

SUSTAINABILITY REPORT 2019

Shaping a tasty future responsibly



CONTENTS

INTRO

INTRODUCTION	P. 4
---------------------	------

SUSTAINABILITY STRATEGY	P. 8
--------------------------------	------

SUSTAINABILITY MANAGEMENT	P. 9
----------------------------------	------

ABOUT VANDEMOORTELE	P. 10
----------------------------	-------

OUR VISION, MISSION AND VALUES	P. 11
---------------------------------------	-------



RESPONSIBLE SOURCING	P. 12
----------------------	-------



ECO-EFFICIENT PRODUCTION	P. 18
--------------------------	-------



COMMITMENT TO PEOPLE	P. 24
----------------------	-------



PRODUCTS YOU CAN TRUST	P. 28
------------------------	-------

OUR KPIs ANNEX

OUR KPIs	P. 33
-----------------	-------

ANNEX	P. 34
--------------	-------

INTRODUCTION



“Sustainability is the integration of creating business prosperity and societal value.”

**Jean Vandemoortele –
Chairman of the Board**

As a family company, we believe we are responsible to make a positive contribution to society. That is why sustainability is important to us. We see it as the integration of creating business prosperity and societal value. We engage on sustainability with the ambition to be a true corporate citizen.

Our sustainability approach ensures we provide adequate solutions to present and future societal expectations. We will not achieve this without cooperation. That's why we welcome and cherish any partner and stakeholder joining us on our road to shape a tasty future, responsibly.



Shaping a tasty future in a sustainable way, is what we actively strive for. This requires the engagement of our people and we are developing this with our 3 engagement programmes: 'People for Growth', 'Growth for People' and 'Leaders for Growth'. In this way, we aim to strengthen the communication and leadership skills of our associates, as well as their development. Our learning management system plays an important part in this. We strive for all associates to have a development plan based on on-the-job learning, coaching and training.

We also strengthened our commitment on safety by integrating clear safety improvement targets to executive remuneration. What gets measured, gets done!

In our new head office, the Food Experience Center in Ghent (Belgium), we are taking a next step with a new working environment. Next to be an inspiring place for our customers, consumers and suppliers, it is our learning environment in order to change the ways we work throughout the whole Vandemoortele Group. The latest tools in remote working and virtual meeting are in place and allow us to work in international cross functional teams in an easy and sustainable way.



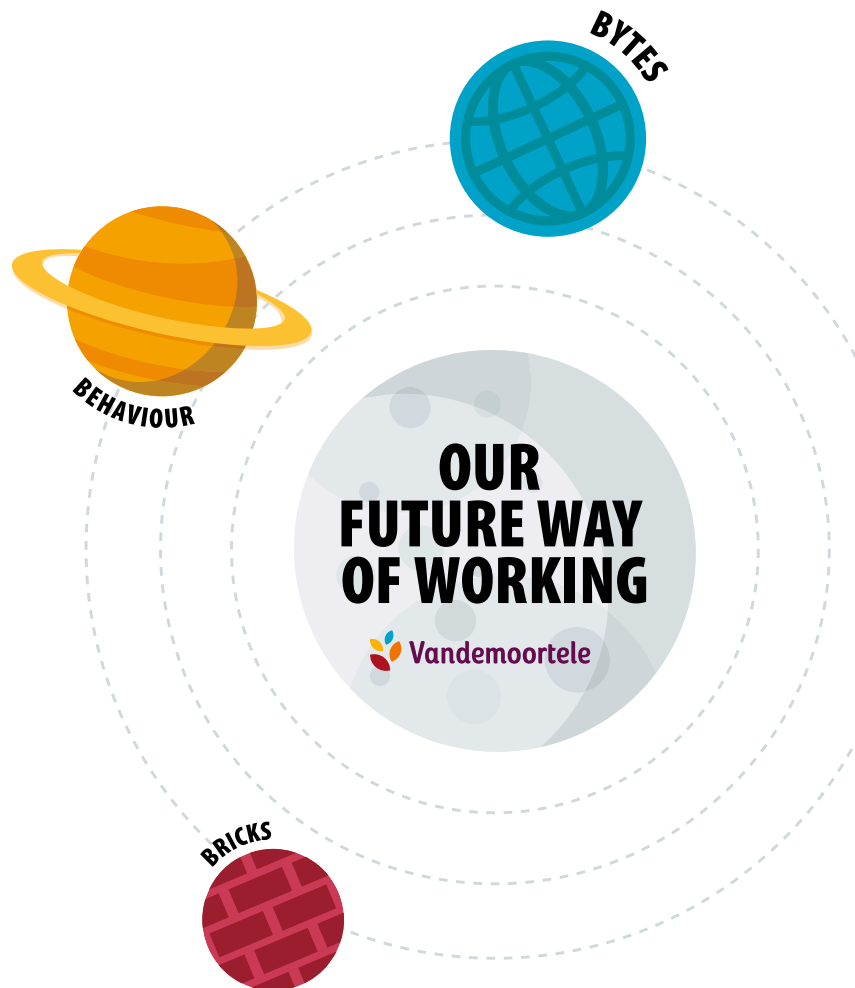
**“We will grow when
our people grow.”**

