



SUSTAINABLE
business

SUSTAINABILITY REPORT

De Graaf Bakeries - 2023



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PREFACE

We are proud to present the De Graaf Bakeries sustainability report for 2023, sharing the progress we have made in pursuit of our ongoing commitment to reducing our environmental impact and making our business practices more sustainable.

This commitment is driven by our belief that as a company, we have a responsibility to protect our planet for future generations while ensuring the resilience of our business for the future.

One of the highlights of this report is the impressive reduction in our environmental impact. Despite a significant increase in production and the expansion of our facility in Emmen, we have managed to reduce our overall impact by **32 percent compared to 2020**. This demonstrates that our efforts to operate more efficiently and embrace environment-friendly technology are yielding results.

Another key aspect highlighted in this report is the ongoing reduction of our CO2 footprint.

Our emissions per kilogramme of product have decreased by 13 percent compared to 2020, and we are ahead of schedule in achieving our ambition of being climate neutral by 2030. **Our scope 1-2 footprint has been reduced by 64 percent since 2020.**

We do not rest on our laurels regarding our achievements, but also look towards the future. In this report, we share our plans to continue initiatives such as buying green energy, electrifying our leased vehicle fleet, and promoting alternative choices for a healthier lifestyle. We also continue to collaborate with our suppliers to reduce their CO2 footprint and strive for a fair and short supply chain.

Lastly, we are grateful to our employees, partners, and other stakeholders for their continuous support and involvement in our sustainability efforts.

DE GRAAF BAKERIES



Aart de Graaf



Our ambitions

We have translated the United Nations **sustainable development goals** into concrete objectives on which we as a company can make an impact.

We focus on five priorities and take responsibility for each.

13 CLIMATE ACTION

Climate conscious
 Achieve carbon neutrality by 2030 (scopes 1 and 2) and a 50 percent reduction in carbon emissions per kilogramme of product in scope 3.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Smarter packaging
 100 percent recyclable packaging, with continuously decreasing environmental impact and maximum use of recycled materials.

8 DECENT WORK AND ECONOMIC GROWTH

Short, fair supply chain
 Palm oil free, 'Better Life' meat, free-range eggs, and sourcing from within the etherlands/European Union.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Less waste
 < 1% product waste

3 GOOD HEALTH AND WELL-BEING

Healthier lifestyles
 40 percent less refined sugar, with 30 percent of new products achieving a Nutri-Score of B or C.

ENVIRONMENTAL BAROMETER

The Environmental Barometer displays our environmental impact

Since 2020, we have been filling out the Environmental Barometer to measure our environmental impact.

Our total impact in 2023 was a remarkable **32% less** than in 2020, despite an increase in production volume of over 50% and the addition of the Emmen location since 2021. Our impact per kilogramme of product has decreased by 55%.

At each production location, the environmental impact per kg of product has decreased:

In **Hoogeveen** this reduction is **71%** compared to our base year of 2020, primarily due to:

- emission reduction of CO2 gas through investment in the freezer tower to a closed cooling system in 2021
- reduction of product and residual waste
- optimization of freezer tower's electricity consumption

In **Spakenburg** there has been **21% improvement** compared to 2020, mainly due to

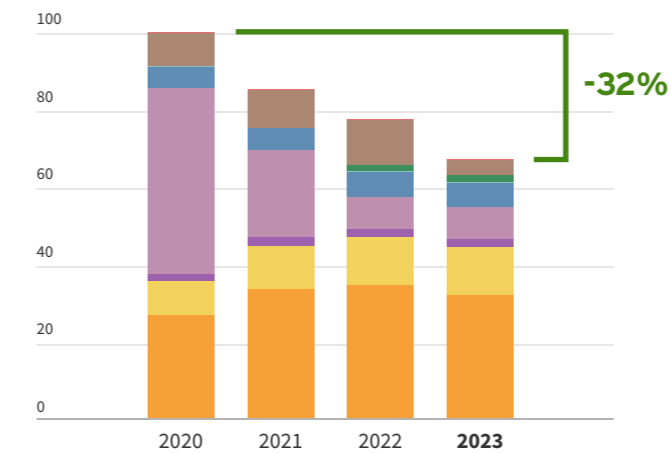
- more efficient use of gas ovens
- less wastewater
- reduced solid waste
- reduced electricity consumption

In **Emmen**, our environmental impact in 2023 remained the same as in 2022, despite a 50% increase in production volume.

