already-implemented actions include the introduction of dry cleaning to certain parts of our production process, the automation of Cleaning-In-Place (CIP) installations and the automation of cooling tower water purges.

In all our production plants, **we discharge wastewater in accordance with local discharge regulations**. Both pre-treatment and final treatment facilities are operated by our own operators. We control the organic load of our wastewater when it leaves the plant and before any treatment. This allows us to closely monitor our operations and to quickly react in the event of incidental raw material losses or deviating cleaning activities.





Vandemoortele is also working on water recycling. In the coming years, **we will increasingly deploy reverse osmosis as a water treatment and water reuse technique**. In 2022, such an installation was put into service at our Eeklo plant. The equipment treats and recycles the purged water from the cooling towers. By doing so, the recycling rate of the water goes from 1.5 to 8 and 18,000 m<sup>3</sup> of fresh water per year is saved.

### OUR WATER PERFORMANCE

In 2022, our joint factories used 789,000 m<sup>3</sup> of fresh water. Tap water was the sole water source, of which 60% was used in our products and 40% during cleaning, CIP and all sorts of cooling processes. Our options for water reuse in our production processes are unfortunately limited, as we **comply with strict food safety regulations**.

We witnessed a decrease in water consumption per kilogram of product last year, due to **ongoing efforts in water efficiency and the increase in product volume**. Our product volumes have returned to pre-COVID levels,

TARGET 2025 (BASELINE 2020)	STATUS 2022
-5% reduction water usage (excl. water ingredient)	-14.4%

allowing us to organise our processes more efficiently, requiring less frequent cleaning between production runs. This has resulted in an overall decrease in water intensity from 0.47 l/kg in 2021 to 0.40 l/kg in 2022 or a decrease of 14.4% or 27,000 m<sup>3</sup> less fresh water being consumed.

### Actions in our sourcing areas

In the areas where we source our ingredients, we support initiatives such as Rainforest Alliance, the Round Table on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO). These initiatives **promote more efficient water use, to ensure availability and to avoid negative impacts on other local water users**. They apply management practices for both mills (e.g. better management of wastewater) and plantations (e.g. optimal use of fertilisers, good water management and restoration of protected areas).

We also **prepare for the impact of droughts** on crop growth by identifying single source suppliers, i.e. suppliers that are our only supplier for a commodity or ingredient. We investigate alternative sourcing possibilities or suppliers for these commodities or ingredients, to spread the risk of crop failure and shortage of raw materials.

## Air pollution

The impact of Vandemoortele's production processes on the atmosphere is limited. Our main emissions are CO<sub>2</sub> (see 'Climate') and NO<sub>x</sub> emitted by our gas burners. As some of our production processes require heat, some Volatile Organic Compounds (VOCs) are also released. These compounds are odour substances, released during baking and frying. In all of our production plants, we take the necessary **measures to keep our emissions in line with national legislation**.

We are very careful to **avoid refrigerant leaks**, as Freon – the most common refrigerant – has an adverse effect on climate change. With more than 500 cooling installations in place, leaks are inevitable, but we avoid them as much as possible through preventive maintenance and periodic leakage control programmes. We also **keep an eye out for incidental ammonia releases**, since these can have an impact on the health of our associates or local residents. To date, Vandemoortele has never encountered an ammonia incident that has impacted its neighbours.

Through our inbound and outbound transportation, we also emit nitrogen compounds and fine dust. To reduce these emissions, **we reduce our fossil fuel consumption and our CO<sub>2</sub> emissions from transport**, and we invest in new engine technologies.





## Biodiversity

### WHY DO WE WANT TO MAKE A CHANGE?

As a large food producer, we are responsible not only for the environmental impact of our various manufacturing sites, but also for **our operations throughout the value chain**. When sourcing raw materials and ingredients, we assess our impact on local biodiversity and take measures to minimise it. To maximise the results of our efforts, we collaborate with local organisations and stakeholders on various projects.

### OUR ACTION PLANS

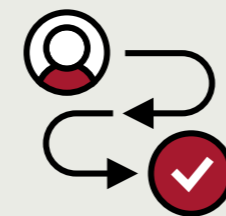
Since 2018, Vandemoortele has supported the **Landscape Programme in Aceh (Indonesia)**, an initiative of Earthworm Foundation. The Aceh area overlaps with the Leuser ecosystem, one of the largest unbroken tracts of rainforest in Southeast Asia and home of the threatened orangutans. Unfortunately, the area is in danger of losing its precious diverse tropical forests to agricultural expansion. By working with local stakeholders and providing them with the right tools and knowledge, the project aims to reduce deforestation and show local communities how they can produce palm oil in a way that is both profitable and sustainable.

Since 2022, we have participated in a new Belgian working group on biodiversity, with representatives from various companies that undertake international activities. The aim is to **align our efforts towards the European**

**nature-positive targets with different players**. Within the framework of this project, all participants will create and implement a personal roadmap: for example, by committing to an international standard on biodiversity like the science-based targets for nature. The project was kicked off in 2022 and, from 2023, we will draft an action plan based on an evaluation of the impacts on biodiversity of the sourcing processes of our different commodities. This will allow us to focus our efforts on specific gaps in terms of biodiversity, and will also offer a basis to define more specific targets in our next sustainability strategy.

Vandemoortele also supports **various projects for sustainable wheat and soy**, which have an indirect positive impact on biodiversity. For example, by encouraging local farmers to use less fertiliser, we aim to reduce the negative impact on local rivers, flora and fauna.

### We assess our impact on local biodiversity and take measures to minimise it

**GOAL 3****ENHANCING LIVES****Our commitments:**

Engaging professional journey



Diverse and inclusive workplace

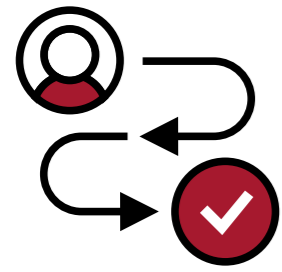


Safety and well-being



Positive social impact

Vandemoortele is dedicated to ensuring healthy, safe and inclusive workplaces. We encourage the development and personal growth of our people, and appreciate the value of a diverse work force. All our associates are given equal opportunities to flourish in their jobs and achieve their goals. We also cooperate constructively with our suppliers, and reach out to local communities in order to generate a positive social impact.



## OFFERING AN ENGAGING PROFESSIONAL JOURNEY

### WHY DO WE WANT TO MAKE A CHANGE?

As a large-scale employer, Vandemoortele has an **impact on the professional journey and personal development of thousands of people**. We consider our associates our most valuable asset, and we want to make our people feel valued and involved. We encourage them to develop and empower themselves, enhancing their sense of motivation and job satisfaction. We facilitate opportunities for internal mobility and job promotion. Our leaders coach their people, and encourage and monitor engagement, building up mutual trust.

Attracting and retaining associates is currently even more critical to the agenda, due to the changed situation in the labour market. In the **war for talent**, it is becoming increasingly difficult to attract the right profiles. The new generation of job seekers also has new views on employment, such as shorter employment periods and greater attention to the work-life balance. The rapid transformation, digitalisation and automation of jobs, and the expectation of on-the-spot learning are also evolutions that we want to leverage, so that they become opportunities instead of risks.

Our positive people- and performance-oriented culture has a **ripple effect across wider team morale, engagement and the happiness of our associates** and, as a consequence, is also good for the company's success in achieving financial and non-financial targets.

### OUR POLICY

#### Pillars of our professional journey policy

Our framework for sustainable human resource (HR) management consists of three programmes:



**People 4 Growth:** this programme allows us to attract, develop and retain the right people for the right job, allowing us to grow as a company.



**Growth 4 People:** through this programme, we offer our associates a variety of opportunities for development, in order for them to flourish in their jobs and throughout their professional journey.



**Leaders 4 Growth:** this programme ensures that we have strong leaders on board who make both the company and our people grow.



### OUR TARGETS FOR 2025

- 63** points on the AES on Training and Development
- 78** points on the AES on Sustainable Engagement
- 82** points on the AES on Sustainability
- 40** hours per year on average training, for each associate category
- 95%** of associates that followed at least one training, for each associate category
- 95%** of associates who adhere to Performance & Development Management Process (P&DMP), for each associate category



Our professional journey approach is a work in continuous evolution. Each year, we define new initiatives in line with the framework’s philosophy. In 2022 we extended the yearly talent review process to all of our associates, including our blue-collar workers in supply and in our factories. For 2023, we will focus on **extending learning opportunities** to all of our people, targeting at least 40 hours of training per person. Alongside this, we provide our associates with extensive information about these programmes and new initiatives.

### OUR ACTION PLANS

#### Broaden, deepen, sustain and lead

All Vandemoortele associates may have their own individual ambitions. **We encourage our associates to reflect on their career paths by introducing them to four possible options: 1) broaden; 2) deepen; 3) sustain; and 4) lead.** When associates want to ‘broaden’, they are looking to grow in another functional domain or widen their expertise in their current functional domain. ‘Deepen’ indicates that associates want to continue in the same function but specialise even more in that domain. ‘Sustain’ implies that associates are committed to growing in their current role, while ‘lead’ expresses an associate’s desire to grow into a leadership position.

#### Coaching and training

In 2022, we placed a strong focus on the introduction of frequent **professional journey conversations with our associates.** In 2023, we will roll out this way of working across the whole company to ensure that our managers incorporate professional journey conversations in their daily work. We will train our managers, supporting them in having these conversations with the people in their teams. In this way, we facilitate the talent review process that enables discussions on internal mobility, promotion, etc.

We stimulate our associates to perform to the best of their abilities by offering them a wide range of opportunities to grow. We encourage them to broaden or deepen their skills or knowledge, and to **take control of their own professional journey.** Last year, we launched a workbook that helps our associates to gain greater insight into their talents and strengths, helping them to define personal development goals.

To help our associates and managers to assess personal professional development, we are rolling out **competence matrices** across our organisation. In 2021, we developed competence matrices for operations (at all BP sites), sales and marketing. In 2022, we worked on competence matrices for supply chain and operations at MCOF sites. In 2023, we will roll out the competence matrices for HR, IT, Procurement, Finance and Customer Service.





This tool also helps us as an organisation to prioritise learning and training initiatives. Development discussions on competence are translated into our range of courses in the Vandemoortele

Academy. This **dedicated training platform**, with intensive courses, short workshops, e-learning and more, was extended in 2022. We made the platform more visible for our associates. We also monitor the popularity of learning items, in order to determine whether we need to adapt our offer or the amount of training hours for each associate.

### Leadership

To move forward as a company, we need strong, people- and performance-oriented leaders who enable our associates to reach their full potential and add value for the company.

To make this happen, we have developed our own, unique **'Leaders 4 Growth' leadership programme**. The programme is based on our corporate values – respect, cooperation and ambition – and encourages our leaders to examine and further develop their leadership competences in an active manner. This programme has been rolled out across the entire company and adapted to the different training journeys: one for white-collar and management associates, and one for managers who lead operators. A total of 309 leaders have participated in this programme to date.

### Our special internal programmes

In 2022, we further enlarged and professionalised our mentorship programme and our young graduates' community, two initiatives that were launched in 2021.



Our **mentorship programme** is a voluntary programme, which brings together two associates who are not hierarchically linked. The goal is for them to exchange knowledge and experiences, serving as a sounding board and mentor respectively. In 2022, we launched two new waves of matching mentors and mentees. To date, there are over 146 people actively engaged in this programme. The mentoring programme adds an extra layer of support and development opportunities for our associates.



Through our two-year **Young Graduates programme**, we give recently graduated students across the whole organisation the chance to learn, network and gain extra experience. Our young graduates organise monthly workshops with department heads, and work on a cross-functional strategic project in which they collaborate with senior management. In 2022, we kicked off the second wave of the Young Graduates programme. No less than 55 young graduates are currently participating. Once a year, our young graduates meet physically during a day full of networking, learning, gathering and having fun; a day that they organise and facilitate themselves.





## OUR PERFORMANCE IN 2022

### Associate Engagement Survey (AES)

Every two years, we ask our associates to participate in the Associate Engagement Survey (AES) in order to gain a greater understanding of their opinions about a wide range of topics. From 2023 onwards, the survey will be organised on an annual basis. The survey allows us to, for example, **measure the satisfaction of our associates** in terms of training and development opportunities, the quality of leadership, the adequacy of our communication, and the degree of inclusiveness and sustainability throughout our company. These surveys can be completed in various ways, via computer or any mobile device. The results of the AES help us optimise the employee experience and set up actions for improvement at both central and local levels.