Jules Noten – CEO

While sustainability has been in the DNA of Vandemoortele since the beginning, a more strategic approach started 5 years ago. Our sustainability strategy is based on four pillars: responsible sourcing, eco-efficient production, commitment to people and products you can trust. For each of these pillars, we have different thematic groups, working on material topics such as zero-deforestation, food-loss reduction, safety, nutritional guidelines, etc. KPIs and targets for each of these topics, combined in a sustainability scorecard, are leading us on our path towards integration of sustainable practices.



**This is how we
aim to change our
way of working.**



**“We will measure
performance both
ways, to shareholders
and stakeholders.”**

**Marc Croonen – Chief Human Resources,
Sustainability and Communication Officer**

After 5 years efforts, 2019 provides us an overall insight to what results our actions lead. Vandemoortele has set clear targets to obtain fully traceable, deforestation free and exploitation-free palm oil. According to the 2019 WWF Palm Oil Buyers Scorecard, Vandemoortele is well on the path with regard to sustainable palm oil for its consumer branded products reaching a top 20 out of 173 companies worldwide. We have a similar approach for other

main commodities such as soy. We have launched a Sustainability Code of Conduct for our suppliers which will reach its full effect in 2020. Further on, we have exceeded our targets on reducing food loss within our factories. We have significantly improved on safety and carbon emissions during transport and logistics, but need to continue to progress. Some other challenges we are working on remain to be very demanding for several reasons. Energy intensity increased, mainly due to a changing product portfolio mix.



“Integrating sustainability not only creates societal value, it also motivates our associates, delivers value to our customers, and is inherently expected by our consumers.”