Our **headquarters** at Metaalweg in Spakenburg continues to consume less gas because since 2022, we have been heating it with waste heat from the adjacent freezer warehouse.

Environmental graphs

Total barometer
% compared to 2020

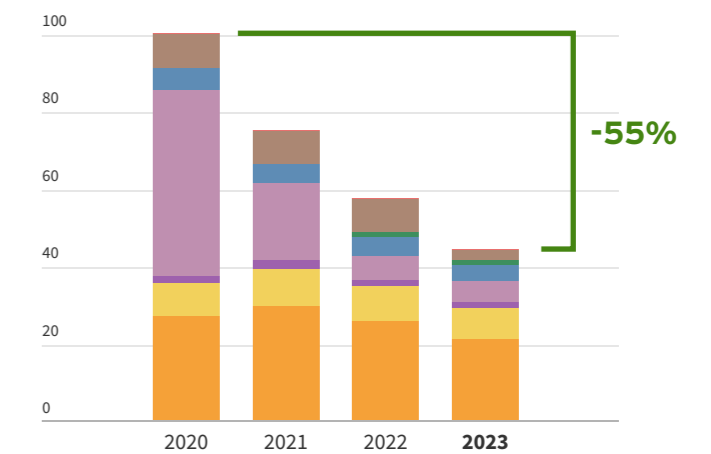


- Electricity
- Fuel & heat
- Water & wastewater
- Emissions
- Commercial waste
- Hazardous waste
- Business traffic
- Goods transport
- Office paper & raw materials

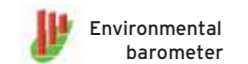


Environmental graphs by output

Total barometer
% / 1,000 kg of product compared to 2020



- Electricity
- Fuel & heat
- Water & wastewater
- Emissions
- Commercial waste
- Hazardous waste
- Business traffic
- Goods transport