At the end of 2022, we conducted our most recent AES survey. Compared to the previous edition, we made progress on the topic **training and professional development**. Our survey shows that **our associates feel they receive sufficient training** to improve their skills and that they are given opportunities for personal development and growth within Vandemoortele. Our actions concerning the professional journey clearly have a positive impact on our associates. Retaining talented people is a point of attention for Vandemoortele, according to our associates.

The topic of sustainable engagement scored one point lower than in the 2020 survey, mainly because **our associates experienced more obstacles at work**, preventing them from doing their jobs well. In the last two years, we have been faced with several external difficulties, such as the COVID-19 crisis, the energy crisis, the war for talent, etc., which made business as usual more difficult. The score related to **how sustainable our associates perceive Vandemoortele to be** remained the same as in 2020.

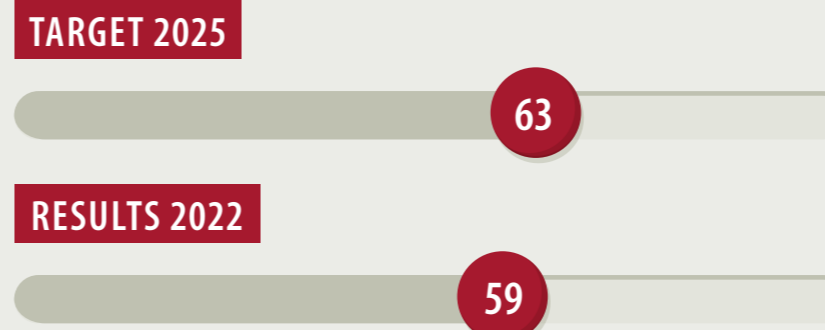
At the beginning of 2023, **all managers started reviewing the results of the survey with their team**. The manager and team members can define actions together at the level of the team; actions that will make a real difference for them. On top of this, each team can also propose actions for senior leadership, which will also lead to actions defined at that level.

**The manager and the team members can define actions at the level of the team, while the team itself can also propose actions for their senior leadership**

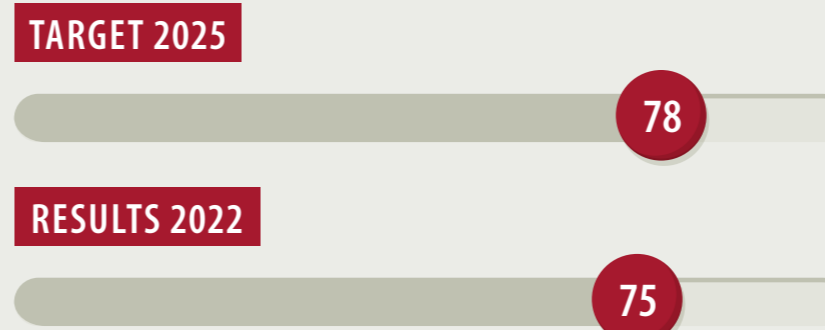


**Associate Engagement Survey (AES) score (points)**

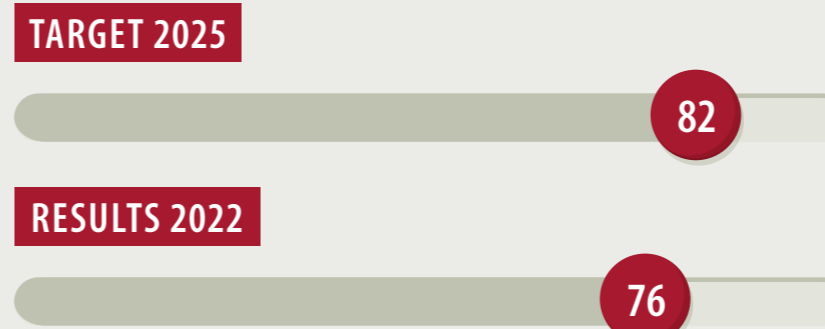
**Training and development score AES**



**Sustainable Engagement score AES**



**Sustainability score AES**



**Personal development**

In 2022, 88% of our associates completed at least one training. Per associate category, this results in an average of 84% at the level of the blue-collar workers, 84% for the associates in a white-collar role and 99% for management. Across all departments and roles, **we averaged a total of 20.1 hours of formal training per associate** (19.7 hours of training per blue-collar worker, 13.5 hours for associates in a white-collar role, and 30.7 hours for management). On average, 93% of the associates adhere to the Performance & Development Management Process (P&DMP): the results for blue-collar workers, white-collar workers and management are respectively 90%, 97% and 99%. The most significant progress was made with blue-collar workers, where 90% was involved in this P&DMP approach compared to 86.4% in 2021.

**88%**  
**of our associates completed at least one training in 2022**



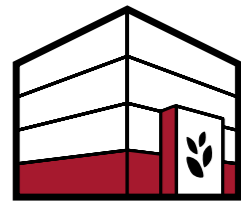
◀ **Camara Issiaga** Production Operator

"I was born in the African Republic of Guinea. When I was 1 year old, I lost my hearing due to illness. Because Guinea offers no prospects for deaf people, my father took me to France, where I obtained training certificates in cooking, pastry making and chocolate making. After a successful internship, I was offered a position at Vandemoortele. I have been with the company for 13 years now, and my deafness has never been an obstacle. My colleagues trust me, and I communicate with them through lip-reading or writing, SMS or e-mail. I am happy to have a good job that allows me to take care of my children."

France,  
Athies plant

**OUR  
PEOPLE**

**"My deafness has never been a problem at Vandemoortele"**



# PROVIDING A DIVERSE AND INCLUSIVE WORKPLACE

## WHY DO WE WANT TO MAKE A CHANGE?

Vandemoortele employs about 4,000 people from different backgrounds, in addition to hundreds of temporary workers. As an employer, we want to create a **diverse and inclusive working environment where all of our associates can be themselves**. We want our workplaces to reflect society, and we do everything we can to make people feel welcome. Respect is a key value for Vandemoortele: we aim to make all of our associates feel equally involved, supported and valued. At the same time, our attention to diversity and inclusion helps us to better understand our customers' and consumers' demands. It makes our company innovative and aids us in attracting and retaining talented and valued people.

Diverse and inclusive workplaces **earn deeper trust and more commitment** from their associates, which is an advantage in today's economic situation. Conversely, a lack of diversity could unintentionally contribute to higher staff turnover and lost investments in recruitment and training. By actively preventing our associates from feeling isolated or misunderstood, they are more likely to enjoy their jobs and to stay engaged with us.

## OUR POLICIES AND FRAMEWORKS

### Diversity and inclusion policy

With our **diversity & inclusion policy**, we commit to ensuring an equitable, high-trust, diverse and inclusive workplace. We hire people regardless of age, gender, ethnicity, (dis)ability, marriage or civil partnership status, pregnancy or maternity status, race, religion, political opinion or beliefs. We aim to maintain this standard by increasing the awareness of biases among associates involved in the recruitment process and by measuring applicant demographics throughout the recruitment procedure.

Our commitment does not stop with the recruitment process. We aim to embed **diversity and inclusion policies, practices and processes** within every step of our associates' professional journeys. From their hiring experience and onboarding process, through how we support them in their personal and professional development, how their performance is managed, evaluated and rewarded, to retention efforts and movement toward a new role. Team leaders have an important role in recognising talent





and potential in possible successors, ensuring that a diversity of talents can be nominated and that we create an inclusive workplace where everyone feels valued and trusted.

### OUR TARGETS FOR 2025

- 40%** representation of women in senior leadership (B+ level)
- Equal** average training hours per associate per gender category
- Equal** % of associates per gender category that followed a minimum of 1 training
- Equal** % of associates per gender category who adhere to Performance & Development Management Process (P&DMP)
- 70%** female successors in C+ jobs with a successor
- 83** points on the AES on Inclusive workplace
- 0%** pay gap

### Whistleblowing procedure

Despite all our precautions, misconduct is something that, as a large international organisation, we must continue to be mindful of. Our local and international **Whistleblowing procedures** provide our associates and external parties with safe and confidential channels to report incorrect behaviour of any kind. They offer people a chance to report misconduct without fearing reprisal or dismissal.

### OUR ACTION PLANS

#### Coaching and accountability

We expect our associates to uphold our values and to hold their colleagues accountable for their words and actions when necessary. We do this by teaching people how to speak up or how to indicate inappropriate behaviour. In 2023, we will integrate peer-to-peer feedback on Diversity & Inclusion in our 'I CARE, U2?' programme. We inform them of our Whistleblowing procedures and refer them to our Code of Business Conduct and Ethics. This year, we will upgrade the process of whistleblowing with a **new platform: 'SpeakUp'**. We further make sure they can talk to specific persons of trust and facilitate their representation in work councils. To ensure that people are aware of what behaviour is acceptable and what is not, we offer specialist coaching in identified situations, such as our programmes about 'manners' or bias training. We want to reward people who behave correctly and take corrective action when inappropriate behaviour occurs.

## Gender equality

At Vandemoortele, we aim to safeguard the representation of women in **selection procedures**, ensure women have the **same career opportunities** as men, and **commit to equal pay for equal work**.

A yearly budget has been allocated to address the remaining pay gap. We also take measures to increase the number of women in management positions, especially in senior management. Although we appoint associates on the basis of their competences, we make recruitment decisions in light of this goal if the skills of different candidates are equal.

## Ethnicity and religion

Starting from 2023, we will complement our focus on gender with a **focus on generations, ethnicity and religion and beliefs**. Our first step will be to gather more data and to map our current situation. Since such information is considered private, this will have to happen on a voluntary basis, so we are counting on our associates' cooperation. In the meantime, we are already taking measures based on best practice sharing.

## OUR PERFORMANCE IN 2022

Between 2020 and 2022, we made significant progress in terms of gender diversity and inclusion. The **number of women in senior management positions** (B+ level: top 100 Group-wide) went up from 23% to 29.5%. We hope to scale up the representation of women to a minimum of 40% by 2025. We improved the proportion of women

identified as successors for management positions from 54% to 58.6%. This means that for 58.6% of our successor nominations, at least one internal female candidate was nominated. Looking at the entire Vandemoortele population, female representation went up slightly from 35% to 36%.

**Our male and female associates are offered the same opportunities to receive training or follow a tailored development programme. In 2022, exactly the same percentage of women and men took at least one training course** (87% vs. 87%). Our male associates took more training hours, however, with an average of 15.7 hours per woman and 22.6 per man. 92% of our female

### % representation of women in senior management roles

TARGET 2025



40%

STATUS 2022



29.5%



associates and 93% of our male associates also adhered to a Performance & Development Management Process (P&DMP).

In 2022, we further **decreased the pay gap** between men and women, from 3% in 2021 to 2.8% in 2022, and we are determined to completely close it in the coming years. In this context, we also analysed the pay practice for part-time and full-time workers, and found a 0% gap.

To track our progress, we measure the level of diversity and inclusiveness in different countries and teams. Diversity and inclusion are also **questioned in our Associate Engagement Survey (AES)**. In 2022, we achieved a score of 82, which is 3 points higher than in 2020. We are happy to observe through this survey that our **associates recognise our efforts on diversity and inclusion**.

### Associate Engagement Survey (AES) score (points)

#### Inclusive workplace score AES

TARGET 2025

83

RESULTS 2022

82

### Awesomeness wanted!

Vandemoortele welcomes talented professionals of any race, age, colour or gender. Meet two of our valued associates!

- **Erik** was born in South Africa and worked in the car industry for more than 20 years. After moving to the Netherlands, he worked for various companies and eventually joined Vandemoortele as a Facility Services associate, at the age of 62. Although his new position is different from his previous experience, he is happy to be with us – and we are happy to have Erik on our team.
- Political refugee **Mamadou** left the African country of Guinea in 2017, and was granted asylum in France. He immediately started learning French and enrolled in a course to become a forklift operator. Circumstances were hard, however, and Mamadou became homeless. When he arrived at Vandemoortele to work as a cleaner, a concerned colleague helped him find a new place to stay. Today, Mamadou is doing very well: he has found a flat, bought a car and has even reunited with his wife, who is now studying in France.







## ENSURING SAFETY AND FOSTERING WELL-BEING

### Ensuring safety

#### WHY DO WE WANT TO MAKE A CHANGE?

As an employer, we have a responsibility to ensure a healthy and safe working environment for our associates, contractors and visitors. **Safety is nothing less than a top priority** for Vandemoortele, going beyond ensuring technical safety. We strongly believe in managed safety instead of regulated safety: we focus on raising awareness about unsafe behaviour, promoting a mindful attitude, and using constructive feedback techniques.

