



SUSTAINABILITY REPORT

De Graaf Bakeries - 2022



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PREFACE

Proudly

We are proud to publish our first sustainability report!

At De Graaf Bakeries, we have challenging ambitions when it comes to corporate sustainability. With hundreds of thousands of consumers enjoying our baked goods every day; we want to, we can and we must take our responsibility. Together, we take steps towards a better future!

'Same taste, no compromise'

With our ambitions, we focus on five pillars: Climate-conscious, Healthier Lifestyle, Smarter Packaging, Less Waste and a Fair, Short Chain.

We believe in a lifestyle with healthier moments of enjoyment and also see that the market demands this. For instance, our vegan frikandel roll won the consumer award 'Best Product 2022-2023'.

Out-of-Home Shops rated this Better-for-you sandwich as 'Best introduction of 2022'. Our vegan cheese roll and sausage roll also won awards.

With our aim of becoming a climate-neutral company by 2030, we are already halfway to less than **57% less CO₂eq emissions in scope 1 and 2**. We have achieved this through continuous improvements in our production processes, optimisation of our emissions and employee awareness. We are already heating our head office with residual heat from the freezing process of the frozen food warehouse, saving a lot of gas here.

Taking steps together for a better future

By 2022, we have taken great steps to also reduce CO₂ emissions in the supply chain.

reduce. Together with our suppliers, we continue to work proactively to reduce our CO₂ factor per kg of product. Only by working together can we make that impact.

We look forward optimistically to 2023 and beyond with even more focus on healthier, more social and sustainable business together with all our colleagues!

Enjoy reading!

DE GRAAF BAKERIES



Our ambition

We have translated the United Nations' sustainable development goals into themes with concrete objectives so that we can contribute in these areas as a company.

In this, we take our responsibility and focus on five pillars each with specific goals.



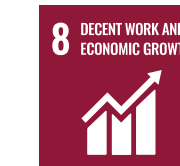
Climate neutral

CO₂ neutral in 2030 (scope 1,2) and 15% reduction scope 3.



Smarter packaging

100% recyclable packaging and as much recycled material as possible.



Fair, short supply chain

Palm oil-free, 'Better Life' meat, barn eggs, purchasing in NL/EU.



Less waste

Product waste < 1%.



Healthier lifestyle

40% less refined sugar, 30% of new products have Nutri-Score B/C and are increasingly plant-based.

ENVIRONMENTAL BAROMETER

What does the Environmental Barometer tell you about us?

Since 2020, we have been completing the Environmental Barometer to measure our environmental impact and CO2 footprint. From 2021, our new production location in Emmen will be added. The total environmental impact of De Graaf Bakeries in 2022 is less than **40% less** than in 2020, despite the addition of the Emmen location.

Per production location, the environmental impact per kg of product has also decreased:

Production location Hoogeveen
The environmental impact here is even 65% less compared to 2020. The investment in the freezing towers to a closed cooling system made the biggest contribution here.

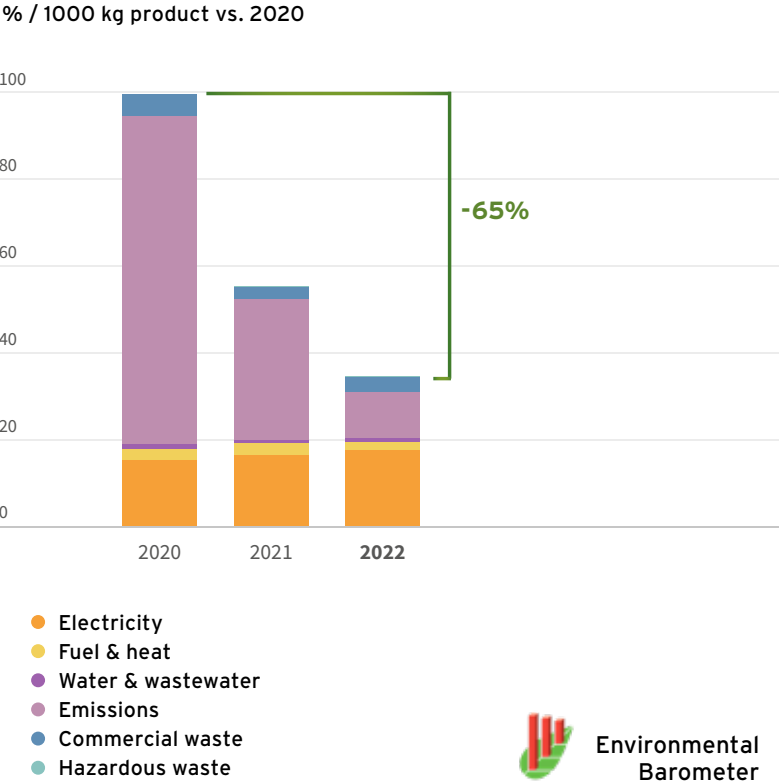
Production location Emmen
We will add these results in 2024.

