

For the Future of Farming

ForFarmers' 2021
Sustainability
Reporting



for
farmers
the **total** feed business

About ForFarmers' 2021 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 externally assured sustainability data, results and topics included in the sustainability reporting.

ForFarmers references to ESG reporting is guided by [the World Economic Forum report: Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation \(September 2020\)](#).

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

Every two years we conduct an extensive survey among stakeholders, which we then record in a materiality matrix. In 2021 we asked just over 300 internal and external stakeholders what they considered important when it comes to our activities and role in society.

This time the process involved an online questionnaire containing a number of quantitative and qualitative questions structured around Environmental, Social and

Governance (ESG) themes. These were focused on the following topics:

- What do our stakeholders think are the most important ESG themes in society right now
- How do our stakeholders feel about certain sustainability dilemmas and trade offs
- How do our stakeholders feel about the adoption of new technologies such as gene editing
- What do our stakeholders think will be the impact of forthcoming policy and legislation such as the European Green Deal and Farm to Fork strategy

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 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. As a result of this policy, De Hoop Mengvoeders (De Hoop), is not included in the scope for 2021 reporting.

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 the sustainability section on the corporate website.

For each externally assured sustainability KPI, ForFarmers has defined specific reporting criteria, see table below:

Sustainability KPI	Definition used	Specifics on scope	External Assurance
100 % responsibly sourced palm oil and soy bean meal by 2025	<p>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.</p> <p>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.</p>	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.	Yes
85% Suppliers signed Sedex Code of Conduct	The number of suppliers who are members of Sedex expressed as a % of spend over the reporting period. Includes suppliers of raw materials, DML products and indirect procurement.	No specific exclusions.	No
Take leadership position on reduction CO₂ emissions of feed materials (scope 3 upstream)	ForFarmers uses FeedPrint to calculate the CO ₂ emissions of the major feed materials. Our formulation team now also uses this information to calculate the upstream emissions (scope 3) based on materials being delivered to the feed mill. Where materials are used by ForFarmers which are not yet in FeedPrint (usually micro-ingredients), alternative sources of information for example from Nevedi are used until 100% of the formula is included.	No specific exclusions.	No
Take leadership position on % non human edible feed materials in diets	ForFarmers uses the FAO definition and categorisation of human edible and non-edible feed materials. All feed and DML materials are categorised and converted to an 88% dry matter basis. The volume of materials categorised as by-products, grass and leaves, oil seed cakes and other non-edible are divided by the total to produce a % non-human edible feed materials over the reporting period.	Poland is currently excluded due to the current IT system configuration.	No
Largest mill carbon neutral as proof of concept	Scope 1 and 2 greenhouse gas emissions associated with production at the Lochem 12 plant are reported for the reporting period. The energy generated from the biomass boiler and solar panels is converted into CO ₂ and included in the total.	Transport and offices are not included in the calculation.	No
50% renewable energy	Current reporting includes the primary energy used from the biomass boiler at Lochem, solar panels at Lochem and a number of locations in the UK, the biodiesel content of the diesel used in logistics and the % renewable energy included in the electricity supply in each country. The energy from these sources (converted into kWh) is expressed as a percentage of the total primary energy usage (kWh).	The emissions from the blend plants in the United Kingdom and the pet food factory in Calveslage (Germany) are currently excluded from the scope.	No
10% energy/fuel reduction per tonne compared to 2020	Primary energy usage per fuel type is recorded (either in kWh or litres) for the reporting period. Primary energy usage is divided either by production volume or logistics volume (in the case of diesel).	The emissions from the blend plants in the United Kingdom and the pet food factory in Calveslage (Germany) are currently excluded from the scope.	No
GHG emissions	<p>Greenhouse gas (GHG) emissions are emissions related to gas that contributes to the greenhouse effect by absorbing infrared radiation. The GHG emissions are categorised by scope:</p> <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. • In the full tables, the total GHG/tonne shown is calculated using the volume produced using each energy type (not total volume). 	ForFarmers only reports on scope 1 and scope 2 GHG emissions from 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.	Ja