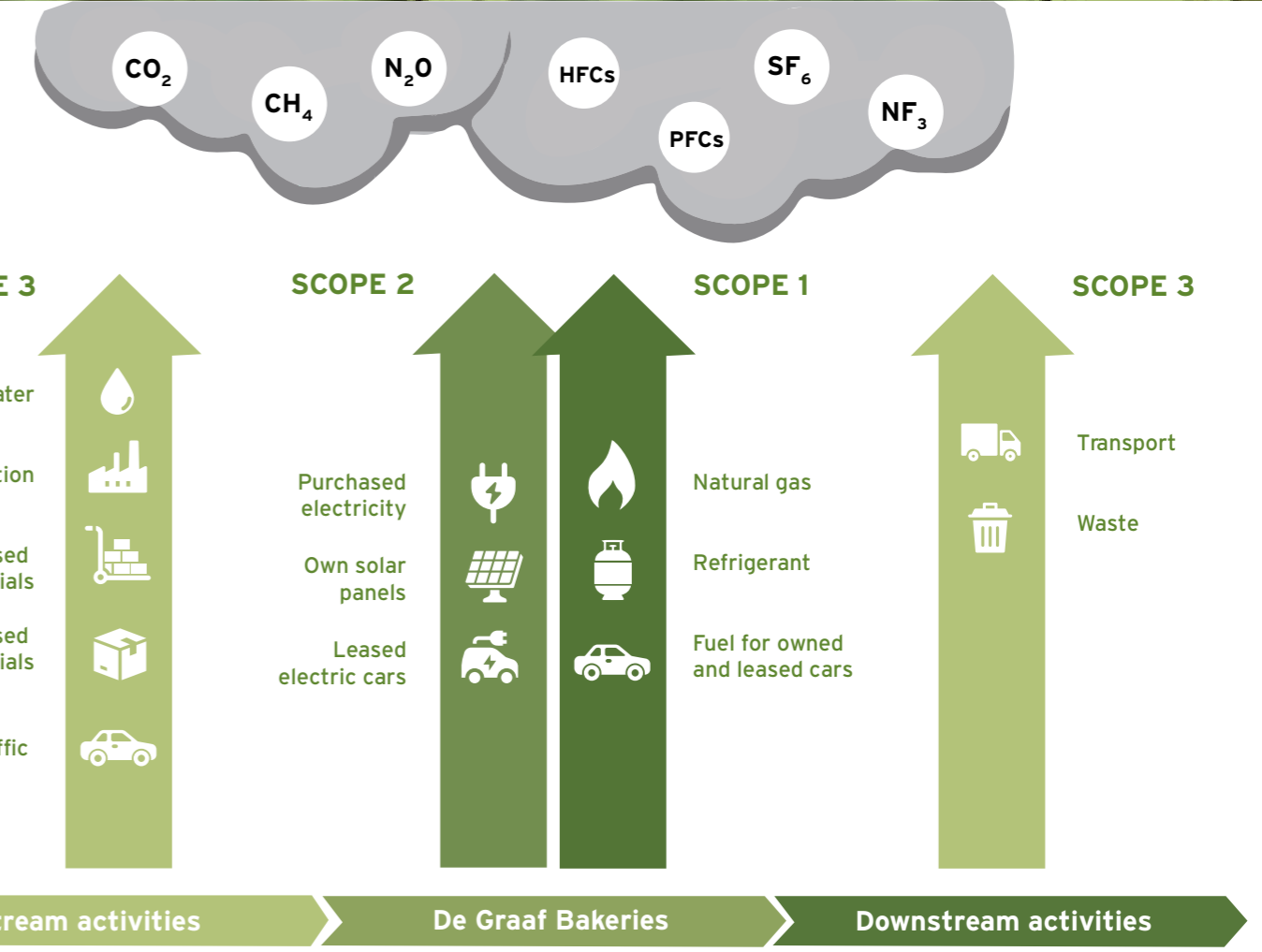


OUR CO₂ FOOTPRINT

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

THE GREENHOUSE GAS PROTOCOL

We measure our CO₂ footprint in accordance with the Greenhouse Gas Protocol, with the following topics included in the scope.



CLIMATE CONSCIOUS



"We never take our energy consumption for granted, and are committed to transitioning to clean power.

In recent years, we have made every effort to save energy and make this transition. I'm constantly searching for new technologies, such as heat pumps, batteries, and AI, that facilitate the move.

Additionally, we're increasingly working with the rest of the supply chain to reduce scope 3 emissions."



Maikel van de Groep
Engineering & sustainability lead

SBTi approval

In 2023, because we want to contribute proactively to a net-zero economy, we had our 2030 scope 1 and 2 climate goals assessed under the Science-Based Targets initiative. Our near-term target was approved. By doing this, we committed ourselves to the Paris Agreement, which aims to limit the rise in average global temperature to 1.5 to 2 degrees Celsius above pre-industrial levels by 2050.



The reduction in **scope 1-2 footprint** continues to progress, and now stands at **64 percent** per kilogramme of product compared to our base year of 2020.

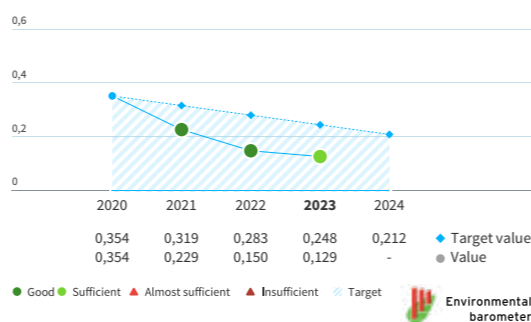
Our **scope 1-2 footprint** per euro of revenue has decreased by **67 percent** in absolute terms, and by 45% in absolute terms.

Purchasing green electricity and electrifying the leased vehicle fleet are the next steps towards our goal of becoming climate neutral.

Our total CO₂ footprint per kilogramme of product in 2023 was **13 percent** lower than in 2020. The average CO₂ factor of all our products is now 3.39 kilogrammes per kilogramme of product.

Scope 1 and 2 per unit of production

Target: 0 kg CO₂/kg product in 2030



Energy consumption

We measure the exact gas and electricity consumption of all our heating and cooling processes in order to monitor energy savings.

Our use of green electricity will increase to 100 percent between 2024 and 2026, in line with our SBTi commitment.