Production location Spakenburg
The environmental impact at Spakenburg has been reduced by 13% compared to 2020 because of optimal setting and loading of the gas ovens, less waste water, less operational (residual) waste and reduction of electricity.

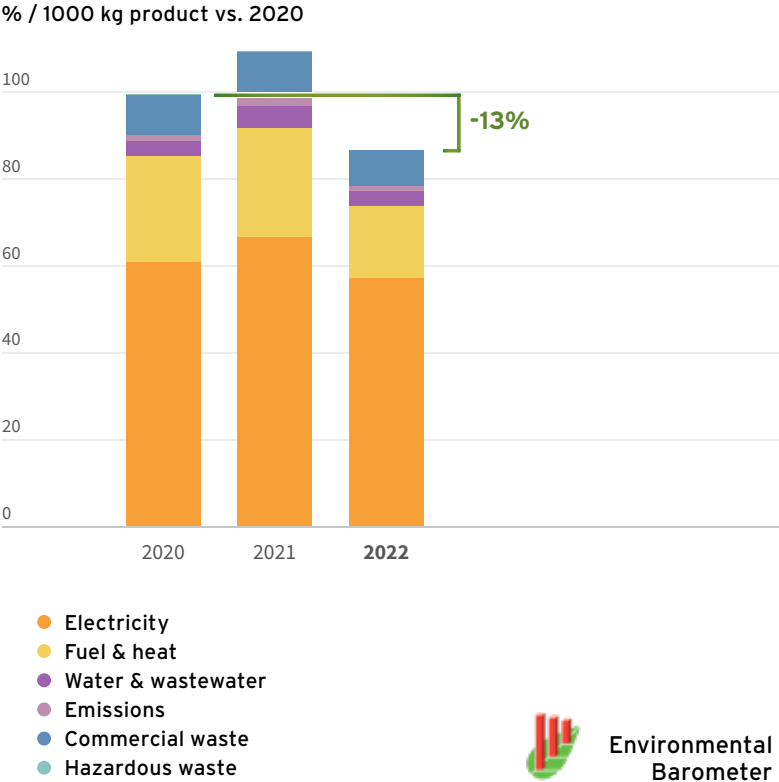
Head office and freezer warehouse Spakenburg
The environmental impact at this location is not normalised per kg of product because it's not a production location. The head office at the Metaalweg has clearly consumed less gas because we now heat the offices with residual heat from the frozen food warehouse.

Since 2022, we have added our business traffic.

