

ABOUT FORFARMERS' 2019 SUSTAINABILITY REPORTING

ForFarmers aims to provide a balanced, reliable and clear view of its sustainability approach and performance. This document provides specific information on the management and reporting methods used to arrive at the sustainability data, results and topics included in the sustainability reporting.

Sustainability reporting content and scope

The content disclosed in the sustainability reporting is based on the material topics identified by ForFarmers and its stakeholders following its materiality assessment. It is also shown in which part of the value chain the material topic has an impact. These material topics and related boundaries define the sustainability reporting content.

Materiality determination process – updated in 2019

In 2019 ForFarmers held a comprehensive stakeholder survey to gain and measure feedback from its external and internal stakeholders on ForFarmers' most material economic, social and environmental impacts. Almost 400 internal and external stakeholders participated. By means of a quantitative questionnaire and qualitative, in-depth interviews and round-table meetings they were asked to rank sustainability topics in order of importance. ForFarmers took a more focused approach this time around by significantly reducing the number of potentially relevant topics from 47 to 23. In the survey the question was asked whether topics were missing, in order to ensure completeness. Customers and members of Cooperative FromFarmers, suppliers, processing companies, retailers, NGOs and other external stakeholders (e.g. sector organizations) all made an important contribution to this survey. Employees of all countries and all departments also participated in the study. The outcomes of the stakeholder dialogue were used to update the y-axis of ForFarmers materiality matrix. The x-axis of the matrix was updated using the expertise of

ForFarmers Sustainability Task Force. The new materiality matrix was subsequently validated by the Executive Committee.

The sustainability information in the annual report includes the sustainability performance of all operating segments, business units and group departments of ForFarmers. The reporting includes all entities in which ForFarmers, directly or indirectly, exercises management control. For some of the sustainability KPIs, the scope is more narrowly defined, as is shown in the table below.

ForFarmers excludes companies or businesses acquired during the current and prior reporting period from the reporting scope. The reason behind this is that newly acquired companies or businesses first need to be integrated into the ForFarmers organisation and become familiar with the ForFarmers way of working, before the reliability of the reported figures can be ensured. Tasomix (Poland) will be integrated in the sustainability reporting cycle in 2020.

Sustainability reporting criteria

The sustainability reporting has been prepared in accordance with the GRI Standards and is presented in accordance with the 'core' option. Details regarding compliance with GRI (GRI content index) can be found in a separate section on the [website](#).

For each sustainability KPI ForFarmers has defined specific reporting criteria, see table below.

Sustainability KPI	Definition used	Specifics on scope
Phosphate efficiency	The calculated value for phosphate efficiency indicates the amount of phosphate which is taken up via feed deposited in animals and animal products. In other words, the phosphate efficiency value informs about the phosphate utilisation on the farm. ¹	The scope of the phosphate efficiency calculations is restricted to dairy cows, swine and poultry in the Netherlands. ²
GHG emissions	Greenhouse gas (GHG) emissions are emissions related to gas that contributes to the greenhouse effect by absorbing infrared radiation. The GHG emissions are categorized by scope: <ul style="list-style-type: none"> • Direct (scope 1) GHG emissions: GHG emissions from sources that are owned or controlled by ForFarmers (production and logistics). For the diesel emissions, the tank-to-wheels cycle is applied; • Energy indirect (scope 2) GHG emissions: GHG emissions that result from the generation of purchased or acquired electricity consumed by ForFarmers. The market-based method for reporting on scope 2 GHG emissions is applied as of 2019. 	ForFarmers only reports on scope 1 and scope 2 GHG emissions from by ForFarmers controlled compound feed plants. The emissions from the blend plants in the United Kingdom and the pet food factory in Calveslage (Germany) are therefore excluded from the scope.
Responsible sourced soy bean meal and palm oil purchases	<ul style="list-style-type: none"> • ForFarmers considers soy meal sustainable when certificates are bought from soy programmes that have successfully passed the benchmarking process against the baseline criteria established in the FEFAC Soy Sourcing Guidelines and displayed on FEFAC's customised page on ITC Standards Map.³ • ForFarmers considers palm oil & palm oil derivatives sustainable when RSPO (Roundtable on Sustainable Palm Oil) certificates are bought for the equivalent tonnage of palm oil included in the raw materials used by ForFarmers. 	Organic soy meal used (e.g. Reudink, ForFarmers UK organic) or sold (e.g. as straights) is excluded from the scope of the sustainable soy meal target as certificate schemes are only applicable to conventional soy and it is therefore not logical to buy conventional certificates against organic soy used/sold.
Lost time incidents	Any unplanned event that results in personal injury, where the injured party is unable to work during their next scheduled day. This also includes employees, contractors and visitors who have an accident on our (customer's) premises, at a company organised event or during driving on our (contractor's) lorries. Excluded are driving to and from normal or contracted place of work.	No specifics.
Feed safety incidents	An incident is considered a feed safety incident when human health and/or animal health is at risk. Total number of feed safety incidents regarding non-compliance with regulations and voluntary codes concerning the health and safety impact of products and services, resulting in a fine or penalty; resulting in a warning or via external audits (minor incidents excluded).	No specifics.