An unsafe workplace may lead to workplace accidents and work-related illnesses. This can have serious health consequences and give rise to negative impacts for both

**Vandemoortele has the responsibility to ensure a healthy and safe working environment for each and every associate**

the affected associates and their relatives. But also for Vandemoortele as an employer, this can have serious consequences such as production stoppages, supply disruptions, operational costs and reputational damage. **A safe working environment is an inseparable part of operational excellence**, thus being of paramount strategic importance for Vandemoortele.

#### OUR SAFETY POLICY

##### Our Health & Safety management system

We are committed to continuously optimising our Health & Safety management system and our supervision methods, to ensure that all work is carried out in a safe manner. Therefore, our health and safety management system is dynamic. We provide robust means to guarantee technical and procedural safety, and **we focus strongly on safety leadership, a safety attitude and interaction about unsafe behaviour**. Our system is based on three pillars:





- **Safe equipment and workplaces:** we maintain our workplaces and work equipment at a high safety level.
- **Well-known procedures and tools:** we operate according to our internal health and safety standards and procedures, and have tools to assess and manage health and safety hazards.
- **Competent and engaged people:** we offer our associates basic and specific safety trainings and work on safety leadership, so everybody is motivated to pass on the right mindset to each other.

Our internal Health & Safety management system is based on the ISO 45001 health & safety management standard, and is cross-audited at regular intervals.

Being part of the Operational Excellence strategy of the company, a safety maturity matrix is used to evaluate the level of maturity and progress made by the sites.

### OUR TARGETS FOR 2025

- 0** accidents leading to permanent disability
- 15.0** frequency rate of Lost Workday Cases
- 0.50** severity rate of Lost Workday Cases

### OUR SAFETY ACTION PLAN: I CARE, U2?

The most common cause of accidents is unsafe behaviour, rather than technical defects. Therefore, several years ago we launched our first iteration of the safety programme 'I CARE, U2?' to spread safety leadership and attitudes. Last year, we took important new steps in our approach of general safety. We added **additional tools that focus on peer-to-peer interaction, dialogues and constructive feedback** on unsafe behaviour amongst all our associates, individually and as a team.

## I CARE U2?

Currently, these are our 'I CARE, U2?' tools:

- **Safety inspections:**
  - **Safety inspection walks:** a multidisciplinary team performs periodic inspection rounds of the workplace to screen it for unsafe situations. These inspections result in technical corrective actions to improve the health, safety and working conditions of our associates.
  - **5S+S programme:** the 5S programme was implemented to encourage order and tidiness on site and at all the workplaces. At the beginning and end of each shift, our associates check if their work environment is neat and well-maintained, and if all tools are in the right place. The extra 'S' stands for 'Safety', and ensures that the workplace and equipment contain all basic safety provisions.

- **Safety toolboxes:** toolboxes are short training sessions held in small groups at the workplace, near the machinery or work equipment concerned. They cover a specific safety topic in an interactive way 'on the job', and are given by shift leaders or other supervisors. We aim for our associates to attend at least six toolbox sessions per year.
- **Root cause analysis and corrective action plans:** to avoid recurring accidents, we carry out a thorough root cause analysis after each accident and after each potential severe incident or near miss. Through this, we identify the underlying root causes and can determine the appropriate and sustainable corrective measures.
- **Peer2Peer interactions:** we promote a work environment where exchanging experiences and ideas is only natural. In the event of unsafe behaviour, we ask to react and give constructive feedback. New safety ideas and positive feedback on safe behaviour are also highly valued. The user-friendly application 'I CARE' was developed to register these interactions on the spot and to allow management to look at safety topics for improvement.
- **Gemba Walks:** our site management teams undertake regular 'proximity walks' on the floor to talk openly with the associates about safety, well-being and working conditions. Associates can share their ideas about their work methods and possible improvements. Meanwhile, the team acquires a clearer view of general working conditions and can thus implement improvements.



### 'I CARE' application to register Peer2Peer interactions

I CARE

In 2021, we developed the user-friendly application 'I CARE' to register Peer2Peer interactions carried out by our associates. In 2022, we have implemented this application in all of our sites. When associates witness a safe or unsafe act and interact with their peers, they can easily register this on their iPads or on an operating screen.

The application allows the observer to record the location, the topic, the observation, and the type of interaction. **The anonymous 'no name, no blame' concept ensures an emotionally safe atmosphere**, where people feel comfortable to make a contribution and to engage in dialogue with their peers. It also allows the site managers to look at the reported safety topics and to propose improvements. The initiative is a success: in 2022, our associates registered 13,000 safety interactions. This means that, on average, 53% of our associates registered at least one interaction per month. Next year, we aim for a 65% rate. Our mid-term goal is to receive one Peer2Peer registration per associate per month.



## Ukrainian tools for new colleagues

Since the start of the Russo-Ukrainian conflict, our plant in Lodz (Poland) has welcomed 28 Ukrainian colleagues. To enable them to participate in 'I CARE', our online Peer2Peer tool to enhance workplace safety, we ordered a Ukrainian translation. The Ukrainian version was available by mid-November 2022 and was immediately adopted by 26 of our new colleagues. Within two months, they registered nearly 150 interactions regarding safe or unsafe behaviour, which proves they are actively participating in our strong workplace safety culture. We are currently working on Ukrainian versions of all our safety procedures, from safety inspections to toolbox sessions.

## OUR PERFORMANCE IN 2022

### Results of our safety programme

Besides the Peer2Peer interactions, we currently monitor three other safety management targets. In 2022, we managed to undertake 69% of the planned safety inspection walks. This result was lower than

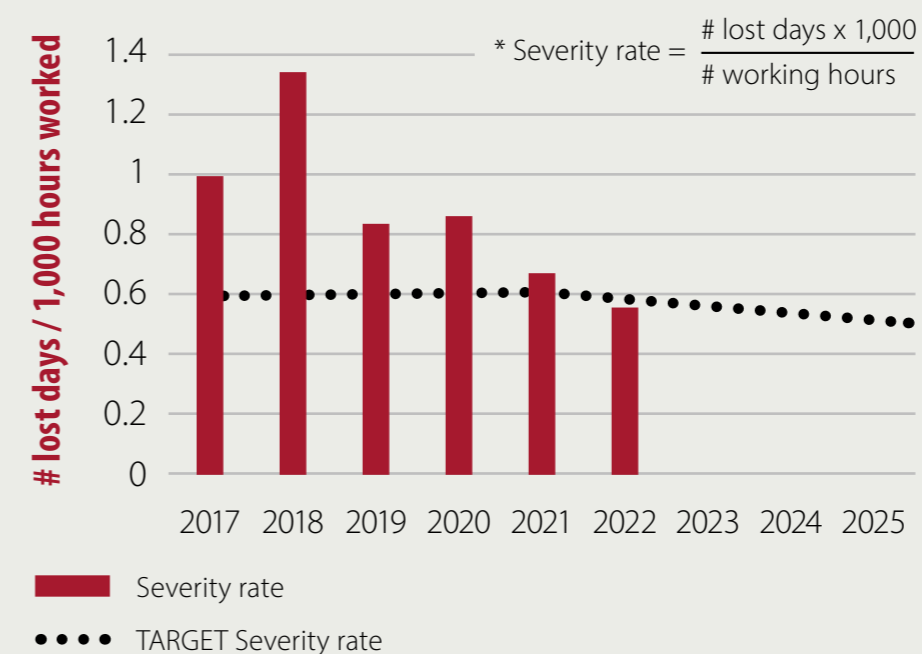
expected, and will be addressed in 2023. 100% of our associates followed six **safety toolbox sessions**. 98% of our LWC accidents were subjected to a **root cause analysis**. As a result, related corrective actions were implemented for 88% of those accidents in the course of 2022.

### Accidents

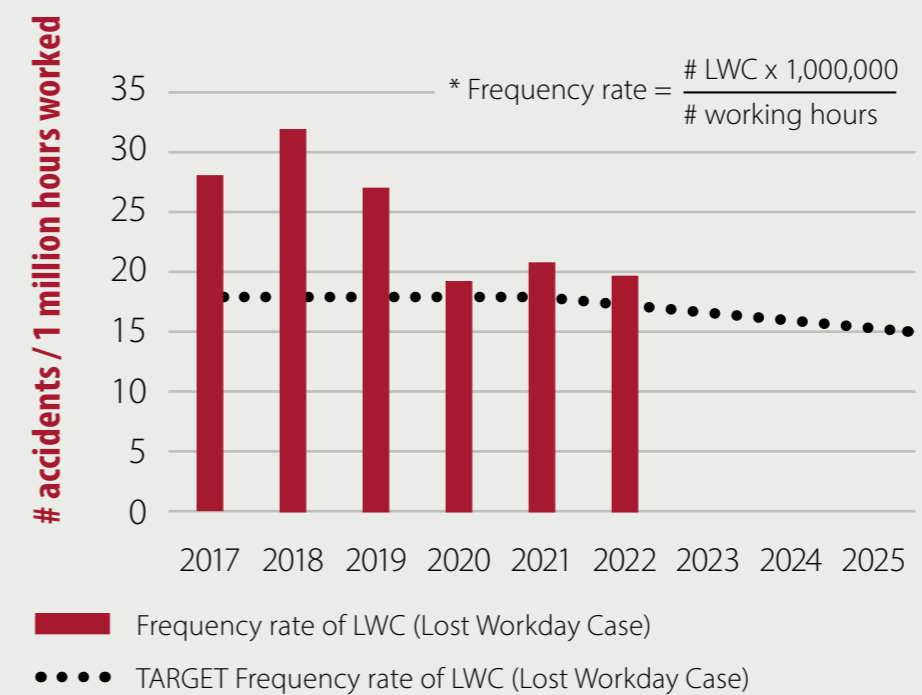
We ensure the health and safety of all our associates, temporary workers, contractors and visitors, both on site and on the road. Every injury is one too many, and can cause a lot of distress. **We believe that all accidents can be avoided**, therefore zero accidents is our goal.

During the COVID-19 pandemic, we operated with longer production runs, which resulted in fewer product changeovers and fewer temporary workers. Consequently, the number of work accidents went down. Once the pandemic was over and our production volumes started growing again, we needed to reconnect our temporary associates and to hire and train new staff. As a result, **the number of work accidents remained static from 2020 to 2022**. In 2022, we had 19.6 Lost Workday Cases per million work hours (among both our own staff and our temporary workers). The severity rate of the accidents (i.e. the number of lost workdays per 1,000 working hours) further dropped to 0.56; the best result ever at Vandemoortele. **Also, in 2022, we experienced zero accidents leading to permanent disability**.

### Severity rate



### Frequency rate



## Fostering well-being

### WHY DO WE WANT TO MAKE A CHANGE?

As a large-scale employer, we have a major impact on the well-being of many people. Therefore, it is our duty to prioritise employee engagement and **ensure people feel happy and supported at work**. We aim to protect people's mental health and prevent dissatisfaction and burn-out. By offering inclusive, safe and healthy working conditions, combined with meaningful and rewarding work, we promote happiness and well-being at the workplace. Additionally, investing in the well-being of our associates fosters **improved engagement and performance levels**, reduced sickness absence, a healthier and more inclusive culture, better work-life balance, increased resilience and higher productivity.

Fostering well-being is a good way for Vandemoortele to retain qualified associates. New candidates – especially millennials and members of the Generation Z – will sooner accept a job offer that guarantees enough personal flexibility, and satisfied associates will not leave our company so easily to seek their happiness elsewhere. Investing in a culture that effectively supports the employee well-being is a **powerful employer branding strategy**. In short, it has never been more important for Vandemoortele to maintain and protect employee well-being in the global war for talent.

### OUR POLICIES

We watch over the physical and mental health of our associates, and endeavour to have a positive impact on their well-being. **We condemn violence and harassment, and organise programmes to promote correct behaviour and 'manners'**. All of our well-being efforts are aligned with our core values: ambition, respect and cooperation. Our focus on well-being is incorporated into various Vandemoortele policies, such as:

- Our Code of Business Conduct;
- Our Health & Safety policy, which includes the philosophy of the ISO 45001 health & safety management standard.