**Aurélie Comhaire –
Group Sustainability Manager**

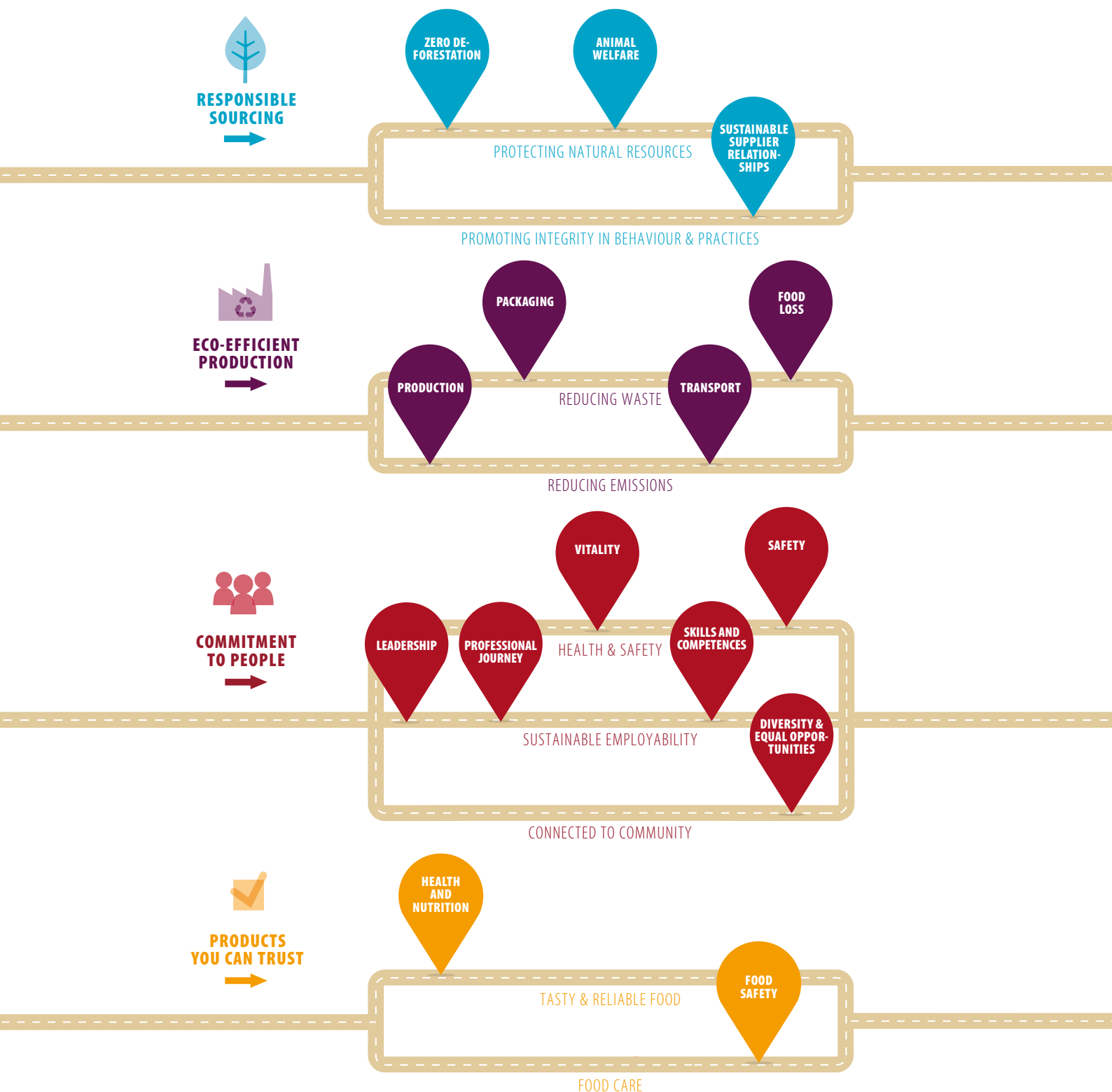
We have worked on our packaging but it is clear that the uptake of recycled materials should be done where possible in order to stimulate a circular economy. Our commitment to people took full effect in 2018 and while different platforms have been launched, we expect further improvement over the coming years. Different position papers were developed on key nutritional topics guiding our efforts towards tasty and reliable food. You can find more information on each of these efforts in this sustainability report.



In 2020, we will prepare for a new strategic vision towards 2025, validating the course of our actions in dialogue with our stakeholders, and setting new targets. In doing so, we are inspired by the UN Sustainable Development Goals launched in 2015 and will follow-up on the Davos 2020 Manifesto as a guiding framework in order to measure performance both ways, to shareholders and stakeholders.

SUSTAINABILITY STRATEGY

We defined our sustainability strategy in 2014. Four key areas define our commitment for the future. Each of the key areas is composed of different sustainability platforms. Each platform has several projects in which the sustainability actions are developed and executed.