¹ The results are always one year behind due to the availability of the data.

² Considering that (reliable) data which is required for the calculation of phosphate efficiency is only available for Dutch farmers, the scope is restricted to The Netherlands only.

³ ForFarmers also uses other soy bean derivatives (e.g. soy oil) in production but is not buying additional certificates for those as they are covered via the certificates already bought for soy meal.

With respect to the KPI reporting, there are two changes compared to 2018:

1. Phosphate efficiency for poultry has been added to our disclosures.
2. GHG emissions are now calculated using the market-based approach, based on the GHG protocol. 2018 figures used the location-based approach, in other words the energy mix of the specific country. Now the GHG emissions are calculated using the real energy mix provided by our energy providers (market-based), therefore showing a more realistic figure. The comparative data of 2018 have been included in the footnote for presentation purposes.

As the sustainability data is derived from various sources across the value chain and differs in maturity, ForFarmers continues to work on improving the sustainability data collection processes and control environment. In this respect, the Executive Committee asked ForFarmers' external auditor (KPMG) to provide limited assurance on the sustainability KPIs in the 2019 annual report. KPMG's assurance report, including details of the work they carried out, can be found [here](#).

Furthermore, ForFarmers has several environmental certifications: in Germany ForFarmers is ISO 50001 certified and in the UK there are ISO 50001 and 14001 certifications. ISO 50001 supports ForFarmers to use energy more efficiently through the development of an

energy management system and ISO 14001 helps ForFarmers to enhance the environmental performance through the development of an environmental management system.

Background KPI phosphate efficiency

The phosphate efficiency indicators in dairy, swine and poultry production systems for the Netherlands are designed by ForFarmers. The calculated value for phosphate efficiency indicates the amount of phosphate which is taken up via feed deposited in animals and animal products. In other words, the phosphate efficiency value informs about the phosphate utilisation on the farm.

Calculation method for dairy production systems:

Dividing the net phosphate value in the product by the phosphate in the feed: $P \text{ efficiency (\%)} = (P \text{ in milk} \times \text{milk production}) / (\text{feed intake} \times P \text{ in diet}) \times 100\%$

- The calculation of the phosphate level in milk (referred to as P in milk in the mentioned formula) is based on an academic study of Klop et al (2014), researcher at the Wageningen University. For the calculation of this KPI the original formula has been altered and the lactose levels are replaced by the fat levels, as this data is available (i.e. this is always measured at the milk intake at the farm by the dairy company). The change in the formula has been agreed with Ms. Klop and validated by Schothorst (external research organisation).
- The phosphate levels in the diet are determined based on the dry matter intake in the diet advised by the account manager of ForFarmers. The inherent uncertainty is that the actual feed intake may deviate from the advised diet.