### OUR TARGETS FOR 2025

**76** points on the AES on Well-being

**It is our duty to prioritise employee engagement and ensure people feel happy and supported at work**





### ADD FLAVOUR: 7 ASPECTS OF WELL-BEING

Well-being is a highly personal matter: what makes one person happy may not work for another. That is why we ask our people to reflect on what their preferred flavours are. To allow for a tailored approach, we have identified **seven aspects or 'pillars' of well-being**: culture & values, physical health, mental health, social contact, development opportunities, the ABC of work happiness and good leadership. These pillars are embedded in our entire organisation. In our 'Add Flavour' campaign, the seven pillars of well-being are represented as parts of a lime wedge.

### Initiatives and programmes

Many different Vandemoortele programmes are connected to our **'Add Flavour' pillars**, such as Leaders 4 Growth, the mentoring programme, our Hybrid Working policy, our ergonomics initiatives, and more besides. We stimulate our associates to consider all facets of well-being and reflect on what makes them happy. They are free to add their own preferred elements of well-being to their work lives, thus taking their work happiness into their own hands, with our full support. We encourage our associates to

communicate their questions, needs and expectations in one-on-one meetings, pulse checks, our yearly Associate Engagement Survey, continuous feedback moments, on- and offboarding conversations, team meetings, etc.

### OUR PERFORMANCE

#### Associate Engagement Survey

We launch a yearly engagement survey to add more flavour to our workplace in which we ask our people to share their **opinions about our well-being approach**. We listen to our associates' insights, ideas and improvements to optimise their employee experience, increase job performance and team ambitions, and make Vandemoortele a great place to work for everyone.

#### Well-being heroes

To further improve well-being, we foster a community of 'well-being heroes' in all our countries and divisions. These heroes, who represent various functions and backgrounds, dedicate themselves to **promoting the well-being of their colleagues**. They coordinate action plans, roll out well-being initiatives according to the most prevalent needs, and incorporate existing initiatives into action plans.



We analyse and interpret the engagement survey results from three different perspectives:

- **Group results:** by age group, seniority, etc.
- **Value results:** each question is linked to one of our core values (ambition, respect and cooperation).
- **Well-being results:** many survey questions also relate to our seven pillars of well-being. Based on the results, we can set well-being targets and draw up action plans.

According to the results of the 2022 Associate Engagement Survey, we achieved a favourable general well-being score of 73 points. This score is the overall result of the seven well-being pillars that were addressed. Of these seven pillars, we made the most progress in the areas of **Development** and **Right Leaders**. Various initiatives contributed to this, such as the further development of learning opportunities within the Vandemoortele Academy, our focus on the professional journey and our Leaders for Growth programme. Following the Development and Right Leaders pillars, **Physical Health** achieved the best score. Our associates also indicate that they experience sufficient autonomy in their jobs and clearly know what their responsibilities are. These aspects are both linked to the **Autonomy, Belonging, Competence (ABC)** pillar.

Room for improvement is mainly found within the **Mental Health** and **Culture and Values** pillars. These lower scores are linked to our core value **'Ambition'**, where we also observe a lower score of 66. The feedback includes

setting better priorities and having the discipline to stick to them, which reduces stress and has a positive effect on the mental health of our associates. In addition, our value **'Ambition'** also means clearly formulating our business strategy, which is linked to the Culture and Values pillar.

Our value **'Respect'** has made the most progress compared to the results of 2020. The score of our value **'Cooperation'** shows that social contacts, teamwork and collaboration are also generally rated positively.

### Way forward

All teams started working on action plans from January 2023 onwards, formulating **initiatives to improve well-being at different levels**. These action plans will be closely monitored, and inspirational initiatives will be shared across the organisation through channels such as the intranet, screen communications, meeting platforms, corporate website, etc.

#### Associate Engagement Survey (AES) score (points)

##### Well-being score AES

TARGET 2025

76

RESULTS 2022

73

## What's your flavour?

In addition to the engagement survey, people from all Vandemoortele sites can **share well-being stories on the homepage of our intranet**. These stories stem from our action plans, each incorporating one or more pillars according to the needs of the local audiences. The many well-being activities are eagerly read and shared: in 2022, 14 different Vandemoortele sites shared no less than 50 well-being stories.



### Shaping a great meeting culture

In 2022, we launched a campaign to promote a positive meeting culture.

We shared tips on how to make a meeting run smoothly, and how to create a good vibe, so people look forward to exchanging their ideas. Through this, our associates commit to better teamwork, achieve quicker and better meeting results, and leave the meeting more satisfied and with a greater sense of accomplishment.



### Social contact high on the agenda

After the COVID-19 pandemic, 2022 again offered opportunities to meet up and get reacquainted. Many teams organised team days, family days, local or global business



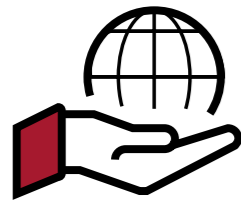
### A taste for sports

In 2022, we created our own Vandemoortele Strava Club: an international channel to share our achievements and to encourage each other to continue practicing sports. Since the start, 70 associates from various countries have joined us. In addition, our colleagues from Saint Vulbas got together for a sports team event: 14 associates took part in a 5 km walk or a 10 km run along the banks of the river Rhône, to support the fight against women's cancers.

days, and similar. At our headquarters in Ghent, for example, associates got together for a Wild West personnel party, a picnic event, a breakfast art event and a Clean-up Day. Our colleagues in Dommitzsch organised a Family Day, team Czechia & Slovakia focused on Fun & Games, and our associates from the Worcester and Staines sites enjoyed a UK Team Day together. Summer vibes could be found in Torcé, Genova, Ravenna, Germany and Austria, with a garden party, a summer conference, a BBQ and various summer parties. Needless to say, we were glad to see each other again!







# WORKING TOGETHER TO CREATE A POSITIVE SOCIAL IMPACT

## WHY DO WE WANT TO MAKE A CHANGE?

We aim to have a positive impact on society and to help **address social injustice and challenges**. We take responsibility not only for our own activities but for our **entire supply chain**. By pursuing a positive social impact, we create chances for minorities and underprivileged groups, like decent work or quality education.

Our Code of Business Conduct and Ethics provides **guidelines for ethical and responsible behaviour** for all Vandemoortele associates. We also require our suppliers to adhere to our Supplier Code of Conduct, which compels them to conduct their business ethically. In collaboration with local communities, we provide on-the-ground support to projects that improve the living and working conditions of local people. By doing so, we also address local environmental challenges like deforestation.

**Non-ethical behaviour in the value chain is a potential risk for all businesses**, causing reputational damage. By collaborating closely with all kinds of partners worldwide, we aim to maximise our social impact while at the same time protecting our own interests.

## OUR POLICIES AND FRAMEWORKS

### Code of Business Conduct and Ethics

Vandemoortele has created a **Code of Business Conduct and Ethics** to provide all associates with a series of **clear and unambiguous guidelines for ethical and moral conduct in business**. The mandatory rules and principles that Vandemoortele associates have to follow while conducting business are explained in Section I: Standards of Conduct. Section II deals with Compliance Procedures: specific information about how the Code works and how violations must be reported, investigated and sanctioned.

### Supplier Code of Conduct

To decrease any possible negative social impact in our value chain, **we ask all our key suppliers to sign our Supplier Code of Conduct**. Key suppliers are suppliers that deliver ingredients, raw materials or packaging materials that are used in a large number of our finished products, or suppliers with whom we have established a long-term partnership.





By imposing our Supplier Code of Conduct, we ensure that we only work with suppliers who commit to the **same social and environmental practices** that we engage in. Over the past few years, nearly all of our key suppliers have signed our Code, or have at least created their own code of conduct that also fulfils our requirements. We are currently developing a new Procurement Code of Conduct that will raise the bar even higher.

### Supplier onboarding procedure

Before we register a new supplier in our company's systems, **we collect and analyse a variety of data** about them. The supplier onboarding form includes general information (like the company name and address), financial information (default currency, bank account details, etc.), sustainability data, and information about the supplier's points of contact in the company. The supplier is only accepted after a thorough check. This is necessary to ensure compliance and to ascertain that it is safe to purchase goods from them.

## OUR ACTION PLANS

### Responsible business

The Vandemoortele Code of Business Conduct and Ethics has been reviewed, and the updated version will be communicated in 2023. The **procedure for confidentially reporting incorrect behaviour** will also be updated in the course of 2023. After this update, KPIs on good business conduct will be formulated to track results.

# 100%

**of our new suppliers are only accepted after a thorough check**

### OUR TARGETS FOR 2025

- 100%** of our direct key suppliers accepted/signed our Supplier Code of Conduct
- 100%** critical suppliers verified according to our sustainability criteria
- 100%** of key commodities are participating in a project on the ground



## Sustainability criteria

To create a meaningful impact together with our key suppliers, **we gather voluntary information about their sustainability efforts.** In 2021, we incorporated sustainability questions into our audits and sourcing tenders. More than 100 direct suppliers agreed to share their answers with us. The results showed that 75% of those direct suppliers already had a sustainability strategy, and 55% had implemented a supplier code of conduct for their own suppliers.

Based on the results of these questionnaires, and after a benchmarking of various sustainability tools, we decided to use the **EcoVadis** tool to gain insight into the sustainability level of our suppliers. Regarding our critical suppliers, our 2025 goal is to work exclusively

with partners who have been verified according to the EcoVadis sustainability criteria. We have already started training our associates in the use of the tool, and we are encouraging our suppliers to subscribe to the platform as well.

Since 2020, we have been conducting the **Engagement Policy Implementation (EPI)** survey of our palm oil suppliers on a regular basis. This survey, provided by Earthworm Foundation, covers various topics, from traceability and transformation, to grievance mechanisms and projects on the ground. The results of the survey provide us with insights into our suppliers' responsible sourcing policies, and allow us to track their improvements. The first results are expected in 2023.

### % direct key suppliers accepted/signed our Supplier Code of Conduct

TARGET 2025

100% of our direct key suppliers accepted/signed our Supplier Code of Conduct

STATUS 2022

80%

## OUR PERFORMANCE IN 2022

In 2021, only our newly created direct key suppliers were expected to sign our Supplier Code of Conduct. 74% of them complied. To make more suppliers adhere to our Code, **we extended the supplier scope to all our direct key suppliers.** In 2022, 80% had indeed signed, including 100% of our key suppliers. Starting from 2023, we will also ask our newly created indirect suppliers to sign our Supplier Code of Conduct. All four palm oil suppliers (100%) were subjected to an Engagement Policy Implementation (EPI) survey.

## Projects on the ground

By 2025, we are committed to **initiating at least one project on the ground for each of our key commodities:** soy, palm oil, cocoa, wheat and eggs. In these projects, we will work on the creation of a positive social impact for local communities and farmers in the upstream supply chain and beyond. To date, projects related to soy, palm oil and wheat have already been initiated, which corresponds to 60% of our key commodities.



### % critical suppliers verified according to our sustainability criteria

TARGET 2025



100%

STATUS 2022

ALL PALM SUPPLIERS (EPI)

### % key commodities participating in a project on the ground

TARGET 2025



100%

STATUS 2022



60%

## Palm oil

Since 2018, we have been contributing to the **Landscape Project in Aceh, Sumatra (Indonesia)**. This project is led by Earthworm Foundation (EF), an organisation focused on **making supply chains resilient and regenerative**. The area of Aceh is home to the highly biodiverse Leuser Ecosystem: one of the most extensive unbroken tracts of rainforest in Southeast Asia, and an area with an abundance of flora and fauna. The Landscape Project aims to simultaneously reduce deforestation and demonstrate the feasibility of balancing commodity production, conservation and good social and labour practices on a large scale. Through this project, we contribute to the sustainable livelihood of the communities in this area.

In 2022, the Landscape Project made **significant progress towards its yearly targets**. For example, three villages (Bawan, Singgersing, and Pasir Belo) agreed to follow the regulations to protect local forest areas and key natural resources. Village forest management teams now monitor and manage the forest in these areas, including regular patrols. Earthworm Foundation also trained more than 40 local government and community representatives on conflict resolution, and assisted three companies in improving their working conditions.

## Soy

Since 2011, Vandemoortele has been a **member of the Round Table on Responsible Soy (RTRS)**. This organisation ensures that soy is obtained through a process that is **environmentally correct, socially adequate and economically viable**. As a result of investments in local social and environmental projects, RTRS has provided direct and indirect support to thousands of individuals. We support their mission by purchasing RTRS credits for all the soy that we process. Through the credits we buy, the organisation invests in projects in the Cerrado, the second most biologically diverse region of Brazil after the Amazon Rainforest. Today, this savannah landscape has lost 50% of its original surface as a direct result of agricultural expansion, primarily driven by an exponential growth in meat and soy production. We also support projects in Maranhão and Piauí that tackle issues like deforestation, provision of decent working conditions, facilitating access to education, upholding standards of health and well-being, and promoting sustainable agriculture.