SUSTAINABILITY MANAGEMENT

To execute our sustainability strategy efficiently, we have established the following governance:

The Sustainability Management Team (MT) is composed of members of **Vandemoortele's Executive Committee** as well as the **Group Sustainability Manager**, the **Project Leaders** and the **Project Sponsors**. For each platform we have one or more projects which are composed of a Project Sponsor, a Project Leader and a working group. The Sustainability Management Team meets twice a year. Its role is to define and validate the sustainability objectives and targets, to monitor progress and to make decisions concerning investments and dilemmas.



PROJECT SPONSOR

The Project Sponsor is a sounding board to the Project Leaders. This sponsor can remove obstacles, whereas the project leaders themselves cannot exert any influence. A sponsor gives direction to the project, facilitates decision-making and aligns with the Management Team and the Executive Committee.



GROUP SUSTAINABILITY MANAGER

The role of the Group Sustainability Manager is to coordinate and monitor the annual sustainability action plan in order to implement the sustainability strategy. In addition, he/she provides support and assistance to the sustainability project teams. Finally, the role of this manager also includes communicating about topics in the area of sustainability.



PROJECT LEADER

The Project Leader is in charge of composing a project team, coaching the team meetings and managing actions that support the sustainability goals. The Project Leader reports on progress to the Group Sustainability Manager on a regular basis and annually during the Sustainability Management Team meeting.

SCOPE

This third sustainability report complements the annual report 2019 with non-financial information. It is valid for the whole Vandemoortele Group.

ABOUT VANDEMOORTELE

Vandemoortele is a Belgian family business. We are passionate food people and have been since 1899. Vandemoortele has two business lines: one in **Bakery Products** and the other in **Margarines, Culinary Oils and Fats**. For over more than a century now, Vandemoortele has grown to be a truly international food company. Today, we hold a leading position in Europe in our core categories, having grown steadily through organic growth and acquisitions.

We have the experience, expertise and scale to make a difference and we believe in operational excellence in everything we do. In 2019, Vandemoortele generated revenue of around **€ 1.4 billion** with **5100 associates** working across **12 European countries**.