Calculation method for swine production systems:

Dividing the net phosphate value in the product by the phosphate in the feed: $P \text{ efficiency (\%)} = (P \text{ in animals} \times \text{number of animals}) / (\text{feed intake} \times P \text{ in diet}) \times 100\%$

- The phosphorus percentages in the animals are based on the weight of the animals conform the MINAS tables of 2004.
- The phosphate levels in the diet are determined by the laboratory of ForFarmers as part of the legal MINAS requirements.

Calculation method for poultry production systems:

Broilers

Dividing the net phosphate value in the product by the phosphate in the feed: $P \text{ efficiency (\%)} = (P \text{ in meat production (delivered to slaughterhouse) and dead animals}) / ((\text{feed intake} \times P \text{ in diet}) + P \text{ in day old chickens}) \times 100\%$

- The phosphorus conversion factors are based on the weight of the animals (meat production), the number of dead animals and day old chickens conform the most recent RVO Dutch Standard Guidelines.
- The phosphate levels in the diet are determined by the laboratory of ForFarmers as part of the legal MINAS requirements.

Layers

Dividing the net phosphate value in the product by the phosphate in the feed: $P \text{ efficiency (\%)} = (P \text{ in egg production} + P \text{ in hens out}) / ((\text{feed input} \times P \text{ in diet}) + P \text{ in hens at beginning of flock}) \times 100\%$

- The phosphorus conversion factors are based on the weight of the eggs and the number of hens conform the most recent RVO Dutch Standard Guidelines.
- The phosphate levels in the diet are determined by the laboratory of ForFarmers as part of the legal MINAS requirements.

The input data is derived from a number of ForFarmers customers in The Netherlands for which complete data sets could be derived, approximately 2,300 customers for dairy and approximately 400 customers for swine and around 40 flocks for layers and around 650 flocks for broilers.

Governance related to Sustainability

ForFarmers has a two-tier governance approach to sustainability in the form of the Sustainability Advisory Board and the Sustainability Task Force. In 2019 both committees had a similar composition and way of working as last year to ensure consistency and relevant expertise.

The Sustainability Advisory Board meets twice a year and is chaired by the CEO of ForFarmers. The role of the Sustainability Advisory Board is to provide advice on ForFarmers' sustainability strategy and on major trends and challenges that should be taken into account. The Sustainability Advisory Board is composed of three members of ForFarmers' Executive Committee, one member of ForFarmers' Supervisory Board and six external members who are all major players in ForFarmers' supply chain, academia and NGOs.

	Sustainability advisory board	Sustainability task force																	
Purpose	<ul style="list-style-type: none"> - Provide oversight of ForFarmers sustainability performance - Provide input from key external stakeholders 	<ul style="list-style-type: none"> - Working group which reviews progress against implementation plan - Identifies gaps in current performance and agree corrective actions 																	
Composition	<p>Chairman Yoram Knoop, CEO</p> <hr/>  <p>Director Supply Chain Director Strategy & Organisation Director Corporate Affairs Sustainability Officer</p>	<p>Chairman Nick Major, Corporate Affairs Director</p> <hr/> <table border="0"> <tr> <td>Director Strategy & Organisation Stijn Steendijk</td> <td>Director Investor Relations & Corporate Communications Caroline Vogelzang</td> <td>Director Supply Chain Arthur van Och</td> </tr> <tr> <td>Director Accounting, Treasury & Tax Bas Deelder</td> <td>Sustainability Officer Anouk Wentink</td> <td></td> </tr> </table>	Director Strategy & Organisation Stijn Steendijk	Director Investor Relations & Corporate Communications Caroline Vogelzang	Director Supply Chain Arthur van Och	Director Accounting, Treasury & Tax Bas Deelder	Sustainability Officer Anouk Wentink												
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Composed of two members of the Executive Committee and seven senior managers, the Sustainability Task Force is responsible for the implementation of ForFarmers' sustainability approach. Each business owner is responsible for a specific sustainability focus area. The task force coordinates improvement measures with respect to KPIs and provides relevant information to the Executive Committee and the Supervisory Board. Within the Executive Committee, the director Strategy & Organisation is responsible for ForFarmers' sustainability approach. ForFarmers has a sustainability officer to drive the sustainability agenda and to further improve the sustainability performance.

sustainability performance on the respective pillar and determining future actions and initiatives. The collected data is reviewed by the business owner. On a quarterly basis[1] the sustainability data is consolidated by the sustainability officer and reviewed by Finance and Internal Audit. Several internal controls, including sanity checks and qualitative analysis, are performed to ensure the accuracy and completeness of the data used to calculate the KPI performance. The sustainability performance is then discussed within the Sustainability Task Force as well as the country management teams to discuss the current status and next steps. Subsequently it is submitted to the Executive Committee and the Supervisory Board for evaluation.