## Community

Vandemoortele subscribes to various **economic, environmental and social initiatives that have been developed by external partners**. The overarching goal is to exchange knowledge, to support each other, and to have a positive impact on society.





## MEMBERSHIPS & ACTIVITIES

Vandemoortele is a member of various industry associations, national or international advocacy organisations and other initiatives. All our memberships are meant to reinforce each other and to help us have a positive impact on society. We are currently a member of:

- **The Shift**, the Belgian meeting point for sustainability;
- **Etion**, the forum for committed entrepreneurship;
- **FEVIA**, the Belgian Food Industry Federation;
- **IMACE**, the European Margarine Association;
- **The Federation of Major Bakeries in Belgium (FGBB)**;
- **The International Association of Plant Bakers (AIBI)**;
- **Flanders' FOOD**, an innovation platform for a more sustainable agri-food industry;
- **The Belgian Pledge 3.0**, a commitment by food companies concerning responsible advertising practices;
- **Earthworm Foundation**, a non-profit organisation that aims to improve the relationship between people and nature;
- **The Roundtable on Sustainable Palm Oil (RSPO)**, which aims to transform markets to make sustainable palm the norm;
- **The Belgian Alliance for Sustainable Palm Oil (BASP)**;
- **The French Culture Raisonnée Contrôléé (CRC)** quality mark, for wheat that is grown with less negative impact on the environment and on people's health;
- **Alliance4Soy**, a market transformation organisation for sustainable soy;
- **The Round Table on Responsible Soy (RTRS)**, which aims to make sustainable soy the norm;
- **Rainforest Alliance**, an organisation that strives to improve livelihoods for farmers and forest communities around the world;
- **SBTi**, the Science Based Targets initiative for corporate climate action;
- **HolyGrail 2.0**, an initiative that advocates the use of digital watermarks for accurate sorting and high quality recycling;
- **The Ellen MacArthur Foundation**, which develops and promotes the idea of a circular economy;
- **The Global Commitment of the New Plastics Economy**;
- The **Fost Plus** initiative;
- **Valipac**, a collective management organisation for commercial packaging;
- **Valorlux**, an organisation for sorting and recycling packaging waste;
- **Pack4Food**, a consortium of companies from the food and packaging industry and their suppliers;
- **Various local initiatives and federations.**



## Charity

Vandemoortele supports numerous charities. Most of them have a specific **link with sustainable food, with our sustainability strategy, with a customer or a supplier, or with an international organisation**. In 2022, we supported the Red Cross in Ukraine, Plastic Bank, and the Hubi & Vinciane Foundation. We also support local initiatives, such as sporting events, in the context of our various health goals, and youth organisations like Habbekrats, which helps children and young people all over Belgium.

- **Plastic Bank** is a social enterprise that fights both plastic pollution in oceans and high poverty levels in developing countries. In Haiti, Indonesia, and Brazil, there is no robust waste collection system at present. Therefore, Plastic Bank organises the collection and recycling of plastic waste together with the local people, giving them a stable income and access to education. Vandemoortele is the first food company in Belgium to partner up with Plastic Bank. Annually, we sell circa 7.5 million Vandemoortele® bottles. With every bottle we sell, we stop one plastic bottle from entering into our oceans.

**We support numerous charities linked to our sustainability strategy**

- The **Hubi & Vinciane Foundation** is an organisation that arranges humanitarian activities in Benin, West Africa. Vandemoortele has decided to support their malnutrition programme because this matches very well with our company's sustainability strategy. The programme detects, treats, and prevents child malnutrition. Vandemoortele strives to give all people healthy food options, including those in vulnerable and dire situations.



# EU TAXONOMY REPORTING

The EU Taxonomy Regulation, approved in 2020, is a classification framework to determine whether an economic activity is environmentally sustainable. It requires reporting on eligibility and alignment against six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

Under the EU Taxonomy Regulation, the European Commission was empowered to adopt delegated acts. The first Taxonomy Disclosures Delegated Act specifies the content and presentation of the information to be disclosed. For Vandemoortele, the first reporting requirements were due on fiscal year 2021 (these were still limited to eligibility). As from fiscal year 2022, Vandemoortele is expected to report on eligibility and alignment of three key performance indicators: **turnover, capital expenditure (CapEx) and operating expenditure (OpEx).**

Vandemoortele has screened the technical annex to the taxonomy on climate change adaptation and mitigation (the 'Climate Delegated Act') and the FAQ released by the European Commission. The technical annex for the four other environmental objectives was expected to be

adopted in 2022 with first reporting in 2023 (over 2022), but has been delayed.

The reporting on 2022 has been drawn up in accordance with the transparency requirements for non-financial undertakings. All calculations are based on the reported data in Vandemoortele's consolidated financial statements. The full taxonomy reporting can be found in annex.

## Turnover

The contribution of the food and beverage sector to climate change mitigation and climate change adaptation is currently considered negligible. Therefore, Vandemoortele's turnover is not considered eligible. We are closely monitoring all new publications on the other environmental objectives, and prepare ourselves to report on our turnover if our activities become Taxonomy-eligible.

## CapEx

Vandemoortele's activities are not considered eligible under the Climate Delegated Act. Therefore, our CapEx associated directly with these activities is not eligible either.

However, investments made in relation to 'individually sustainable measures' (as defined by the Taxonomy





Regulation) are considered eligible. Based upon the eligibility assessment of the 2022 investments above €200,000, we identified 9.6% of these acquisitions compared to all acquisitions of property, plant and equipment and intangible assets (as included in note 16 and 17 of the financial report 2022) to be eligible.

The investments mainly concern:

- Construction and real estate;
- Energy;
- Water supply, sewerage, waste management and remediation.

A high-level assessment of alignment was performed on the 2022 eligible CapEx. This revealed a very limited CapEx with the potential of being Taxonomy-aligned. Therefore, we focused on building an in-depth understanding of the Technical Screening Criteria (TSC) and the Do No Significant Harm (DNSH) principle). We are currently assessing the incorporation of TSC and DNSH criteria in our CapEx process, to ensure effective and efficient reporting in the future.

### OpEx

The EU Taxonomy Regulation has defined direct non-capitalised costs (also called Operating Expenditures or OpEx) as those costs that relate to research and development, building renovation measures, short-term

lease, maintenance and repair, and any other direct expenditure that relates to the day-to-day servicing of assets and property, plants and equipment. OpEx costs are generated by outsourcing activities that are necessary to the continued and effective functioning of such assets.

The total amount of OpEx as defined by the EU Taxonomy Regulation represents less than 2.5% of total operating expenditures (calculated as the sum of ‘Services’, ‘Employee benefits expenses’ and ‘Depreciation, amortisation and write down’ as included in the consolidated income statements). Most of these costs relate to activities which are not considered eligible. Therefore, we have not checked on alignment.

### Outlook

As the food and beverage sector is currently not in scope of the Climate Delegated Act, Vandemoortele’s reported figures are mainly considered non-eligible. As such, the potential these activities have to contribute to the EU’s Green Deal ambitions is still unclear. When the Delegated Acts on the four remaining environmental objectives are published, things should become clearer. Vandemoortele has clearly expressed its sustainability ambitions, from energy and climate change to water, packaging and responsible sourcing. More information on our ambitions and progress can be found on page 94-125. We will seek integration of the EU Taxonomy in our sustainability ambitions where relevant.

### REPORTING SUMMARY

Economic activities		Absolute Value	Proportion
<b>TURNOVER</b>			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>			
A.1.	Environmentally sustainable activities (Taxonomy-aligned)	€0	0%
A.2.	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	€0	0%
Total (A.1 + A.2)		€0	0%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>			
Turnover of Taxonomy-non-eligible activities (B)		€1,738,893	100%
<b>Total (A + B)</b>		<b>€1,738,893</b>	<b>100%</b>
<b>CAPEX</b>			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>			
A.1.	Environmentally sustainable activities (Taxonomy-aligned)	€0	0%
A.2.	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	€5,172	9.6%
Total (A.1 + A.2)		€5,172	9.6%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>			
CapEx of Taxonomy-non-eligible activities (B)		€48,594	90.4%
<b>Total (A + B)</b>		<b>€53,766</b>	<b>100%</b>
<b>OPEX</b>			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>			
A.1.	Environmentally sustainable activities (Taxonomy-aligned)	€0	0%
A.2.	Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	€0	0%
Total (A.1 + A.2)		€0	0%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>			
OpEx of Taxonomy-non-eligible activities (B)		€15,383	100%
<b>Total (A + B)</b>		<b>€15,383</b>	<b>100%</b>



# SUSTAINABILITY PERFORMANCES AND TARGETS

SUSTAINABILITY KPI	BASELINE	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	TARGETS 2025
<b>Improving the nutrition profile of our products</b>							
% salt reduction in bakery products (volume %)	2019	/	/	/	-2.05%	-2%	-15%
% sugar reduction in pastry, sweet treats & patisserie (volume %)	2019	/	/	/	-1.6%	-4%	-10%
% increase of bread products with health or nutrition claim (number %)	2019	/	/	/	-1%	-0.5%	+10%
% increase of products with claim high in UFA + other claim in spreading & cooking (number %)	2019	/	/	/	-1%	+5%	+7%
Better Nutri-Score®: % shift in spreading & cooking (number %)	2019	/	/	/	+4%	+8%	+7%
<b>Offering Clean Label products</b>							
% Clean Label BP products (volume %) (new definition)		/	/	74%	76%	76.5%	80%
% Clean Label MCOF products (volume %)		/	/	22%	28%	no more KPI	no more KPI
<b>Being a leader in food safety</b>							
% unannounced GFSI certification (Vandemoortele operations)		67%	88%	88%	92%	100%	100%
% GFSI principles compliance (suppliers, traders & logistic partners)		75%	86%	93%	97%	97.2%	98%
% reduction food safety complaints	2016	-15%	-26%	-48%	-47%	-57%	-63%
# incidents food defence & food fraud		/	/	0	0	0	0
<b>Sourcing responsibly</b>							
% sustainable certified soy (direct + indirect)		100% (brands)*	100% (brands)*	25%	58%	82%	100%
% barn eggs (direct)		55%	100%	100%	100%	100%	100%
% physically sustainable certified cocoa (brands)*		/	/	/	30%	48.5%	100%
% physically sustainable certified palm (brands)*		100% (credits)	100% (credits)	26%	25%	54%	100%
% palm traceable to mill		98.5%	100%	99.4%	99.9%	100%**	100%
% palm traceable to plantation (supplier score)		/	/	45%	65.3%	67.3%**	75%

\* consumer and professional brands

\*\* Traceability results for palm oil are only available with a semester delay. Data presented in 'Status 2022' are the results of S1 2022.



SUSTAINABILITY KPI	BASELINE	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	TARGETS 2025
% key palm oil suppliers NDPE policy		100%	100%	100%	100%	100%	100%
% verified palm grievances have an action plan		/	/	/	/	100%	100%
<b>Net zero carbon emissions</b>							
% CO <sub>2</sub> -intensity reduction in production (Group - scope 1 & 2*)	2015	-29.5%	-48%	- 58.5%	-59.3%	-60%	-70%
% CO <sub>2</sub> -intensity reduction in transport & mobility (scope 1 & 3)	2020	/	/	- 7% Metro / - 8% Panalog	+1.2% Metro / -6.72% Panalog	-8.4%	-15%
% total energy intensity reduction Group	2020	/	/	/	+1.9%	-1.2%	-10%
% total energy intensity reduction BP	2020	/	/	/	-5.2%	-8.5%	-10%
% total energy intensity reduction MCOF	2020	/	/	/	+6.5%	+3.1%	-10%
% green electricity (scope 2**)		65%	85%	100%	100%	100%	100%
% 'on site' green electricity generation (solar, wind)		/	/	0%	0%	10.2%	15%
% water intensity reduction (excluding ingredient water)	2020	/	/	/	+1.9%	-14.4%	-5%
<b>Minimising food waste</b>							
% reduction scrap (total production scrap + total rejected + commercial obsolete) (food loss) BP	2020	/	/	/	-2%	+10.9%	-30%
% reduction scrap (total production scrap + total rejected + commercial obsolete) (food loss) MCOF	2020	/	/	/	-0.2%	+1.88%	-10%
<b>Contributing to circular packaging</b>							
% r-PET		/	/	/	20%	21.5%	25%
% recyclable***, reusable, compostable packaging		/	/	85%	88%	96.7%	100%
% sustainable certified FSC/PEFC paper and cardboard		93%	98.9%	99.6%	100%	100%	100%
<b>Offering an engaging professional journey</b>							
Training & development score AES		51	no data (AES every 2 years)	58	no data (AES every 2 years)	59	63
Sustainable engagement score AES		76	no data (AES every 2 years)	77	no data (AES every 2 years)	75	78
Sustainability score AES		73	no data (AES every 2 years)	75	no data (AES every 2 years)	76	82

\* excluding transport, offices and refrigerants.

