

ABOUT FORFARMERS' 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

In 2017 ForFarmers held a survey to gain and measure feedback from its external stakeholders on ForFarmers' most material economic, social and environmental impacts.

A separate employee survey was held internally on the company's sustainability approach. The 70 stakeholders involved were asked to rank issues in order of importance. This was used to update the ForFarmers materiality matrix in 2017, which is validated by the Executive Committee. At least once every 3 years ForFarmers performs such a comprehensive survey to create a new materiality matrix. In the intermediate period ForFarmers checks whether the matrix is still up-to-date. Based on ongoing discussions that advisors and others have with stakeholders in 2018, the 2017 materiality matrix is still relevant.

In general, the sustainability information provides an overview of the sustainability performance of all operating segments, business units and group departments of ForFarmers, similar to the scope of the annual report. This 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.

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 and swine 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: • Direct (scope 1) GHG emissions: GHG emissions from sources that are owned or controlled by ForFarmers (production and logistics); • Energy indirect (scope 2) GHG emissions: GHG emissions that result from the generation of purchased or acquired electricity consumed by ForFarmers. The location-based method for reporting on scope 2 GHG emissions is applied.	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	• 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 Map³. • 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 three changes compared to 2017:

1. For phosphate efficiency (swine categories) the median is changed to the weighted average number to provide a more reliable figure - the comparative figures have been updated accordingly.

2. GHG emissions related to diesel usage by ForFarmers' own vehicle fleet have been added to the disclosure. Due to this addition and harmonisation of conversion factors used, the comparative data of 2017 have been updated for presentation purposes.

3. The comparative data for the KPI on responsibly

sourced soy bean meal has been changed due to a small change in scope.

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 2018 annual report. KPMG's assurance report, including details of the work they carried out, can be found [here](#).

Background KPI phosphate efficiency

The phosphate efficiency indicators in dairy production systems and in swine 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 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 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.

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.

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.

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	- Provide oversight of ForFarmers sustainability performance - Provide input from key external stakeholders	- 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
	Director Supply Chain Director Strategy & Organisation Director Corporate Affairs Sustainability Officer	Director Strategy & Organisation Stijn Steendijk Director Accounting, Treasury & Tax Bas Deelder Director Investor Relations & Corporate Communications Caroline Vogelzang Sustainability Officer Anouk Wentink Director Supply Chain Arthur van Och
	Supplier Farmers Food Industry Academia Retail NGO Prof. Leo den Hartog Dr Simon Schlüter Frank van Ooyen Erwin Wunnekink Martin Roberts Barney Kay Sijas Akkerman	Business owners Health and Safety Arthur van Och Formulations & Lab Wilco Engberts Nutritional Innovation Ad van Wesel Raw Materials Falko Weinberg Quality Manfred Hensing

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. In 2018 ForFarmers also appointed a sustainability officer to drive the sustainability agenda and to further improve the sustainability 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 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 team to discuss the current status and next steps. Subsequently it is submitted to the Executive Committee and the Supervisory Board for evaluation.

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.

	Stakeholders	Engagement with stakeholders	Expectations shared and topics discussed	Expectations/topics addressed in ForFarmers' reporting
Level 1	Employees	- 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	- Best-in-class employer - Safe working environment - Fair remuneration - Flexible working arrangements - Openness and transparent communications - Support for social projects	Report of the Executive Board, and in particular Human Resources and Sustainability and Innovation focus areas: 4. Ensure safe and good working conditions
	Suppliers	- Day-to-day contact - Code of conduct when relevant - Regular audits - Technical meetings and visits continuously - Contracts and specifications when applicable	- Partnership approach - Fair pricing - Honour all obligations - Openness and transparency - Traceability - Feed safety - Responsible sourcing - Greenhouse gas emissions	Report of the Executive Board, and in particular Sustainability and Innovation focus areas: 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 5. Improve feed safety
	Customers	- 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	- Fair pricing - On-time, in-full delivery - Product quality - Technical advice and support - Innovation - Feed efficiency and feed safety - Support for industry initiatives - Resource efficiency - Animal health and welfare - Antimicrobial resistance	Report of the Executive Board, and in particular Sustainability and Innovation focus areas: 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
	Processors	- Day-to-day contact - Regular technical meetings and projects	- Technical advice and support - Innovation - Openness and transparency - Traceability - Feed safety - Resource efficiency - Animal health and welfare - Antimicrobial resistance - Responsible sourcing - Greenhouse gas emissions	Report of the Executive Board, and in particular Sustainability and Innovation focus areas: 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
	Retailers	- Day-to-day contact - Regular technical meetings and projects	- Technical advice and support - Innovation - Openness and transparency - Traceability - Feed safety - Resource efficiency - Animal health and welfare - Antimicrobial resistance - Responsible sourcing - Greenhouse gas emissions	Report of the Executive Board, and in particular Sustainability and Innovation focus areas: 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
Level 2	Shareholders	- Annual shareholder meeting - Publication and presentation of annual and half-year results - Quarterly trading updates - Regular roadshows - Annual Report	- Return on investment - Openness and transparency - Strong culture and values - Dividend performance - Clear strategy - Sustainability approach - Reporting and disclosure	Report of the Executive Board Governance and Compliance Financial Statements
	Members	- Regular meetings and events - Newsletter/member magazine 3-4 per year - Continuously via website	- 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 Sustainability and Innovation focus areas: 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare

	Stakeholders	Engagement with stakeholders	Expectations shared and topics discussed	Expectations/topics addressed in ForFarmers' reporting
Level 2	NGOs	- Participation in conferences when relevant - Ad hoc meetings	- 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 Sustainability and Innovation focus areas: 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare
	Regulators	- Membership of national and European trade associations - Regular site visits and certification audits	- 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 Sustainability and Innovation focus areas: 1. Limit phosphate pollution 2. Limit greenhouse gas emissions 3. Minimise the use of land, water and energy 6. Improve animal health & welfare Governance and Compliance
	Government	- Membership of national and European trade associations - Technical groups and committees when applicable	- 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 Sustainability and Innovation Governance and Compliance
	Media	- Interviews when relevant - Press releases when relevant	- Transparency - Sustainability approach - Specific projects and initiatives	Annual Report, and in particular Sustainability and Innovation
	Investors and banks	- Annual Report - Regular roadshows - Investor conferences and meetings when relevant	- Transparent reporting and disclosure - Corporate governance - Sustainability approach	Report of the Executive Board Governance and Compliance Financial Statements

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 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 2018.

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