Sustainability KPI	Definition used	Specifics on scope	External Assurance
Take leadership position in phosphate and nitrogen efficiency	The calculated value for phosphate and nitrogen efficiency indicates the amount of phosphate and nitrogen which is taken up via feed deposited in animals and animal products. In other words, the phosphate and nitrogen efficiency value informs about the phosphate and nitrogen utilisation on the farm.	The scope of both phosphate and nitrogen efficiency calculations is restricted to dairy cows, swine and poultry in the Netherlands. The results are always one year behind due to the availability of the data. 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.	Phosphate only
Lost Time Incident Frequency Rate @0.5 per 100 FTE and a 50% reduction in number of LTIs compared to 2019	<p>A Lost Time Incident is defined as 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.</p> <p>The LTI Frequency Rate per quarter is calculated by the following formula: (200.000 hours x LTIs per quarter) / total hours worked (= contract hours + overtime hours) per quarter. This is in line with the formula used in GRI, the international standards for sustainability reporting.</p>	No specific exclusions.	Yes
Reduction of 50% of Feed Safety Incidents compared to 2017	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 specific exclusions.	Yes

With respect to the KPI reporting, there are no changes in the scope of external assurance compared to 2020.

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 Team asked ForFarmers' external auditor (KPMG) to provide limited assurance on a number of the sustainability KPIs in the 2021 annual report as indicated above. KPMG's assurance report, including details of the work they carried out, can be found in the Annual Report 2021.

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.

ForFarmers uses publicly available conversion factors to convert energy use (kWh or litre) to CO₂. The factors used in 2021 are shown below.

Coefficients to GHG (in kg of CO₂)

Production	Country	From	To	2021
Gas	Netherlands	kWh	Kg of CO ₂	0.182
Gas	Germany	KWh	Kg of CO ₂	0.182
Gas	Belgium	KWh	Kg of CO ₂	0.182
Mazout (gas replacer)	Belgium	KWh	Kg of CO ₂	0.278
Gas	Poland	KWh	Kg of CO ₂	0.182
Gas	UK	KWh	Kg of CO ₂	0.185
Electricity	Netherlands	KWh	Kg of CO ₂	0.392
Electricity	Germany	KWh	Kg of CO ₂	0.280
Electricity	Belgium	KWh	Kg of CO ₂	0.205
Electricity	Poland	KWh	Kg of CO ₂	0.697
Electricity	UK	AIC	Kg of CO ₂	0.377
Gas oil	UK	KWh	Kg of CO ₂	0.278
Kerosene	UK	KWh	Kg of CO ₂	0.247
Medium oil	UK	KWh	Kg of CO ₂	0.268
Gas Oil	Poland	KWh	Kg of CO ₂	0.278
Coal	Poland	KWh	Kg of CO ₂	0.306
Diesel	All countries	l	Kg of CO ₂	2.4740

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 2021 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 two 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.

Composed of one member of the Executive Team and eight 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 Board and Team. Within the Executive Team, the director Supply Chain is responsible for ForFarmers' sustainability approach. ForFarmers' Corporate Affairs Director is Chairman of the Task force and is responsible for driving the sustainability agenda and to continually improve performance.

Sustainability management approach

Sustainability data is integrated in ForFarmers' internal reporting processes. Each sustainability focus area has assigned a business owner for coordinating the sustainability performance on the respective pillar and determining future actions and initiatives. The collected data is reviewed by the business owner. On a quarterly basis¹ the sustainability data is consolidated by the Corporate Affairs Director 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 Board and Team for evaluation.

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

	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	 Chairman Yoram Knoop, CEO	 Chairman Nick Major, Corporate Affairs Director																							
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* Barney Kay will step down. The process for a successor has started.

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 A stakeholders have been defined as those directly involved in the ForFarmers supply chain (employees, suppliers, customers, processors and retailers). Level B 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 Level A	Engagement with stakeholders	Expectations shared and topics discussed	Expectations/topics addressed in ForFarmers' reporting
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>Our innovation and sustainability agenda: Going Circular For the Future of Farming and in particular the following sustainability focus areas:</p> <p>4. People and Society</p> <p>Developing Talent For The Future of Farming</p>
Suppliers	<ul style="list-style-type: none"> Day-to-day contact Code of conduct when relevant Regular audits 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 Green house gas emissions 	<p>Our innovation and sustainability agenda: Going Circular For the Future of Farming and in particular the following sustainability focus areas:</p> <p>1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society</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>Our innovation and sustainability agenda: Going Circular For the Future of Farming and in particular the following sustainability focus areas:</p> <p>1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society</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 Green house gas emissions 	<p>Our innovation and sustainability agenda: Going Circular For the Future of Farming and in particular the following sustainability focus areas:</p> <p>1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society</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 Green house gas emissions 	<p>Our innovation and sustainability agenda: Going Circular For the Future of Farming and in particular the following sustainability focus areas:</p> <p>1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society</p>