\*\* excluding commercial offices.

\*\*\* recyclable for Vandemoortele means recycle-ready



SUSTAINABILITY KPI	BASELINE	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	TARGETS 2025
Average hours of training per associate - deviation in associate category		/	/	/	BC: 5 WC: 10.9 MG: 16.9*	BC: 19.7 WC: 13.5 MG: 30.7	BC: 40 WC: 40 MG: 40
% associates (per associate category) that followed minimum one training		/	/	/	BC: 78% WC: 83% MG: 90%	all: 88% BC: 84% WC: 84% MG: 99%	all: 95%
% of associates in P&DMP - deviation in associate category		/	/	/	BC: 86.4% WC: 96.0% MG: 98.6%	all: 93% BC: 90% WC: 97% MG: 99%	all: 95% BC: 93% WC: 97% MG: 99%
<b>Offering a diverse and inclusive workplace</b>							
Representation women at senior leadership (B+ level)		/	/	23%	21%	29.5%	40%
Average hours of training per gender (hours)		/	/	/	M: 6 F: 10.9**	M: 15.7 F: 22.6 Ratio: 0.69	0.9<F/M<1.2
% associates (per gender) that followed at least one training		/	/	/	M: 82% F: 83%	M: 87% F: 87% Ratio: 1	0.98<F/M<1.02
% of associates who adhere to P&DMP per gender		/	/	/	M: 90.3% F: 92.3%	M: 93% F: 92% Ratio: 0.99	0.9<F/M<1.2
% of female successors in jobs with a successor C+		/	/	54%	56%	58.6%	70%
Inclusive workplace score AES		77	no data (AES every 2 years)	80	no data (AES every 2 years)	82	83
% pay gap		/	/	4%	3%	2.8%	0%
<b>Ensuring safety and fostering well-being</b>							
Zero severe accidents (without permanent disability)		/	/	0	1	0	0
Severity rate of LWC		1.33	0.84	0.85	0.66	0.56	0.5
Frequency rate of LWC		32.1	27	19.2	20.2	19.6	15
Well-being index (7 indicators)		/	/	/	/	73	76

\* BC/WC/MG: blue collars, white collars, management

\*\* M/F: male, female



SUSTAINABILITY KPI	BASELINE	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	STATUS 2022	TARGETS 2025
<b>Working together to create a positive social impact</b>							
% suppliers accepted/signed our Supplier Code of Conduct		41%	74%	50% of new direct key suppliers	74% of new direct key suppliers	80% of direct key suppliers	100%
% critical suppliers verified according to our sustainability criteria		/	/	/	palm suppliers (EPI)	palm suppliers (EPI)	100%
% key commodities participating in a project on the ground		/	/	palm (via Earthworm) + soy (via ACT)	palm (via Earthworm) + soy (via ACT)	60%	100%



# GRI STANDARDS REFERENCE TABLE

## Statement of use

Vandemoortele has reported in accordance with the GRI Standards for the period 1 January - 31 December 2022.

GRI 1 used (GRI 1: Foundation 2021).

### GRI 2: GENERAL DISCLOSURES 2021

Disclosure	Requirement(s) omitted	Reason for omission	Explanation	Page
<b>THE ORGANISATION AND ITS REPORTING PRACTICES</b>				
2-1	Organisational details			3
2-2	Entities included in the organisation's sustainability reporting			3
2-3	Reporting period, frequency and contact point			3
2-4	Restatements of information			170
2-5	External assurance			3
<b>ACTIVITIES AND WORKERS</b>				
2-6	Activities, value chain and other business relationships			12-13; 17-24
2-7	Employees			14
2-8	Workers who are not employees			14
<b>GOVERNANCE</b>				
2-9	Governance structure and composition			41-43
2-10	Nomination and selection of the highest governance body			43
2-11	Chair of the highest governance body			43
2-12	Role of the highest governance body in overseeing the management of impacts			44
2-13	Delegation of responsibility for managing impacts			44
2-14	Role of the highest governance body in sustainability reporting			44

**GRI 2: GENERAL DISCLOSURES 2021**

Disclosure	Requirement(s) omitted	Reason for omission	Explanation	Page
<b>GOVERNANCE</b>				
2-15	Conflicts of interest			43
2-16	Communication of critical concerns			50-51
2-17	Collective knowledge of the highest governance body			44
2-18	Evaluation of the performance of the highest governance body			45
2-19	Remuneration policies			48
2-20	Process to determine remuneration			48
2-21	Annual total compensation ratio	The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees.	Information incomplete	We can currently only compare the base pay and not yet total reward.
<b>STRATEGY, POLICIES AND PRACTICES</b>				
2-22	Statement on sustainable development strategy			4-6
2-23	Policy commitments			49-53
2-24	Embedding policy commitments			49-53
2-25	Processes to remediate negative impacts			50-51
2-26	Mechanisms for seeking advice and raising concerns			50-51
2-27	Compliance with laws and regulations			There were no significant violations of laws and regulations or fines paid during the reporting period.
2-28	Membership associations			150
<b>STAKEHOLDER ENGAGEMENT</b>				
2-29	Approach to stakeholder engagement			75; 167-169
2-30	Collective bargaining agreements			14



Disclosure	Requirement(s) omitted	Reason for omission	Explanation	Comments	Page
<b>GRI 3: Material topics 2021</b>					
3-1	Process to determine material topics				74-75
3-2	List of material topics				74
<b>IMPROVING NUTRION PROFILE</b>					
3-3	Management of material topics				78-82
<b>GRI 416: Customer and consumer health and safety 2016</b>					
416-1	Assessment of the health and safety impacts of product and service categories	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Information incomplete	We assess all our products for health improvements. Possible health improvements depend on product category. Improvements assessed are sugar reduction, salt reduction, health and nutrition claims, Nutri-Score®.	81-82
<b>CLEAN LABEL PRODUCTS</b>					
3-3	Management of material topics				83-85
<b>PLANT-BASED PRODUCTS</b>					
3-3	Management of material topics				87-88
<b>LEADER IN FOOD SAFETY</b>					
3-3	Management of material topics				89-93
<b>GRI 416: Customer and consumer health and safety 2016</b>					
416-1	Assessment of the health and safety impacts of product and service categories			100% of our production sites have an unannounced GFSI certification. Therefore 100% of our products are assessed for food safety improvements.	92
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				93
<b>SOURCING RESPONSIBLY</b>					
3-3	Management of material topics				95-101
<b>ZERO CARBON EMISSIONS</b>					
3-3	Management of material topics				102-111





Disclosure	Requirement(s) omitted	Reason for omission	Explanation	Comments	Page
<b>GRI 302: Energy 2016</b>					
302-1	Energy consumption within the organisation	Total fuel consumption within the organisation broken down by non-renewable and renewable sources, in joules, and broken down by electricity, heating, cooling, steam consumption and electricity, heating, cooling, steam sold.	Information incomplete	Information not yet fully consolidated.	109-110
302-3	Energy intensity			Energy intensity ratio for inside the organisation.	109-110; 171
<b>GRI 305: Emissions 2016</b>					
305-1	Direct (scope 1) GHG emissions			Scope 1 and 2 is calculated without offices, fleet, transport and freons.	109-110; 171
305-2	Energy indirect (scope 2) GHG emissions			Scope 1 and 2 is calculated without offices, fleet, transport and freons.	109-110; 171
305-3	Other indirect (scope 3) GHG emissions			In 2020 we performed a first high-level scope 3 assessment.	109-110; 171
305-4	GHG emissions intensity			We chose CO <sub>2</sub> -equivalent emissions per tonne produced as our organisation-specific metric to calculate the ratio. Scope 1 and 2 is calculated without offices, fleet, transport and freons.	109-110; 171
305-5	Reduction of GHG emissions			Scope 1 and 2 is calculated without offices, fleet, transport and freons.	109
<b>ZERO FOOD WASTE</b>					
3-3	Management of material topics				113-117
<b>GRI 306: Waste 2020</b>					
306-1	Waste generation and significant waste-related impacts			The most significant actual and potential waste-related impacts are food waste and waste from packaging materials.	113; 118
306-2	Magagement of significant waste-related impacts			The most significant actual and potential waste-related impacts are food waste and waste from packaging materials.	114-115; 119-120
<b>CIRCULAR PACKAGING</b>					
3-3	Management of material topics				118-121
<b>GRI 301: Materials 2016</b>					



Disclosure	Requirement(s) omitted	Reason for omission	Explanation	Comments	Page
301-2	Recycled input materials used	Percentage of recycled input materials used to manufacture the primary products and services.	Information incomplete	Percentage r-PET calculated against total PET.	120-121
<b>GRI 306: Waste 2020</b>					See above Zero food waste
<b>ADDITIONAL TOPICS - WATER CONSUMPTION AND DISCHARGE</b>					
3-3	Management of material topics				122-123
<b>GRI 303: Water and effluents 2018</b>					
303-1	Interactions with water as a shared resource				122-123
303-2	Management of water discharge-related impacts				122
303-5	Water consumption				123
<b>ADDITIONAL TOPICS - AIR POLLUTION</b>					
3-3	Management of material topics				124
<b>ADDITIONAL TOPICS - BIODIVERSITY</b>					
3-3	Management of material topics				125
<b>ENGAGING PROFESSIONAL JOURNEY</b>					
3-3	Management of material topics				127-131
<b>GRI 404: Training and education 2016</b>					
404-1	Average hours of training per year per employee				131
404-2	Programmes for upgrading employee skills and transition assistance programmes				128-129
404-3	Percentage of employees receiving regular performance and career development reviews				131
<b>DIVERSE AND INCLUSIVE WORKPLACE</b>					
3-3	Management of material topics				133-136
<b>GRI 405: Diversity and equal opportunities 2016</b>					
405-1	Diversity of governance bodies and employees				14; 42; 172
405-2	Ratio of basic salary and remuneration of women to men	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.	Information incomplete	Ratio is not available per employee category and by significant locations of operations.	136



Disclosure	Requirement(s) omitted	Reason for omission	Explanation	Comments	Page
<b>SAFE WORK ENVIRONMENT</b>					
3-3	Management of material topics				137-144
<b>GRI 403: Occupational health and safety 2018</b>					
403-1	Occupational health and safety management system				137-139
403-2	Hazard identification, risk assessment, and incident investigation				137-139; 171
403-3	Occupational health services				171
403-4	Worker participation, consultation, and communication on occupational health and safety				139; 142
403-5	Worker training on occupational health and safety				138-139
403-6	Promotion of worker health				142-144
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				137-139
403-9	Work-related injuries	The number of recordable work-related injury, the main types of work-related injuries and the number of hours worked. The same numbers for all workers who are not employees but whose work an/or workplace is controlled by the organisation.	Information incomplete	Information not yet fully consolidated.	140
<b>POSITIVE SOCIAL IMPACT</b>					
3-3	Management of material topics				145-151
<b>GRI 308: Supplier environmental assessment 2016</b>					
308-1	New suppliers that were screened using environmental criteria			Percentage of all critical suppliers verified according to our sustainability criteria.	147-148
<b>GRI 413: Local communities 2016</b>					
413-1	Operations with local community engagement, impact assessments, and development programmes			Percentage calculated based on all key commodities. The assessments are performed by organisations such as Earthworm Foundation.	148
<b>GRI 414: Supplier Social Assessment 2016</b>					
414-1	New suppliers that were screened using social criteria			Percentage of all direct key suppliers that signed our Supplier Code of Conduct.	147-148



PART V

# ANNEX

# 2022 PLASTIC PROGRESS REPORT – GLOBAL COMMITMENT (ELLEN MACARTHUR FOUNDATION)

**With regard to the climate crisis and the depletion of natural resources, we want to address concerns, adapt to new directives and respond to our consumers’ demand for less – and more sustainable – packaging. We aim to transition to more sustainable packaging methods, without losing sight of the necessary preservative and protective functions of packaging materials.**

## Researching new innovations

Vandemoortele’s R&D department works closely with packaging suppliers to develop packaging material innovations. **Due to a continuously evolving landscape concerning packaging legislation, efforts are focused on recyclability and reusability.** The former is already well integrated in our Vandemoortele Packaging Strategy, while we are thoroughly evaluating both short- and long-term opportunities for the implementation of reusable packaging concepts.