Freezers in Hoogeveen

The freezing programmes have been revalidated, allowing us to minimise energy consumption in the freezing process while still ensuring quality.

Solar panels

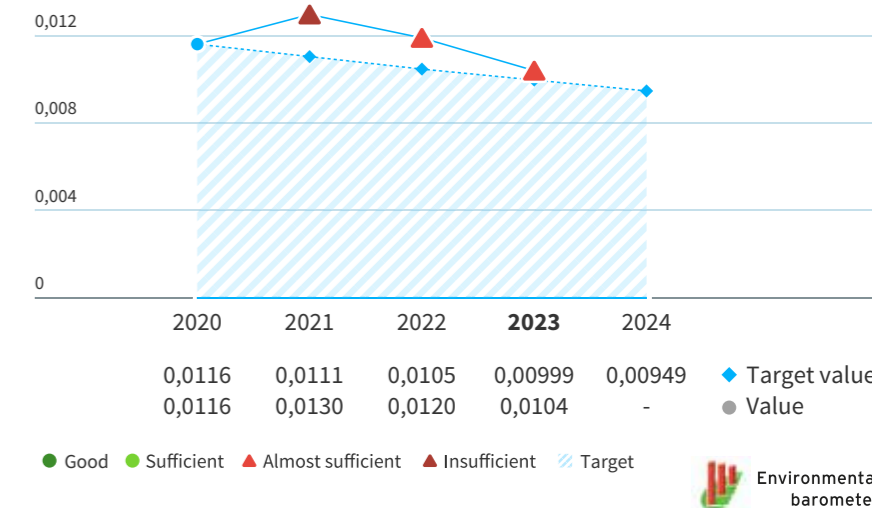
1.7% of our energy is generated by the 519 solar panels on the freezer house. To prevent overloading of the energy grid, we had to reduce the panels' output several times last year.

Gas consumption

In 2023, we consumed 7.5 percent less gas than in 2020 and 13 percent less than in 2022. Our goal is to use only gas for our production processes (ovens/frying) by 2025. Buildings and cleaning water will then be heated entirely using waste heat from our production processes. We can further electrify our production processes only if there is an adequate electricity supply.

Gas consumption per unit of production

Target: 5% less each year
m³ gas equivalent per kg of product

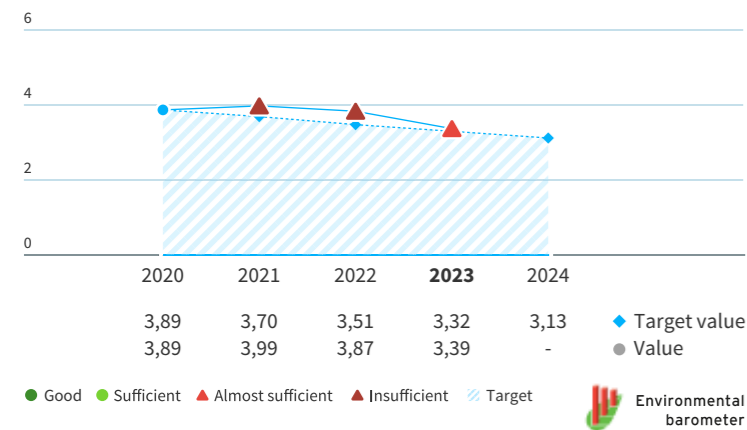




CLIMATE CONSCIOUS

Total CO₂ footprint per production scale

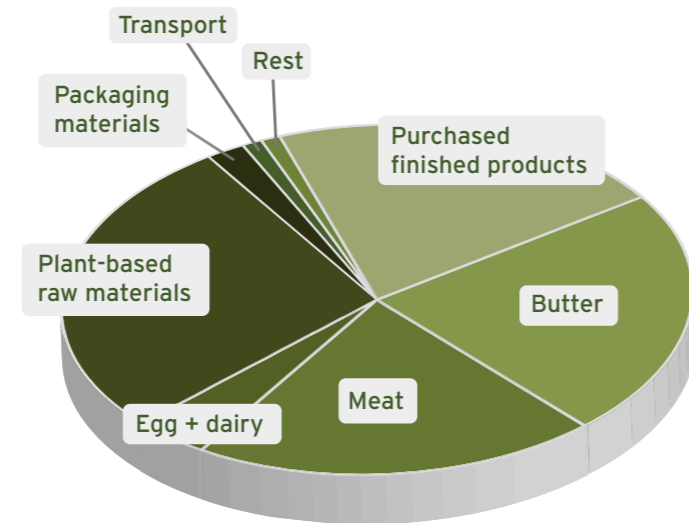
Target: 2 kg CO₂/kg product by 2030
kg CO₂/kg product