Stakeholders Level B	Engagement with stakeholders	Expectations shared and topics discussed	Expectations/topics addressed in ForFarmers' reporting
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 	Our innovation and sustainability agenda: Going Circular For the Future of Farming Developing Talent For The Future of Farming Governance and Compliance Financial Statements Appendix: Sustainability Reporting
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 	Our innovation and sustainability agenda, Going Circular For the Future of Farming and in particular the following sustainability focus areas: 1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society Developing Talent For the Future of Farming
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 	Our innovation and sustainability agenda, Going Circular For the Future of Farming and in particular the following sustainability focus areas: 1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society Developing Talent For the Future of Farming
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 	Our innovation and sustainability agenda, Going Circular For the Future of Farming and in particular the following sustainability focus areas: 1. Feed Resources 2. Feed Production 3. Feed Solutions 4. People and Society Developing Talent For the Future of Farming
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 	Our innovation and sustainability agenda, Going Circular For the Future of Farming Developing Talent For the Future of Farming 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 	Our innovation and sustainability agenda: Going Circular For the Future of Farming Developing Talent For the Future of Farming 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 the immediate past 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 not a member of the Polish Feed Association. Through these memberships ForFarmers helps to represent, promote and defend 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](#).

EU Taxonomy

The EU Taxonomy regulation, which came into force in 2020 is a mandatory classification system to determine which economic activities are considered 'environmentally sustainable'. Accordingly, to classify an activity as 'environmentally sustainable', a distinction between Taxonomy-eligibility and Taxonomy-alignment is required. If an activity meets the description in the Delegated Regulations, it is considered Taxonomy-eligible. Companies need to disclose only the shares of eligible Turnover, capital expenditure (capex) and operating expenditure (opex) for 2021, whilst for 2022 the alignment assessment is required. Activities can be considered 'environmentally sustainable' if certain criteria are met (Taxonomy-alignment).

The EU Taxonomy regulation covers six environmental pillars, of which in 2021 the Delegated Act was adopted for the first two environmental pillars (Climate Change Mitigation and Climate Change Adaptation), to be followed by the other four in 2022 (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).

Our ambitions with regard to sustainability, such as our focus on circularity via the use of non-human-edible moist and liquid feeds, or our continued efforts to reduce energy consumption per tonne of feed are not yet covered under the first two environmental pillars of the EU taxonomy. As a result, the current eligibility of the activities of ForFarmers where it concerns revenues is still relatively low. With respect to capital expenditures and operational

expenditures, these fall partly within the EU taxonomy, namely 7.4% of capex, 7.1% of opex and, as mentioned, 0% of revenues in 2021. ForFarmers avoided double-counting in calculating the Taxonomy-eligible capex and opex across economic activities by tracking capex and opex items by their nature.

Turnover

Total turnover under the EU Taxonomy equals 'Revenue' as included in the Consolidated Financial Statements. The proportion of eligible Turnover is calculated by assessing which portion of total turnover derives from products or services associated with economic activities included in the EU Taxonomy. Under the first 2 pillars of the EU Taxonomy, there is no economic activity that clearly matches the business of ForFarmers.

Capex

Total capex under the EU Taxonomy corresponds to the following Consolidated Financial Statements line items:

- Additions, new lease contracts and acquisitions through business combinations in property, plant and equipment and right of use assets (note 18)
- Additions and acquisitions through business combinations in intangible fixed assets (note 19)
- Purchases of poultry livestock, feed and nurture (note 24)

The proportion of eligible capex is calculated by assessing which portion of total capex of ForFarmers relates to assets or processes associated with economic activities included in the EU Taxonomy. The conclusion is that eligible capex is limited to a small portion of total capex,

and mainly relates to investments in trucks and IFRS16 additions for lease cars, besides investments in energy efficient equipment.

Opex

Total opex under the EU Taxonomy concerns direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. As an accounting policy choice, ForFarmers also included in the total opex variable lease payments and low-value leases.

The proportion of eligible opex is calculated by assessing which portion of total opex relates to assets or processes associated with economic activities included in the EU Taxonomy. The conclusion is that eligible opex is limited to a small portion of total opex, and mainly relates to variable short-term lease payments for lease cars.

This Appendix about ForFarmers' sustainability reporting forms part of the ForFarmers annual report 2021.