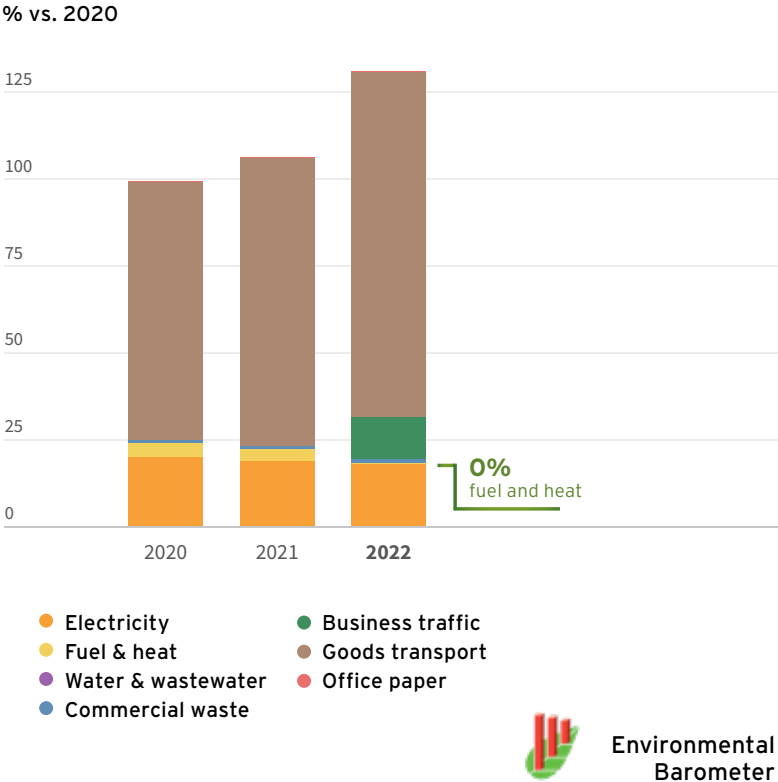
Environmental graphs production location Hoogeveen