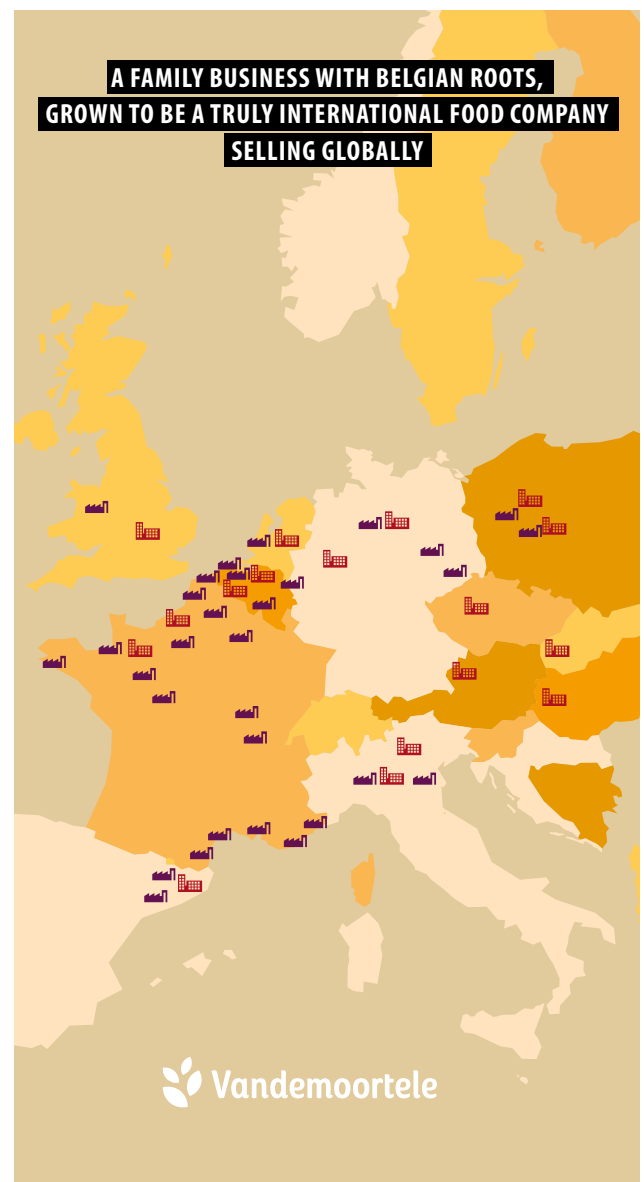
**€ 1.4
BILLION**
REVENUE



5100
ASSOCIATES



12
EUROPEAN
COUNTRIES



OUR VISION, MISSION AND VALUES

OUR VISION

We are a leading food company in Europe, building our categories of Bakery Products and Margarines, Culinary Oils and Fats, offering the best in taste, quality and service.

We bring great taste into your kitchen, to your table and on the go.

OUR MISSION

We believe people's everyday food should be an everyday enjoyment. From breakfast to dinner, from healthy lunches to indulgent moments.

We believe taste is key in food products. And quality is key to taste.

OUR VALUES

Everyone at Vandemoortele lives by three corporate values: ambition, respect and cooperation. They are the core of our culture.



AMBITION

Our ambition is to deliver the Vandemoortele promise: best taste, best quality, best service.

We take ownership of the company's goals and we are committed to delivering outstanding performance.

We are passionate and energised.



RESPECT

Respect is the foundation of our actions and our external and internal relationships.

We act with integrity and respect for others and for our environment.



COOPERATION

We work in a spirit of cooperation in our teams and with our partners.

We are open-minded and value each individual contribution. We share our experience and enjoy working together.

We are approachable and engaged.



RESPONSIBLE SOURCING



RESPONSIBLE SOURCING



RESPONSIBLE SOURCING

The sustainability of our activities depends not only on what we do ourselves, but also on what others do for us. We are committed to promoting ethical behaviour in our supply chain to ensure both people and the environment are treated with respect.

PROTECTING NATURAL RESOURCES

SUSTAINABLE SUPPLIER RELATIONSHIPS



PROTECTING NATURAL RESOURCES

Growing and harvesting a number of our core ingredients may raise issues of environmental protection as well as human and animal rights, and health and safety. We take steps to enhance the sustainability of these products, from farmer to consumer.


2009

Since 2009, we have been a member of the Roundtable for Sustainable Palm Oil.


2012

In 2012, we became a founding member of the Belgian Alliance for Sustainable Palm Oil.


2013

In 2013, we became a founding member of the Alliance Française pour une Huile de Palme Durable.


2014

In 2014, we joined Earthworm Foundation which works towards a palm oil cycle that respects both people and the planet, advises us on our corporate palm oil policy and strategy. Together with Earthworm and our suppliers, we seek to make a real difference on the ground, setting clear goals and taking concrete action.

In December 2014, we launched the Vandemoortele Palm Oil Sourcing Charter for the protection of forests and against the exploitation of workers. This Charter expresses our commitment to using only 100%-certified sustainable palm oil for our branded consumer products, while also ensuring that all the palm oil we buy can be traced back to its source.


2016

WWF recognises our efforts as "Well on the path" in its Palm Oil Buyers Scorecard 2016.


2017

In 2017, we became a founding member of the Fundación Española del Aceite de Palma Sostenible.


2018

In 2018, we participated in the landscape APT programme.


2019

WWF recognises our efforts as "Well on the path" in its Palm Oil Buyers Scorecard 2019.

SUSTAINABLE PALM OIL

Although palm oil can be grown on relatively little land, the large scale on which it has been produced in recent years has led to natural forests being cleared, threatening biodiversity and increasing the exploitation of the local population. We recognize the urgent need to steer the palm oil industry back in the right direction. In that context, we have developed long-term partnerships with various organization committed to raising awareness of these issues in the industry. For the same reason, we continue to play an active role in initiatives promoting the use of sustainable palm oil around the world. Since 2015 Vandemoortele is committed to sourcing 100% certified sustainable palm oil for the branded consumer products. In 2019, we achieved 99,7% traceability back to mill for all the palm oil we buy for own branded products.