Sustainability management approach

Sustainability data is integrated in ForFarmers' internal reporting processes. Each sustainability focus area has assigned a business owner for coordinating the

Stakeholder dialogue

ForFarmers recognises the importance of understanding the views of its stakeholders. They challenge us, they share their expectations and concerns, they raise issues,

they provide feedback and they collaborate with us. ForFarmers identified two stakeholder groups: level 1 stakeholders have been defined as those directly involved in the ForFarmers supply chain (employees, suppliers, customers, processors, retailers). Level 2 includes all other stakeholder groups (shareholders, members, NGOs, regulators, government, media, investors and banks). Engagement with these stakeholders is key for ForFarmers and takes place regularly on a formal and informal basis.

We communicate with the stakeholders through various channels and at a variety of levels. The following table provides an overview about how ForFarmers engages with each stakeholder group, what has been shared and discussed during these engagements with them and, subsequently, ForFarmers' responses to these raised topics. This is in addition to the separately, formally organized stakeholder dialogue to update the materiality matrix.

	Stakeholders	Engagement with stakeholders	Expectations shared and topics discussed	Expectations/topics addressed in ForFarmers' reporting
Level 1	Employees	<ul style="list-style-type: none"> Day-to-day contact Employee intranet continuously Employee magazine half-yearly Regular team meetings Bi-annual employee survey Regular employee councils Management conferences half-yearly 	<ul style="list-style-type: none"> Best-in-class employer Safe working environment Fair remuneration Flexible working arrangements Openness and transparent communications Support for social projects 	<p>Report of the Executive Board, and in particular The value of and for our employees and the following sustainability focus area:</p> <p>4. Ensure safe and good working conditions</p>
	Suppliers	<ul style="list-style-type: none"> Day-to-day contact Code of conduct when relevant Regular audits Technical meetings and visits continuously Contracts and specifications when applicable 	<ul style="list-style-type: none"> Partnership approach Fair pricing Honour all obligations Openness and transparency Traceability Feed safety Responsible sourcing Greenhouse gas emissions 	<p>Report of the Executive Board, and in particular sustainability focus areas:</p> <p>2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 5. Improve feed safety</p>
	Customers	<ul style="list-style-type: none"> Day-to-day contact Website and social media continuously 3-4 magazines per year Monthly digital newsletter Quarterly sounding boards Advertising and promotions when relevant Regular events 	<ul style="list-style-type: none"> Fair pricing On-time, in-full delivery Product quality Technical advice and support Innovation Feed efficiency and feed safety Support for industry initiatives Resource (phosphate/nitrogen) efficiency Animal health and welfare Antimicrobial resistance 	<p>Report of the Executive Board, and in particular the following sustainability focus areas:</p> <p>1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 5. Improve feed safety 6. Improve animal health & welfare</p>
	Processors	<ul style="list-style-type: none"> Day-to-day contact Regular technical meetings and projects 	<ul style="list-style-type: none"> Technical advice and support Innovation Openness and transparency Traceability Feed safety Resource efficiency Animal health and welfare Antimicrobial resistance Responsible sourcing Greenhouse gas emissions 	<p>Report of the Executive Board, and in particular the following sustainability focus areas:</p> <p>1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 5. Improve feed safety 6. Improve animal health & welfare</p>
	Retailers	<ul style="list-style-type: none"> Day-to-day contact Regular technical meetings and projects 	<ul style="list-style-type: none"> Technical advice and support Innovation Openness and transparency Traceability Feed safety Resource efficiency Animal health and welfare Antimicrobial resistance Responsible sourcing Greenhouse gas emissions 	<p>Report of the Executive Board, and in particular the following sustainability focus areas:</p> <p>1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 5. Improve feed safety 6. Improve animal health & welfare</p>