Due to the reduction in scope 1 and 2 emissions, we have already reduced the share of 'own emissions' from 10 percent to less than 4 percent. Ninety-six percent of CO₂ emissions are now in scope 3, almost all from our raw materials.

Scope 3 was 7.4 percent lower in 2023 compared to 2020 (per kg of product). Part of this reduction stems from increasingly accurate data in scope 3. For example, we now know the exact weights of our packaging materials and have a clear picture of the exact pallet mileage used to transport goods. This turned out to be less than we had previously estimated.

Scope 3 structure



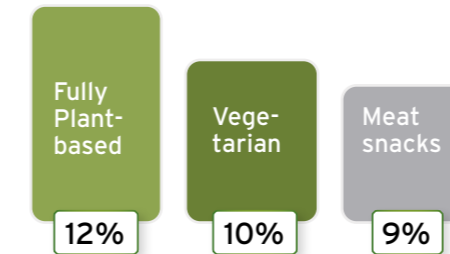
The Greenhouse Gas Protocol: scope 3

We engage with our suppliers regarding their footprint, and ask them to provide their own CO₂ factor and reduction plans. This year, we received a CO₂ factor for sugar and flour from our suppliers, and incorporated it into our data. This resulted in a reduction of approximately 3 percent in scope 3 emissions, as these products perform better than the average for flour and sugar compared to the RIVM database on the environmental impact of food products.

Forty-eight percent of our scope 3 emissions are caused by animal-based raw materials. Therefore, transitioning to more plant-based protein will also help us achieve reductions in these emissions.

In 2023, our sales within the plant-based category grew faster than within the vegetarian and meat categories for the first time.

Sales growth in 2023 compared to 2022

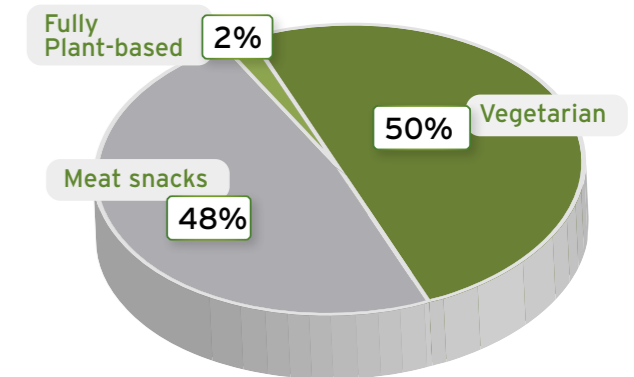


The proportion of meat that we replaced with meat substitutes increased from 3 percent to 6 percent in 2023. However, we increasingly observe that a fully plant-based alternative is chosen instead of the meat substitute. Plant-based sales have grown by 12 percent, surpassing the sales growth of meat and vegetarian snacks. Plant-based snacks now account for 2 percent of total sales.



Offset the 35 tonnes of CO₂ emissions generated by shipping our samples to customers within the EU by purchasing trees through Trees for All, an organization dedicated to creating a forested world.