Environmental graphs production location Spakenburg



Environmental graphs Head office and freezer warehouse Metaalweg Spakenburg



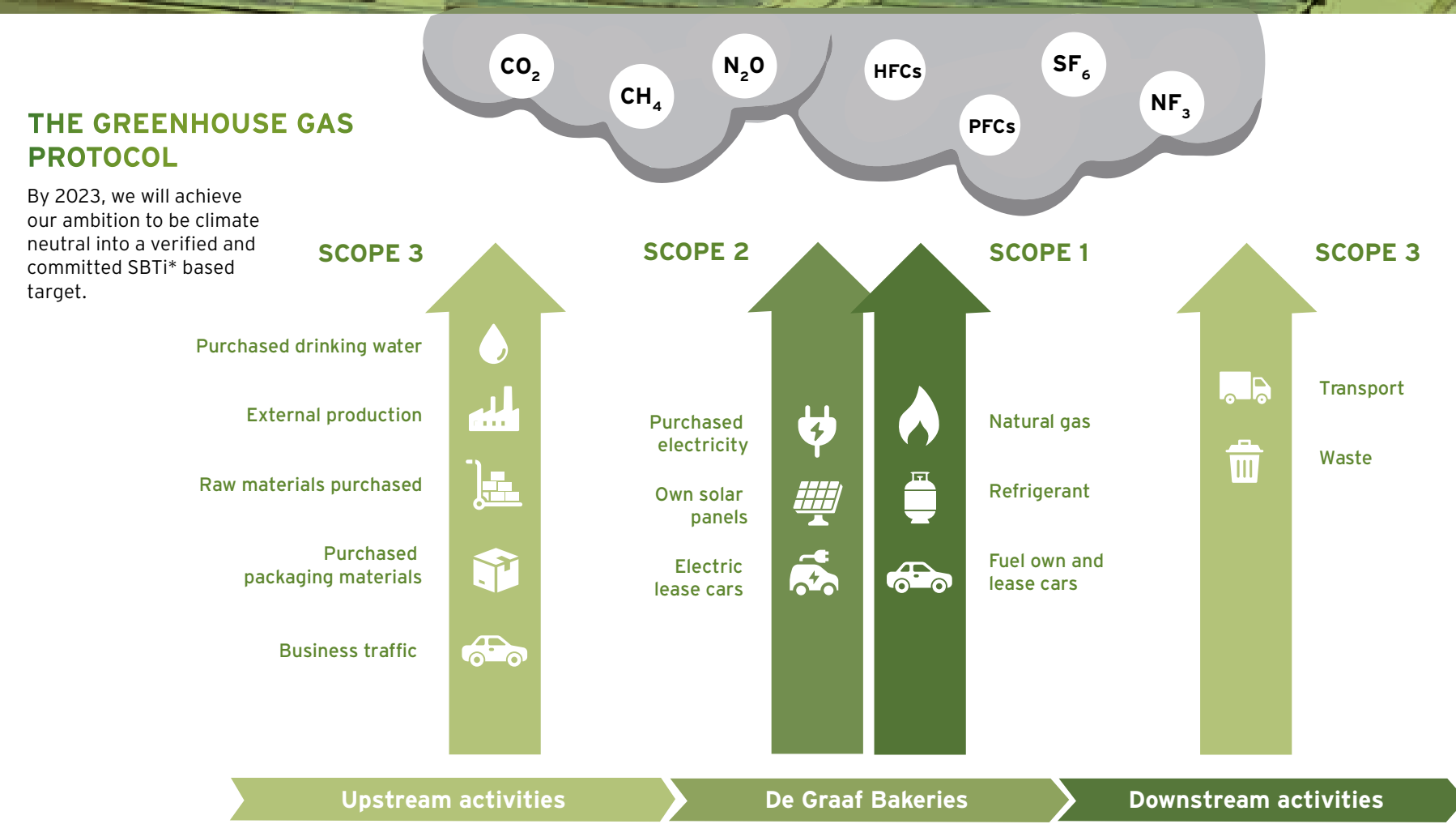


OUR CO2 FOOTPRINT

THE GREENHOUSE GAS PROTOCOL

By 2023, we will achieve our ambition to be climate neutral into a verified and committed SBTi* based target.

By climate neutral, we mean 0 emissions in scope 1 and 2.



* SBTi : Science-based target initiative = partnership between CDP, WRI, WWFN and the United Nations.

CLIMATE-CONSCIOUS



"As an engineer, I have always been interested in energy flows of different processes.

By making these flows transparent, we have already achieved great results and are charting a sustainable route to a CO2-neutral bakery."



Maikel van de Groep
Lead Engineer & Sustainability

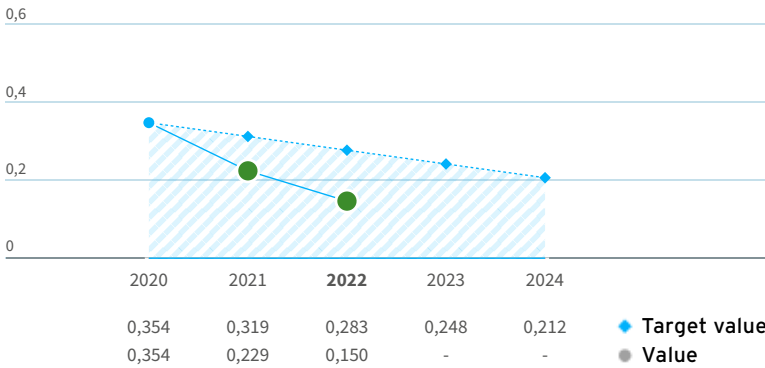


Footprint Scope 1-2 has been reduced by as much as **57%** since 2020. So we are well ahead in our ambition to be climate neutral by 2030. Still we have 43% to go in seven years.

The biggest contribution to this is the investment in our freezing towers. This will reduce CO2eq emissions by as much as 6,300 tonnes per year. Comparable to the emissions of 330 households.

Scope 1 and 2 per production size

Target: 0 kg CO2/kg product in 2030
kg CO2/kg product



● Good
● Sufficient
▲ Almost sufficient

▲ Unsatisfactory
▨ Target plane

Our footprint scope 1 and 2 according to the Greenhouse Gas Protocol

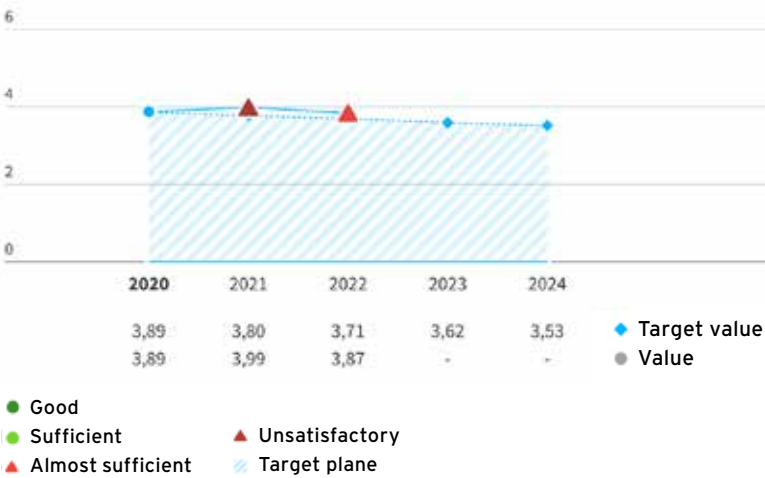
Footprint Scope 3

The total CO2 footprint per kg of product is approximately flat. Our CO2 factor is now **3.87** kg CO2 per kg product.