	Stakeholders	Engagement with stakeholders	Expectations shared and topics discussed	Expectations/topics addressed in ForFarmers' reporting
Level 2	Shareholders	<ul style="list-style-type: none"> Annual shareholder meeting Publication and presentation of annual and half-year results Quarterly trading updates Regular roadshows Annual Report 	<ul style="list-style-type: none"> Return on investment Openness and transparency Strong culture and values Dividend performance Clear strategy Sustainability approach Reporting and disclosure 	Report of the Executive Board How we safeguard long-term value creation Financial Statements
	Members	<ul style="list-style-type: none"> Regular meetings and events Newsletter/member magazine 3-4 per year Continuously via website 	<ul style="list-style-type: none"> Strong culture and values Openness and transparency Long-term management focus Resource efficiency Animal health and welfare Antimicrobial resistance 	Report of the Executive Board, and in particular the following sustainability focus areas: <ol style="list-style-type: none"> 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare
	NGOs	<ul style="list-style-type: none"> Participation in conferences when relevant Ad hoc meetings 	<ul style="list-style-type: none"> Sustainable practices Openness and transparency Responsible sourcing of raw materials Animal health and welfare Environmental impact of livestock production 	Report of the Executive Board, and in particular the following sustainability focus areas: <ol style="list-style-type: none"> 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare
	Regulators	<ul style="list-style-type: none"> Membership of national and European trade associations Regular site visits and certification audits 	<ul style="list-style-type: none"> Compliance with regulations and standards Responsible sourcing of raw materials Animal health and welfare Environmental impact of livestock production Cooperation between national competent authorities and company schemes 	Report of the Executive Board, and in particular the following sustainability focus areas: <ol style="list-style-type: none"> 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare How we safeguard long-term value creation
	Government	<ul style="list-style-type: none"> Membership of national and European trade associations Technical groups and committees when applicable 	<ul style="list-style-type: none"> Compliance with regulations and standards Contribution to policy consultations Development and implementation of regulations and standards Development of policy 	Report of the Executive Board, and in particular the following sustainability focus areas: <ol style="list-style-type: none"> 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare How we safeguard long-term value creation Appendix Sustainability Reporting
	Media	<ul style="list-style-type: none"> Interviews when relevant Press releases when relevant 	<ul style="list-style-type: none"> Transparency Sustainability approach Specific projects and initiatives 	Annual Report and ForFarmers website
	Investors and banks	<ul style="list-style-type: none"> Annual Report Regular roadshows Investor conferences and meetings when relevant 	<ul style="list-style-type: none"> Transparent reporting and disclosure Corporate governance Sustainability approach 	Report of the Executive Board How we safeguard long-term value creation Financial Statements Appendix Sustainability Reporting

Through this structural stakeholder engagement with all stakeholder groups, ForFarmers identifies emerging topics that are important for the company to consider in relation to strategic topics.

Memberships

As an important player in the livestock and feed industry, ForFarmers collaborates with industry associations and partnerships to further sustainability progress within the industry. ForFarmers' memberships include, among others, European Feed Manufacturers Federation (FEFAC) of which a ForFarmers employee is currently President and national feed associations (Nevedi in the Netherlands, Deutscher Verband Tiernahrung (DVT) in Germany, the

Belgian Feed Association (BFA) and the Agricultural Industries Confederation (AIC) in the UK). Tasomix is currently not a member of the Polish Feed Association. Through these memberships ForFarmers helps to represent, promote and defend the the interests of the European compound feed industry with the National and European Institutions and international bodies A comprehensive list of all our memberships can be found on the [website](#).

This Appendix about ForFarmers' sustainability reporting forms part of the ForFarmers annual report 2019.

[1] Excluding P- efficiency as this is reported annually, and one year behind, due to the availability of data.