WWF recognises our efforts as "Well on the path" in its Palm Oil Buyers Scorecard 2019. For our performance we received 16,5/22. With this, Vandemoortele is the 10th best manufacturer worldwide when it comes to implementing sustainable palm policies and actions. Considering retailers, Vandemoortele is in the top 20 out of 173 companies. This and more detailed information can be found in the new edition (2019) of the WWF Palm Oil Buyers Scorecard, which was launched on the 16th January 2020.

VANDEMOORTELE WWF
PALM OIL BUYERS SCORECARD 2019



[PALM OIL PROGRESS REPORT 2018](#)
[PALM OIL SOURCING CHARTER](#)

¹ Own branded products

100%
CERTIFIED
SUSTAINABLE
PALM OIL

99.7%
TRACEABILITY BACK
TO THE MILL FOR
PALM OIL

PROTECTING NATURAL RESOURCES



DRIVING TRANSFORMATION THROUGH THE PALM OIL SUPPLY CHAIN WITH EARTHWORM FOUNDATION

Since 2018, Vandemoortele is supporting Earthworm Foundation's (EF) Landscape Programme in Indonesia, locally known as the APT programme. Landscapes are places where EF collaborates with local actors to find practical solutions to protecting conservation areas while designing livelihood options and business models that work both for people and nature.

In Indonesia, the programme focuses on two priority areas where Indonesia's precious tropical forests are threatened by agricultural expansion: Aceh Tamiang and Southern Aceh. These priority areas or landscapes overlap with the Leuser Ecosystem, one of the largest, unbroken tracts of rainforest in Southeast Asia and most biologically abundant places in the world.

By working with local stakeholders to provide them with the right tools, capacity building and knowledge, the project aims to reduce deforestation and demonstrate to the world the feasibility of balancing commodity production, conservation and good social and labour practices at scale.

In 2020, Vandemoortele will continue to contribute to this transformation on the ground by co-financing the transformation work in these two landscapes.

We continue to engage with our suppliers and Earthworm Foundation to work towards transformation in our supply chain.

KEY SUCCESSES TO DATE FROM THE ACEH TAMIANG LANDSCAPE:

- **A 60% drop in deforestation** from 2016 to 2019 detected over Aceh Tamiang.
- Formal **partnership established with the district government** to work on land use planning and sustainable development.
- **Palm oil concessions and mills covered under forest protection agreements** which includes the largest remaining old growth forest area (1400 ha) in Aceh Tamiang.
- **2,095 households directly impacted** by Participatory Conservation Plans in 5 forest-frontier villages with 245 people trained through the Livelihood Programme.
- **A collective Action Plan** to improve worker conditions has been developed and agreed upon with the district government, covering 36 plantations and 10 mills. 3000+ workers covered by No Exploitation agreements with companies.



Earthworm



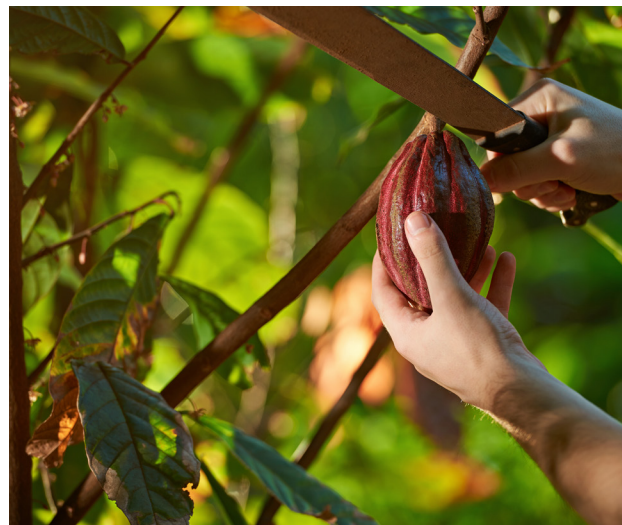


SOY

Vandemoortele purchases soybean oil, mainly for use in margarines, and to a lesser extent, other soy products, such as flour, bran and flakes for use in bakery products. Soy is also embedded as animal feed in animal derived products, such as dairy, eggs and meat.