Through reductions in scope 1 and 2, we have already reduced the share of 'own emissions' from 10 to 4%. **96%** of our CO2 emissions are now in scope 3, the chain, such as our purchased raw and auxiliary materials and transport. To reduce these further and meet our targets, we need the whole chain.

Total CO2 footprint by production size

Target: 3 kg CO2/kg product in 2030
kg CO2/kg product

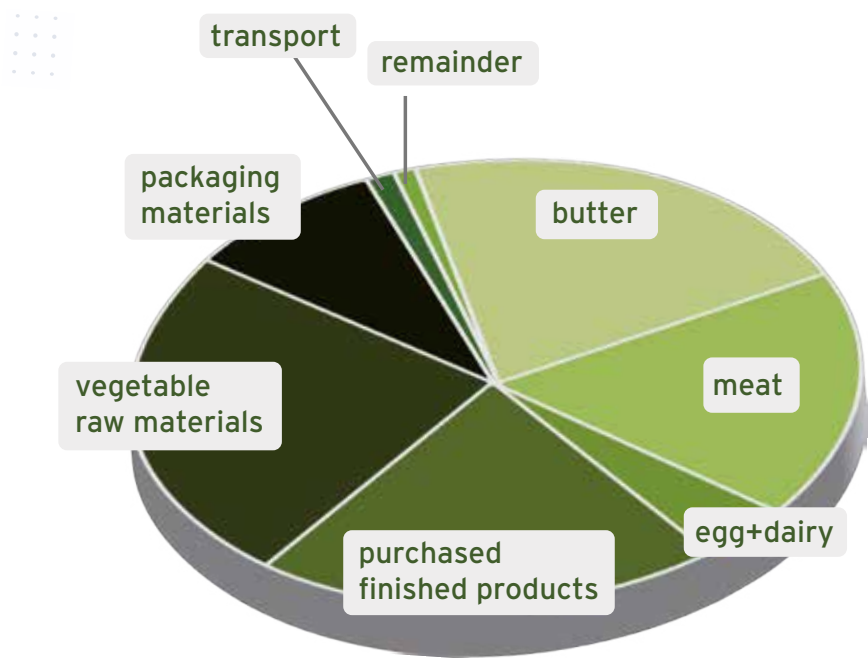


● Good
● Sufficient
▲ Almost sufficient

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▨ Target plane

Scope 3 structure

Because we want to reduce our scope 3 by 15%, we consult our suppliers on how they can reduce their footprint. Especially the transition to more vegetable-based products will help us achieve this.



The Greenhouse Gas Protocol: scope 3



CLIMATE-
CONSCIOUS



Electricity

With **519** solar panels on the roof of the frozen food warehouse, we generate green electricity every year, which converts to 55 households. This is about 2% of our total consumption. We buy the rest of what we need. We focus on 'being economical with energy' and convert the rest to climate-neutral green power.

Production location Hoogeveen

At the Hoogeveen production location, we see an increase in electricity consumption due to electrification of the freezing process. In contrast, CO2 emissions fell by almost 70% because we no longer use refrigerant in our freezing process. Without this conversion, we would have achieved our target. So sometimes you have to make choices. We also saved 4.5% electricity through optimisations during production.

Production location Spakenburg

At the production location in Spakenburg, we reduced electricity consumption by almost 10% compared to 2021 through new compressed air compressors and by repairing leaks.

Main office and freezer warehouse Spakenburg

In the frozen food warehouse, we optimised the freezing process.

General

At night, we automatically shut down all networked office computers and screens. The lights are switched off and the heating is set to economy mode.



Gas consumption

We are working to maximise waste heat recovery for heating buildings. Then we only use gas for our gas and frying ovens until there is a viable alternative to this.

Production location Hoogeveen

In Hoogeveen, we still consume gas mainly for the deep-frying oven. Despite a higher share of deep-frying products in Hoogeveen, we were still able to reduce gas consumption by 1.5% by replacing the deep-frying oven.