## Achievements in 2022 & outlook for 2023

We set various targets concerning packaging, all formalised by our **signing of the New Plastics Economy Global Commitment**, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme. This initiative strives for the responsible use of plastics by exploring the opportunities across stakeholders and sectors of how circular economy principles are being put into practice today.

## We aim to reduce the consumption of PP, PE and polyethylene terephthalate (PET)

For our internal production, we achieved **a consumption reduction of >10% for PE and just below 10% for PP.**

## PET consumption was reduced by approximately 5%.

This is partially due to evolving sales volumes, but also notably due to our efforts in lightweighting film materials across all plants. These efforts will continue: we are working on a lightweighting redesign of our 450 ml vinaigrette bottle, leading to a weight reduction of 10%, eliminating about 6 tonnes of PET per year. We are also investigating the use of reusable foldable bulk containers instead of our current disposable IBCs (Intermediate Bulk Containers). This would lead to a PE consumption reduction of up to 57 tonnes per year.

6

**tonnes of PET per year can be eliminated thanks to our lightweighting redesign of our 450 ml vinaigrette bottle**





**We aim to increase the amount of recycled content in our PET materials**

Our aim for 2025 is to use a **minimum of 25% of recycled PET (r-PET) in our packaging materials.**

Currently (as of the start of 2023) our PET portfolio consists of 21.5% recycled material, as a result of us having adapted our 2-litre and 250 ml vinaigrette bottles to incorporate r-PET. During 2023, we will roll out the use of r-PET to an even greater extent, including it in an even broader range of our portfolio.

**We aim to exclusively use 100% recyclable, reusable and compostable packaging by 2025**

‘Recyclable’ packaging has been defined by the EU Commission as packaging that is designed along certain ‘design for recycling’ guidelines, and for which country-specific collection, sorting and recycling infrastructure already exists. At the moment, **82% of our packaging materials are already recyclable** according to this definition, and an additional 15% is recycle-ready (meaning that collection, sorting and/or recycling infrastructure is available in some, but not yet all, EU member states).

The initiation of our **PP seal project** can be seen as exemplary of good design-for-recycling practice, providing a full monomaterial packaging concept for margarines. The development of a **donut flowpack packaging** to replace PET blisters (for which recycling infrastructure is limited at present) was supported by

an LCA (Life Cycle Assessment) study, proving the positive sustainability impact of such an effort.

**Compostable packaging** has been scrutinised by new draft legislation: as there are fears that this might encourage littering, compostable packaging will only be permitted for fruits and vegetables, tea bags and coffee pads. For all other instances, recyclable or reusable packaging materials should be prioritised.

**We continue to work on the volumetric reduction of our packaging materials in two ways: by banning all unnecessary packaging and by making our packaging as light as possible**

As highlighted above, we are currently in the testing phase of a lightweighted 450 ml vinaigrette bottle, reducing its weight by 10% (leading to a reduction of 6 tonnes of PET per year). **Further investigation of reusable and foldable bulk containers** to replace rigid IBC containers could lead to a reduction of up to 57 tonnes of single-use PE per year. In addition, these foldable containers are 3.5 times more efficient during transport due to their foldable nature, saving up to 77 truck loads per year.

# STAKEHOLDER CONSULTATION IN 2020

## Process

We have built our sustainability strategy based on a thorough process of **research and stakeholder consultation**. In 2020, we conducted desk research, analysed the United Nations’ Sustainable Development Goals, the European Green Deal and the European Farm to Fork Strategy, and undertook a target benchmarking with customers and competitors.

Together with our Board members, senior managers and experts, we identified relevant topics and assessed them further during thematic workshops. **The first draft of our sustainability strategy was then broadly discussed** internally at the different company levels. Associates were asked to complete a questionnaire.

Once the first draft was approved internally, we asked our **external stakeholders for feedback** through interviews and a survey. A selection of 116 stakeholders, experts, NGOs, customers and suppliers were invited to assess the proposed strategic topics and to give their opinions on our level of ambition, commitments and targets. Our stakeholders were also given an opportunity to communicate their views on potential partnerships or actions to achieve the ambitions that were formulated.

Finally, we asked our **white-collar associates and management members to complete a questionnaire**. 650 associates filled out the survey. Their feedback was in line with that of our Board members, management teams and external stakeholders. The output of the consultations was used to fine-tune our strategy and set up a materiality matrix.

## Selection of external stakeholders

To select our stakeholder groups, we started from a list of active partners and added stakeholders who we believed could give relevant feedback.

This resulted in four categories:

- **Customers:** a diverse spectrum of companies, including retail and food service companies;
- **Experts:** academic researchers, expert panels and research centres that are familiar with ongoing or completed Vandemoortele projects;
- **NGOs:** organisations with which we cooperate, but also organisations that ask relevant questions and challenge us or provide us with relevant feedback;
- **Suppliers** of our key commodities and materials such as palm, fruit, plastics and cardboard.

From this list, we selected 116 stakeholders, assuring an equal representation of all the relevant parties per category. 26 key stakeholders were asked for an interview; the remaining 90 were invited to participate in a digital survey.

## Detailed assessment

We interviewed 14 key stakeholders: two customers, three expert organisations, three NGOs and six suppliers. 34 of the stakeholders who received the digital survey responded. The highest response rate came from our suppliers, followed by NGOs, customers and experts.

**During the consultation, we asked our stakeholders to assess the proposed strategic topics.** Through open-ended questions, we also sought their opinions and expectations in relation to our draft strategy: our level of ambition, our commitments and our targets. We also asked for their views on possible partnerships or actions to achieve the ambitions that had been formulated.

The table below shows the stakeholders’ main concerns and how we responded to them.

**116**  
**stakeholders, experts, NGOs, customers and suppliers were invited to assess the proposed strategic topics of our sustainability strategy**



CONCERNS OF OUR STAKEHOLDERS

HOW WE RESPONDED

Regarding sustainability at Vandemoortele

Integrating sustainability within Vandemoortele’s business, operations and communication.	Our material topics include all aspects of our business.
Making commitments and targets tangible.	To make our commitments more tangible, we formulated new targets on, for example, using natural flavours and only a small number of safe food additives.
Involvement of all actors within the supply chain. Relations with suppliers that are not compliant should be seen as an opportunity to improve their performance.	With regard to suppliers not meeting our sustainability standards, we engage in an action plan to push them to become more sustainable.

Regarding our impacts

Focus on the topics where Vandemoortele has impact. Some topics should be more explicitly presented in the strategy.	<p>We added several topics upon which we believe Vandemoortele can have an impact:</p> <ul style="list-style-type: none"> <li>• <b>Economic aspects.</b> We commit to incorporating our Sustainability Strategy in all facets of our business. Economic aspects are interwoven within our materiality topics, commitments and targets.</li> <li>• <b>Human rights and labour conditions.</b> Labour conditions and human rights are a part of our Supplier Code of Conduct.</li> <li>• <b>Supplier engagement.</b> We build strong relationships with the suppliers of our key commodities and make them aware of the value of their own efforts. We focus on dialogue and cooperation instead of monitoring or inspection.</li> <li>• <b>Biodiversity.</b> By sourcing responsibly, we strive for zero deforestation, and thus try to maintain a habitat for as many species as possible.</li> <li>• <b>Animal welfare.</b> We believe that this topic belongs to responsible sourcing. We use 100% barn eggs in our products.</li> <li>• <b>Grievance procedures.</b> This topic was incorporated into our commitment to source palm oil responsibly. We monitor grievance-related activities and operations and work out a policy, procedure and action log to file complaints.</li> </ul>
--	---





CONCERNS OF OUR STAKEHOLDERS

HOW WE RESPONDED

Regarding our objectives and ambitions

Demand for clearer and more transparent targets and commitments to make the level of ambition of the 'Balanced nutrition' cluster more tangible.

We defined various targets to make this goal more concrete. We developed our own Clean Label for products containing, for example, zero artificial colorants, preservatives or chemically modified starch.

Zero food waste seemed a no-brainer to our stakeholders, but they asked us to put clear targets on this: what is the scope of this target, what part of the supply chain do we consider, and what time horizon do we have in mind?

We adjusted our strategy to meet these requirements.

Stakeholders recommended that we readjust our climate targets to the level of ambition of the Science Based Target initiative.

In 2020, we calculated the carbon footprint of the whole company for the first time. This way, we could formulate well thought-out targets to reduce our carbon emissions. We have also committed ourselves to the Science Based Target initiative.

Stakeholders suggested that we develop a smart packaging policy and consider laying out an ambition to reduce the overall amount of packaging materials and to increase the percentage of recycled PET (r-PET).

At Vandemoortele, we focus on sustainability aspects of other types of packaging, such as the Forest Stewardship Council (FSC) label for cardboard and paper, and we have a policy on the use of plastics. The question of whether to formulate a more ambitious strategy for the percentage of r-PET was not taken into account, since we depend on access to recycled materials.

Demand to promote regenerative agriculture.

We are aware of this demand and contribute to it by supporting projects on the ground and providing technical support to local farmers. These initiatives demonstrate the feasibility of balancing commodity production, conservation, and good social and labour practices.

# RESTATEMENT OF INFORMATION

## Balanced nutrition

- **Offering Clean Label products:** in 2022, we launched a new and stricter definition for our Clean Label, which allows only four food additives instead of the previous nine. We recalculated the percentage of our bakery products that are Clean Label which resulted in a lower percentage. Therefore, our target ‘% Clean Label for Bakery Products in 2025’ changed from 83% to 80%. The new definition limits the potential number of Clean Label products in the MCOF business line. As a result, we will not establish a new Clean Label target for MCOF.
- **Being a leader in food safety:** we have changed our target ‘% reduction of food safety complaints’ from -40% to -63%, compared to 2016. We have already made so much progress in recent years that, wanting to raise the bar again, we have raised our 2025 target.
- **Being a leader in food safety:** we have changed our target ‘% compliance with GFSI principles of suppliers, traders and logistic partners’ from 100% to 98%. We changed this because 100% is not realistic to achieve by 2025. We cooperate with small and local suppliers with whom it is a lot more difficult to complete actions.
- **Being a leader in food safety:** last report, we made an error in the calculation of ‘% reduction food safety complaints’. In 2021 there was a reduction of 48% instead of 30% (compared to 2016) and in 2022 it was 47% instead of 38%.

## Protecting nature

- **Toward net zero carbon emissions:** using the SBTi criteria, we developed our new ‘science-based’ CO<sub>2</sub> target in line with the Paris Agreement goals. Our target commits us to be net zero by 2050. From 2024, we will reduce our absolute CO<sub>2</sub> emissions gradually by 4.2% per year.
- **Toward net zero carbon emissions:** as of 2023, our transportation companies Panalog and Metro were merged into Vandemoortele Transport Solutions. Therefore, we are also merging our KPI and target.
- **Toward net zero carbon emissions:** we have changed the wording of our KPI: contracted direct PPA green electricity to ‘on site’ green electricity generation (solar, wind) because it is clearer for externals what we are monitoring.

## Enhancing lives

- **AES-related ambitions and targets** were adapted to align and reach the European Norm provided by Willis Towers Watson November 2022. Previous targets were based on the Global Food & Beverage Norms, but these proved to be unrealistic for European-based companies due to cultural differences.
- **Providing a diverse and inclusive workplace:** we changed the KPI % representation of women in senior leadership A+ level to B+ level. Because in our branches, leadership includes mostly B+ level. In this way, we get closer to a representative leadership at the group level.





## EXTRA INFORMATION ON GRI DISCLOSURES

### Energy intensity calculations

The energy intensity ratio is calculated as follows: total energy consumption in MJ per kg produced end product (rejected for quality or other reasons included). All energy sources (i.e. electricity, gas, LPG, propane, steam, compressed air) were taken into account in this calculation. Currently, only the energy consumption on site is included.

### GHG emissions

The total carbon footprint of the company (scope 1, 2 & 3) was calculated by CO2Logic for the reference year 2019. The annual scope 1 & 2 emissions are calculated by our own Excel reporting tool and are based on the EU databases: Eurostat SHARES (Short Assessment of Renewable Energy Sources) for the % of renewable energy and the European Environment Agency (EEA) for the CO<sub>2</sub> intensity of power generation per country. Since 2020, we also focus on the greenhouse gas emissions of transport (% of scope 3). Only the greenhouse gas CO<sub>2</sub> is used in these calculations.