Share of sales volume 2023



LESS WASTE



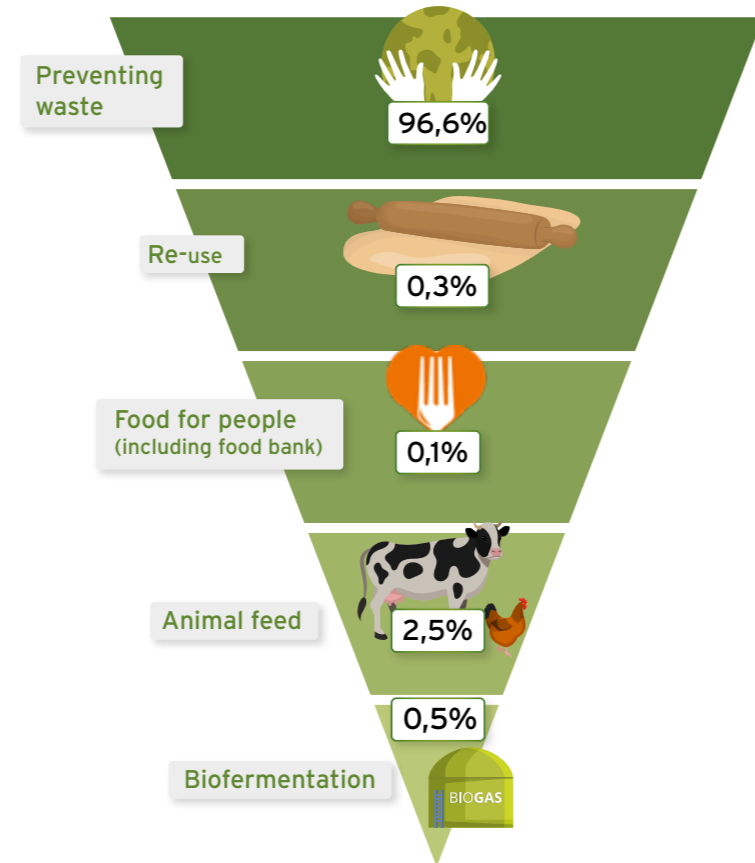
"We often don't realize the effort and environmental impact it takes to produce food. The cost is about not just money, but also the efforts of farmers, the natural resources used, and the ecological footprint left behind. That's why it's essential to waste nothing. By continuously improving our processes and habits, we can handle our resources more efficiently, including raw materials, packaging, energy, and water, to produce food."



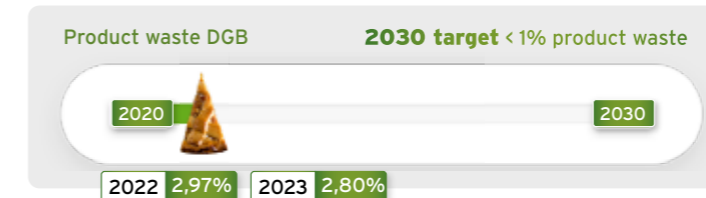
Zeger de Graaf
Continuous Improvement Specialist

Product waste is food waste, and we aim to prevent it in the first place or at least use it as efficiently as possible.

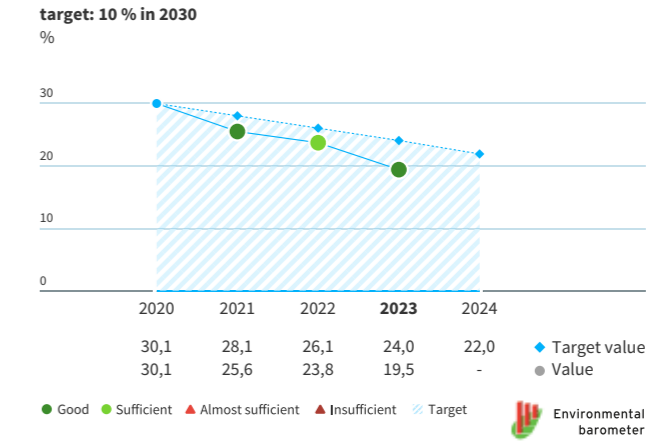
The total amount of product waste **decreased by 3 percent**, from 3.10 percent in 2022 to 3.00 percent in 2023. This includes the logistics process. Of this, 2.5 percent goes to animal feed and 0.5 percent is processed into biogas.



Our goal is to achieve less than 1 percent production waste in our bakeries by 2030. Last year, we achieved a 6 percent reduction, from 2.97 to 2.80 percent, across our three production locations. This was achieved mainly in Hoogeveen through a daily focus on product waste.



Percentage of unsorted company waste



In 2023, the environmental impact of our **waste and drinking water** further decreased. We captured 85 percent more product residues from cleaning water compared to 2022, partly due to the larger grease trap we installed in Spakenburg in 2022. These product residues no longer end up in our wastewater, but are converted into biogas. Together with an absolute 9 percent reduction in drinking water consumption, we reduced this category by 20 percent (per kilogramme of product) compared to 2020, despite the addition of the Emmen location in 2021.