Production location Spakenburg

In Spakenburg, we reduced gas consumption by **25%** per kg of product through better adjustment of our gas ovens and more optimal oven loading.

Head office and freezer warehouse Spakenburg

At the head office, we heat the offices by recovering residual heat from the freezing process, as a result of which we no longer use gas here.

LESS
WASTE



"In a world where food waste seems to be the norm, it's time to become aware of the true meaning of food. It is not meant to be thrown away, but to be eaten. Let us strive together for a more sustainable future, where we value food and reduce waste.

If it's up to us, we won't let a crumb go to waste anymore!"



Zeger de Graaf
Continuous Improvement
Specialist

We are doing better than the sector average of **3.6%**



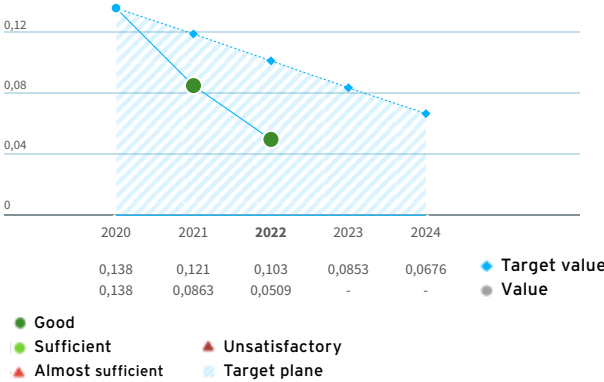
Residual waste and wastewater
We reduced **25%** pollution units in waste water (VE) by collecting dirt before flushing cleaning water into the sewerage system.

By better visualising how to separate and collecting plastic containers separately, we reduced the residual waste stream by **10%.**



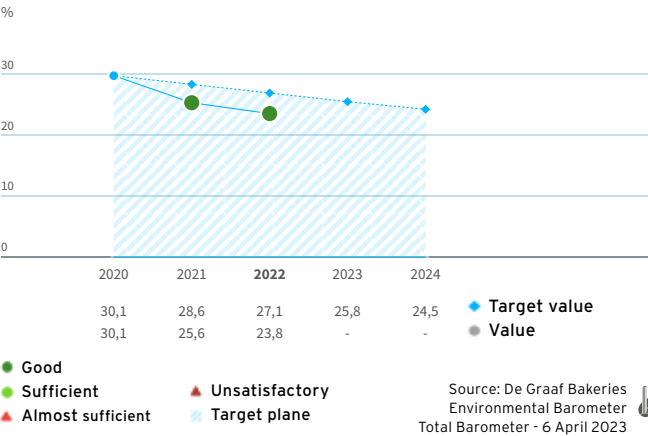
VE per m3 water purchase (effluent coefficient)