### Hazard identification and risk assessment

Based on interviews, technical workplace inspections and observations, we regularly carry out Task Risk Assessments (TRAs). These TRAs form the basis for technical or ergonomic optimisation and procedural improvements.

The optimisations or improvements are carried out in the design phase or during the service life of our installations in the case of minor modifications. Our daily workplace inspections (5S + S programme) ensure that our equipment and machines are maintained at the desired safety level. We use a hazard and risk reporting system to take immediate corrective action or prevent work from being carried out.

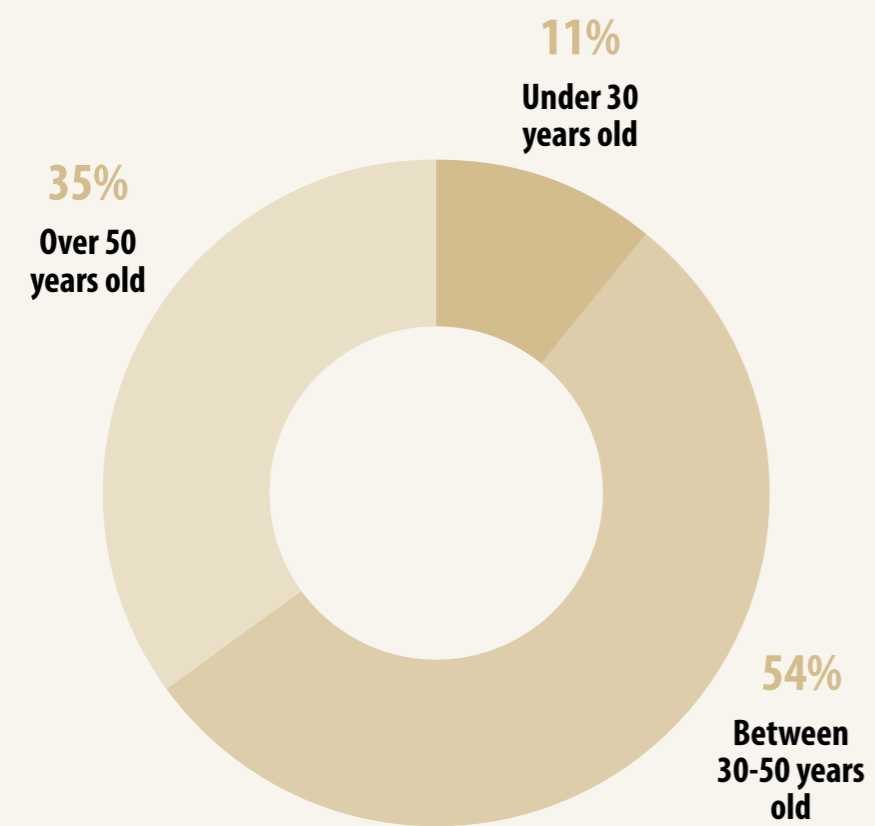
### Occupational health service

All associates have access to periodic medical check-ups related to their job and occupational risks in the workplace. These are carried out by doctors and medical staff of the contracted occupational health services, who work in full compliance with privacy rules and regulations. In addition to the medical check-ups, these health services offer a variety of experts in occupational health, whom we consult on various projects or measurement campaigns.

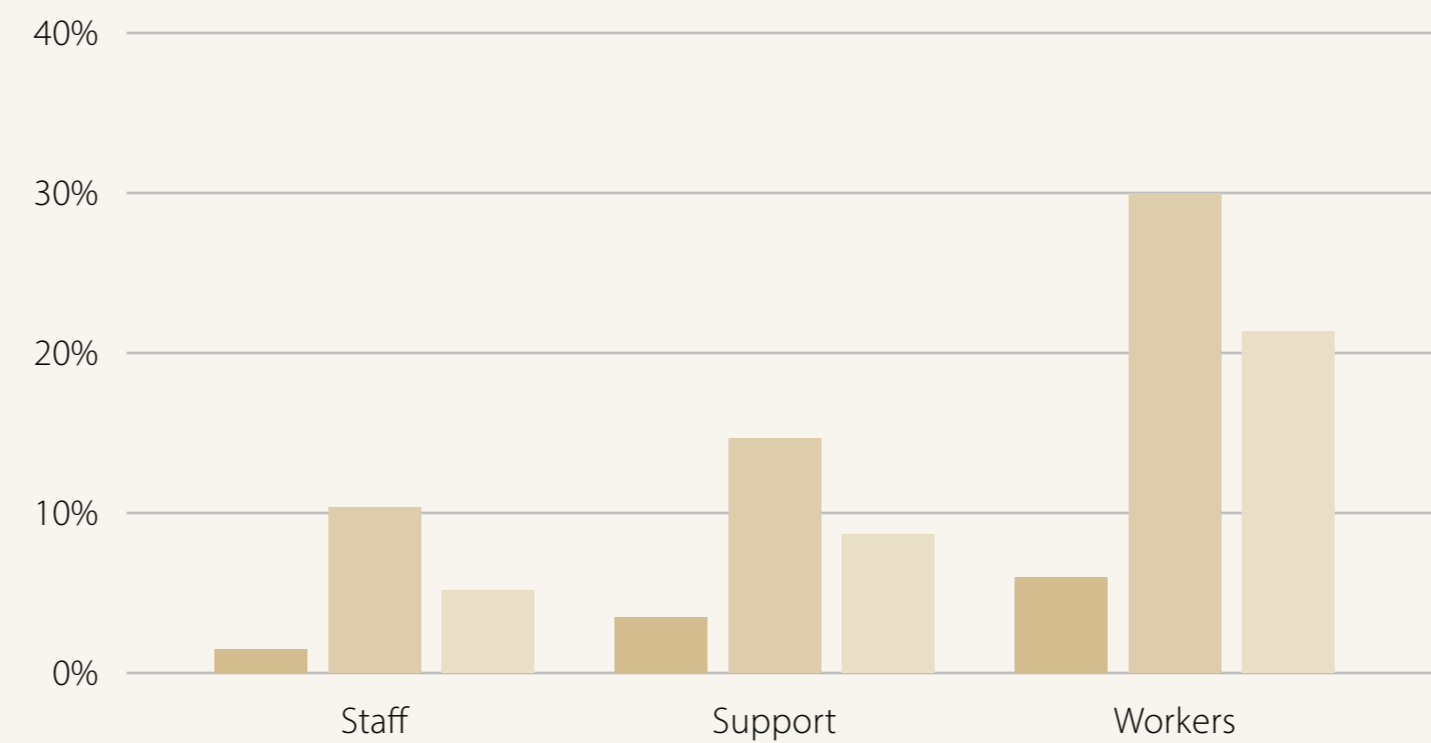
## Diversity indicators

Regarding diversity at Vandemoortele, we monitor multiple parameters, such as age and gender (for the different associate categories).

### Percentage of associates of the different age groups



### Percentage of the associates per category in each of the age groups





## Full EU Taxonomy reporting

Economic activities (1)	Code(s) (2)	Absolute value (3)	Proportion (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Enabling activity (20)	Transitional activity (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		In thousands EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
<b>TURNOVER</b>																				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)		€0	0%																	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0	0%	0%	0%															
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)			0%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€0	0%																	
<b>Total (A.1 + A.2)</b>		<b>€0</b>	<b>0%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Turnover of Taxonomy-non-eligible activities (B)		€1,738,893	100%																	
<b>Total (A + B)</b>		<b>€1,738,893</b>	<b>100%</b>																	

(#) Refers to the reference as included in the mandatory reporting table for non-financial undertakings as required in accordance with the reporting delegated regulation.



Economic activities (1)	Code(s) (2)	Absolute value (3)	Proportion (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Enabling activity (20)	Transitional activity (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		In thousands EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
<b>CAPEX</b>																				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0	0%	0%	0%															
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€5,172	9.6%																	
<b>Total (A.1 + A.2)</b>		<b>€5,172</b>	<b>9.6%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of Taxonomy-non-eligible activities (B)																				
<b>Total (A + B)</b>		<b>€53,766</b>	<b>100%</b>																	

(#) Refers to the reference as included in the mandatory reporting table for non-financial undertakings as required in accordance with the reporting delegated regulation.



Economic activities (1)	Code(s) (2)	Absolute value (3)	Proportion (4)	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Enabling activity (20)	Transitional activity (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
		In thousands EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
<b>OPEX</b>																				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0	0%	0%	0%															
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€0	0%																	
<b>Total (A.1 + A.2)</b>		<b>€0</b>	<b>0%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
OpEx of Taxonomy-non-eligible activities (B)		€15,383	100%																	
<b>Total (A + B)</b>		<b>€15,383</b>	<b>100%</b>																	

(#) Refers to the reference as included in the mandatory reporting table for non-financial undertakings as required in accordance with the reporting delegated regulation.

## Disclosures in relation to specific energy sectors

### DISCLOSURE 1 - NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

#### Nuclear energy related activities

#### Answer

- |  |    |
|--|----|
| 1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.   | No |
| 2. Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27<br>The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | No |
| 3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.   | No |

#### Fossil gas related activities

- |   |    |
|---|----|
| 4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.         | No |
| 5. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | No |
| 6. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.  | No |

### DISCLOSURE 2: TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

#### Economic activities

#### Amount and proportion (the information is to be presented in monetary amounts and as percentages)

CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Amount	%	Amount	%	Amount	%

1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
6. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
7. Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	€0	0%	€0	0%	€0	0%
<b>8. Total applicable KPI</b>	<b>€0</b>	<b>100%</b>	<b>€0</b>	<b>100%</b>	<b>€0</b>	<b>100%</b>





## DISCLOSURE 3: TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
1. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
2. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
3. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
4. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
5. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
6. Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
7. Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	€0	0%	€0	0%	€0	0%
<b>8. Total applicable KPI</b>	<b>€0</b>	<b>100%</b>	<b>€0</b>	<b>100%</b>	<b>€0</b>	<b>100%</b>



## DISCLOSURE 4: TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Economic activities	KPI	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount in thousands EUR	%	Amount in thousands EUR	%	Amount in thousands EUR	%
1. Amount and proportion of of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
2. Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
3. Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
4. Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
5. Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
6. Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%	€0	0%	€0	0%
7. Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activity not referred to in rows 1 to 6 above in the denominator of the applicable KPI	Turnover	€0	0%	€0	0%	€0	0%
	CapEx	€5,172	9.6%	€5,172	100%	€0	0%
	OpEx	€0	0%	€0	0%	€0	0%
<b>8. Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>Turnover</b>	<b>€0</b>	<b>0%</b>	<b>€0</b>	<b>0%</b>	<b>€0</b>	<b>0%</b>
	<b>CapEx</b>	<b>€5,172</b>	<b>9.6%</b>	<b>€5,172</b>	<b>9.6%</b>	<b>€0</b>	<b>0%</b>
	<b>OpEx</b>	<b>€0</b>	<b>0%</b>	<b>€0</b>	<b>0%</b>	<b>€0</b>	<b>0%</b>

**DISCLOSURE 5: TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES**

Economic activities	KPI	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		CCM + CCA	
		Amount in thousands EUR	%
1. Amount and proportion of economic activity referred to in row 1 of Disclosure 1 in relation to specific energy sectors that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
2. Amount and proportion of economic activity referred to in row 2 of Disclosure 1 in relation to specific energy sectors that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
3. Amount and proportion of economic activity referred to in row 3 of Disclosure 1 in relation to specific energy sectors that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
4. Amount and proportion of economic activity referred to in row 4 of Disclosure 1 in relation to specific energy sectors that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
5. Amount and proportion of economic activity referred to in row 5 of Disclosure 1 in relation to specific energy sectors that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
6. Amount and proportion of economic activity referred to in row 5 of Disclosure 1 in relation to specific energy sectors that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		€0	0%
7. Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	Turnover CapEx OpEx	€1,738,893 €48,584 €15,383	100% 90.4% 100%
<b>8. Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI</b>	<b>Turnover CapEx OpEx</b>	<b>€1,738,893 €48,584 €15,383</b>	<b>100% 90.4% 100%</b>



**Contact**

**Vandemoortele Europe NV**

Ottergemsesteenweg-Zuid 816

9000 Ghent, Belgium

[www.vandemoortele.com](http://www.vandemoortele.com)

 **Vandemoortele**