Next year, we will further focus on preventing water waste and avoiding product residues in wastewater.

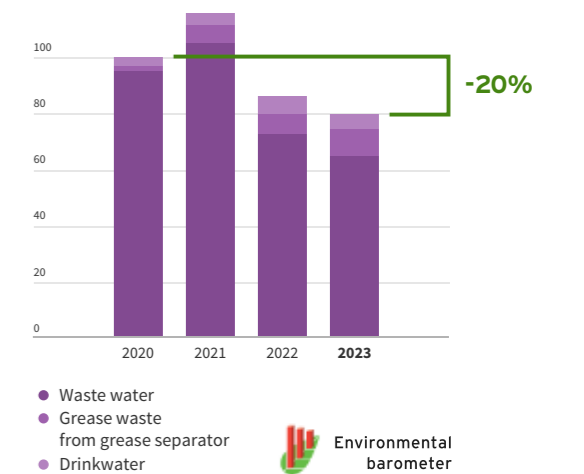
Residual waste stream

The improvement in waste separation has continued. The residual waste stream has been reduced from 30 to 20%. We separate paper, plastic film, hard plastic, and product waste.

Environmental graphs per unit of production

Total barometer

% / 1,000 kg of product compared to 2020



SMARTER PACKAGING



"To make the right choices in terms of packaging sustainability, we need up-to-date knowledge in house. We're therefore training a packaging technologist so we can advise our customers both on sustainable products and packaging."



Maikel van de Groep
Engineering & sustainability lead

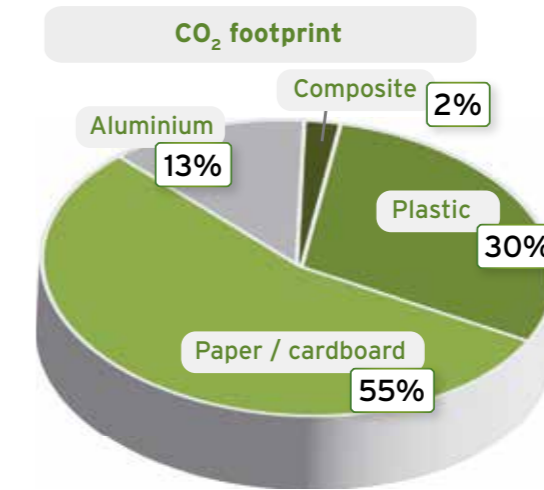
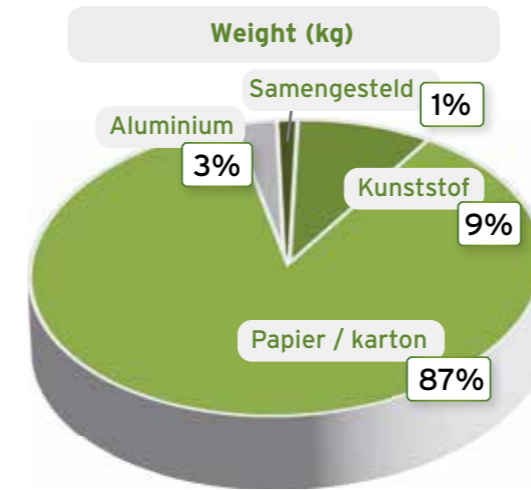


Since 2023, we have had a clear picture of the exact weights and materials of our packaging. As a result, we now know that we use an average of 81 grammes of packaging per kilogramme of product, with an average environmental impact of 87.5 grammes of CO₂ per kg of product.



Our goal is first to use 100% **recyclable material**, and then further to reduce the environmental impact per kilogramme of product. Where possible, we maximise the use of recycled material.

- All cardboard boxes and trays we use are **FSC®** and/or **PEFC®** certified.