Target: 0.05 VE/m3 in 2025
VE/m3



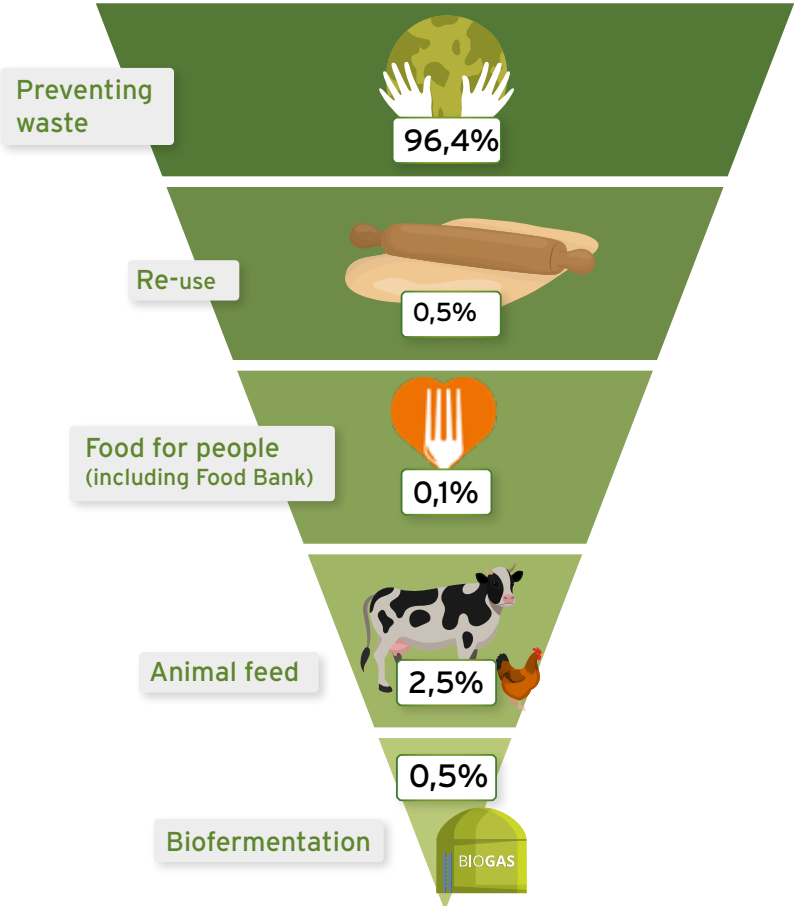
Percentage of unsorted business waste

Target: 5% less each year



Food waste

First and foremost, we want to prevent product waste and otherwise use it in the best possible way as a reusable raw material.



SMARTER PACKAGING



"On the one hand, we want to prevent food waste by protecting it. But on the other hand, we strive to minimize packaging to reduce environmental impact.

We aim for a sustainable solution that is both good for our tasty products and for our planet."



Maikel van de Groep
Lead Engineer & Sustainability

We are gaining more and more insight into the composition of our packaging materials and the first improvement projects have been realised.

Our goal is to reduce the number of kg of packaging material per kg of product and only use mono-materials that are fully recyclable and consist of at least 30% recycled material.



Achieved by 2022:

- **90** tonnes of blue plastic converted to blank, made of 100% mono material. In the end, blank plastic is more recyclable.



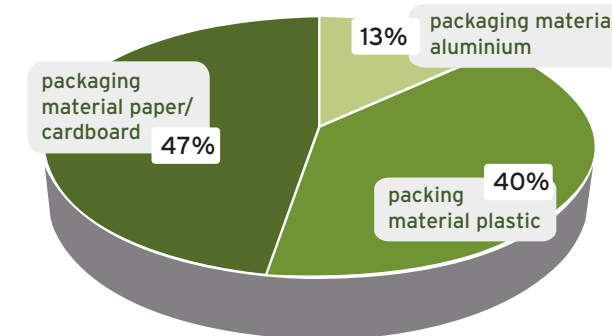
- 1,400,000 kg of outer boxes converted from white bleached cardboard to brown, 80% recycled, FSC-certified variants.



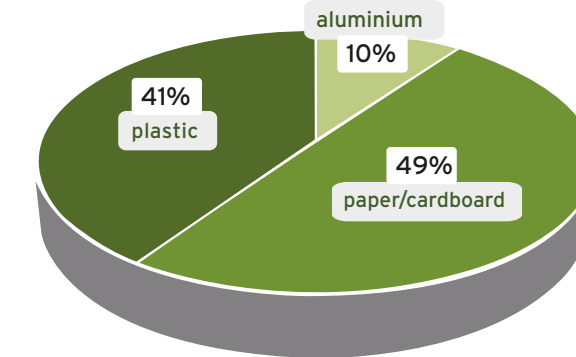
- 10% less aluminium packaging compared to 2021. By 2030, we will get rid of this completely by replacing it with baking stable paper. We do not develop new products with aluminium packaging.



Weight (kg)



Packaging materials 2022



"Our packaging consists of 80% recycled material"

Monomaterials



HEALTHIER LIFESTYLE

"A healthier lifestyle starts with the development of healthier and more sustainable products. Therefore, I translated the ambition into focus points for the Product Development department.

Our goal includes reducing **40%** of added sugars in our products. We therefore focus on developing products with a Nutri-Score of B/C. There is also a strong focus on more plant-based products.

We already have many examples of tasty and well-known products that have this Nutri-Score and consist of more plant-based ingredients. The vegan Frikandel roll is one of such examples and we can see that it is really catching on with the target group."

Marco van Wijk
Marketing manager

Examples of healthier products

VIOLIFE VEGAN ROLL GOUDA FLAVOUR



VEGAN SAUSAGE ROLL



VEGAN FRIKANDEL ROLL



General goal

Eating less meat is better for people and the environment. For flexitarians, vegetarians and vegans, we offer more and more choice with fully plant-based products.



Our goal in 2030

Process **40%** less refined sugar per kg of product.

30% of the newly developed range has a Nutri-Score of B/C.



Healthy employees

We ensure that our employees can work in a pleasant, safe and healthy bakery environment. And strive for sustainable employability of our colleagues.

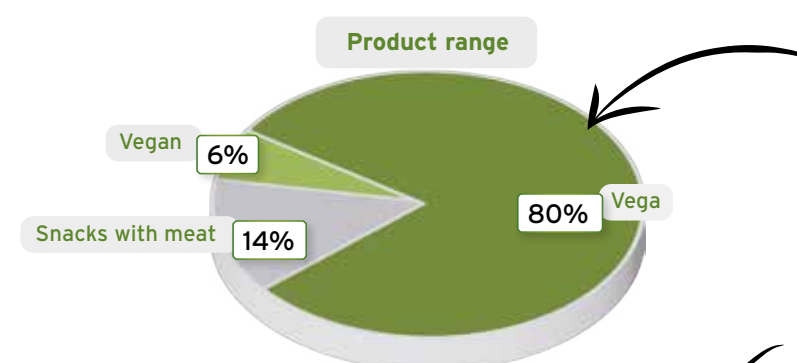
Examples

- Air handling units
- Fruit for staff
- Preventive medical examination
- De Graaf Bakeries Academy



Examples

- Butter almond filled cake with no added sugar
- Violife vegan roll Gouda flavour
- Vegan frikandel roll with Nutri-Score B
- Vegan apple nut pie
- Vegan apple pie



Healthier lifestyle

Healthier alternative

We take our responsibility by offering healthier alternatives with less added refined sugar, less saturated fat, more fibre, more plant-based and portion control during enjoyment moments. Of all our bestsellers, we offer a healthier alternative.



FAIR, SHORT SUPPLY



"Sustainability starts with buying fair raw materials from our suppliers.

By cooperating with our suppliers and sourcing locally as much as possible, we can strengthen chain cooperation and make a positive impact on the entire food chain.

In this way, we strive not only to deliver the best quality, but also to contribute to a sustainable future."



*Lute
Stoelwinder*
Senior Buyer



Ecovadis

We completed the Ecovadis questionnaire this year, which looks at corporate social responsibility in addition to sustainability issues.

This is a recognised system used by retailers to audit us. We scored silver which is above average.

Social

De Graaf Bakeries stands for a physically and socially safe working environment, in which we do not tolerate discrimination or exclusion. We expect our suppliers to emulate this as well.



Short chain

We buy raw materials within the Netherlands and Europe whenever possible. This promotes chain transparency and delivery reliability. It also minimises transport distances.

Fair chain

Our margarine is from **100% RSPO** (Certified Sustainable Palm Oil) and we aim for completely palm oil-free products.



We offer our customers the alternative of using **Fairtrade / Rainforest Alliance** (UTZ) certified chocolate, hazelnuts and cinnamon.



Over **60%** of the meat in our products has the 'Better Life' label. We encourage our customers to choose this. **100%** of our own-brand products have a 'Beter Leven' star.



We will expand the theme 'Fair, short chain' to **'Social, fair, short chain'** and thus approach Sustainable Business even more integrally.

CORE VALUES

WHAT WE BELIEVE IN



Safety

We put safety first

- We work safely
- We make sure everyone feels safe
- We comply with the highest standards and regulations



Craftsmanship

We are the best in our business

- We make the tastiest quality products
- We are innovative
- We are professionals and aim for results



Customer-oriented

We grow together with our customers

- We put the customer and quality first
- We think in terms of opportunities
- We work together: "Baking brilliance flourishes when collaboration is the key ingredient."



Team de Graaf

We create happiness at work

- We respect each other and are reliable
- We take initiative and responsibility
- We have fun



de Graaf
BAKERIES