Monomaterials



"Our cardboard outer boxes consist of 80% recycled material"

Improvement projects that we implemented in 2023 include:

- Rationalization to fewer different outer boxes and alignment with contents has resulted in thinner outer boxes and **36 tonnes less cardboard usage per year.**
- The last white trays have been converted to brown cardboard, made from 80 percent recycled material and FSC® certified. **This involves 152 tonnes of cardboard per year.**
- We now use baking tins instead of disposable trays for the cake that is ground into decorative cake crumbs. This results in a **reduction of 6 tonnes of cardboard usage per year.**
- For a major customer, we switched from plastic to paper clips to reduce the risk of plastic litter.

HEALTHIER LIFESTYLES



"In sustainable development, it's important not to lose sight of taste. We've all become accustomed to the taste of butter, sugar, and salt. While substitutes are readily available, many compromise on flavour. Over the past year, we developed the Snackrolls range of plant-based products with a Nutri-Score of C. This involved a new dough, pure fillings, and extensive testing.

"This is still a long-term journey. We're also making strides in sugar reduction by pushing the boundaries to see how much we can cut out without compromising on taste."



Marco van Wijk
Marketing manager

Our goal in 2030

To process **40%** less refined sugar per kilogramme of product.

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



Healthier alternatives

We take responsibility by offering healthier alternatives with less added refined sugar and saturated fat, more fibre, more plant-based options, and portion control. We provide healthier alternatives for all our bestselling products.

Last year, we developed twelve new products for our own brand, half of which have a Nutri-Score of C. Here are a few examples of new snacks:



In 2024, our focus will be on **sugar reduction**. The plan for this has already been prepared.



WHAT DO WE TAKE INTO ACCOUNT?

- ✓ Valorising residual streams
- ✓ Smart packaging
- ✓ Reducing portion sizes
- ✓ Using free-range eggs
- ✓ Energy reduction
- ✓ Waste reduction



Bake the world a better place



Employee health and safety

We not only focus on the development of healthier products, but also ensure that our people can work in a healthy and safe bakery environment.



Examples

- Internal academy to train and develop employees
- Employee satisfaction survey
- Up-to-date risk inventory and evaluation
- Invested in safe climbing equipment and improved visualisation for safety
- Active occupational health and safety teams on site
- Company physiotherapist
- Fruit for staff
- Health bonus for employees with zero absenteeism
- Confidential counsellor
- Mobility scan of commuting done, showing even more cycling potential. We now score label B (average 1,200 kg CO2/FTE)

WORK SAFELY



SHORT, FAIR SUPPLY CHAIN



"Procurement is an essential part of our sustainability strategy, focusing on local sourcing, fair trade, poverty alleviation, and the protection of labour and human rights.

We aim for an ethical and responsible approach to our procurement practices, considering not only the products we acquire but also their impact on the world and its inhabitants. In the upcoming year, we will incorporate these issues into a code of conduct for our suppliers to further strengthen sustainable procurement."



*Lute
Stoelwinder*
Senior buyer



Ecovadis

Ecovadis is a recognized system used by retailers to audit us for social and environmental sustainability.

We achieved a silver medal in 2022, and will undergo this audit again in 2024.

Short chain

We purchase as many raw materials as possible within the Netherlands and elsewhere in Europe. This promotes supply chain transparency and reliability, and minimises transportation distances.

- All of our butter, flour, sugar, apples, and raisins are sourced from Europe.



Fair chain

All palm oil used in our margarine and other ingredients is certified by the **Round Table on Sustainable Palm Oil**. We are working towards using only fully palm oil-free margarine.



- Fifty-nine percent of the meat in our total range carries a **Better Life** label.
- 99.98 percent of the eggs we use are free range. These were in short supply last year due to the bird flu lockdown.



- Ninety-six percent of the chocolate in our range is **Fairtrade or Rainforest Alliance** (UTZ) certified.
- In the case of new own-brand products, we always use the Better Life label for meat, free-range or barn eggs, and Fairtrade chocolate.



CORE VALUES

WHAT WE BELIEVE IN



Safety

We prioritize safety

- We work safely
- We ensure that everyone feels safe
- We adhere to the highest standards and regulations



Customer focused

We grow together with our customers

- We prioritise quality and customer satisfaction
- We seek out new opportunities
- We collaborate, because you don't become a market leader by going it alone



Craftmanship

We are the best in our field

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



Team de Graaf

Wij creëren werkgeluk

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



de Graaf
BAKERIES