Due to strong growth in demand, soy production is increasing. However the use of soy remains controversial as it is often linked to deforestation and biodiversity loss without consent of local communities. At Vandemoortele, we believe it is our responsibility to supply our customers with soy products that have no connection whatsoever with these negative impacts, whether directly or indirectly. For our branded consumer products, we use 100%-certified sustainable soy. This applies both to the soy ingredients we use ourselves as well as to the soy that ends up in our products indirectly via feed (e.g. in eggs, butter and other animal-derived products).

Since 2011, Vandemoortele has been a member of the Round Table on Responsible Soy (RTRS). RTRS is an organization that assures that soy, either as raw material or as by-product, was originated from a process that is environmentally correct, socially adequate and economically viable. Together with this organisation, we're taking action to protect forests, promote the use of low-impact herbicides, and safeguard quality of life for growers and workers alike. In 2019, Vandemoortele cooperated with ACT to create a case study to transparently inform our customers on our sourcing impacts related to soy.



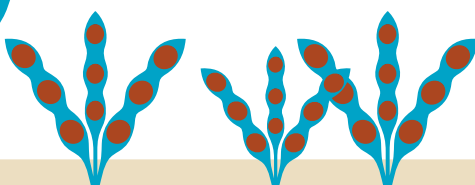
UTZ & COCOA

Almost everyone in Europe loves chocolate! And Vandemoortele loves to satisfy that desire – but not at the expense of the environment or the wellbeing of workers. For that reason, we joined UTZ in 2013. This organisation helps farmers to improve their productivity, efficiency and quality without sacrificing the interests of local communities or the environment. Our customers have the option of choosing UTZ cocoa with Mass Balance Certification. Together with UTZ, we continue to work towards a brighter future for our planet and the next generations to inhabit it.

SOY SOURCING CHARTER



100%
CERTIFIED
SUSTAINABLE
SOY





PAPER & CARDBOARD PACKAGING

We have to be sure that the timber from which the paper and cardboard have been produced, comes from responsibly managed forests. For our consumer brands, 99% of paper and cardboard packaging materials are either recycled or certified sustainable.

[PAPER AND CARDBOARD PACKAGING SOURCING CHARTER](#)



ANIMAL WELFARE:

100% CAGE-FREE EGGS

At Vandemoortele, we care about animal welfare. We believe it is our responsibility to supply our customers with eggs that have no connection with negative animal welfare issues. From 2019 onwards we only use 100% cage-free eggs* in our products. This means our eggs come from hens that are free to walk around in their hen house. For the eggs used in our sauces we aim even higher. Since 2016 we only use free-range eggs, which means the hens have free access to the outdoors.

* Applies to all the eggs, egg powders, egg yolks, egg yolk powders, egg whites, egg white powders we purchase.

[EGG SOURCING CHARTER](#)

99%

OF PAPER
AND CARDBOARD
PACKAGING IS
RECYCLED OR
SUSTAINABLE



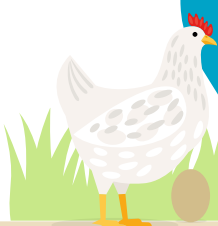
100%

BARN EGGS
IN OUR
PRODUCTS



PROTECTING
NATURAL
RESOURCES

100%
CAGE-FREE
EGGS



100%
FREE RANGE
EGGS IN OUR
SAUCES





SUSTAINABLE SUPPLIER RELATIONSHIPS

LABOUR CONDITIONS

Promoting ethical behaviour along the entire supply chain is a genuine commitment for Vandemoortele.

SUPPLIER CODE OF CONDUCT

Vandemoortele launched a contractually binding Supplier Code of Conduct in 2017. We invite our strategic suppliers and non-strategic high risk suppliers to specifically sign and commit to this. In 2019, 71% of our new direct suppliers explicitly signed our Supplier Code of Conduct.

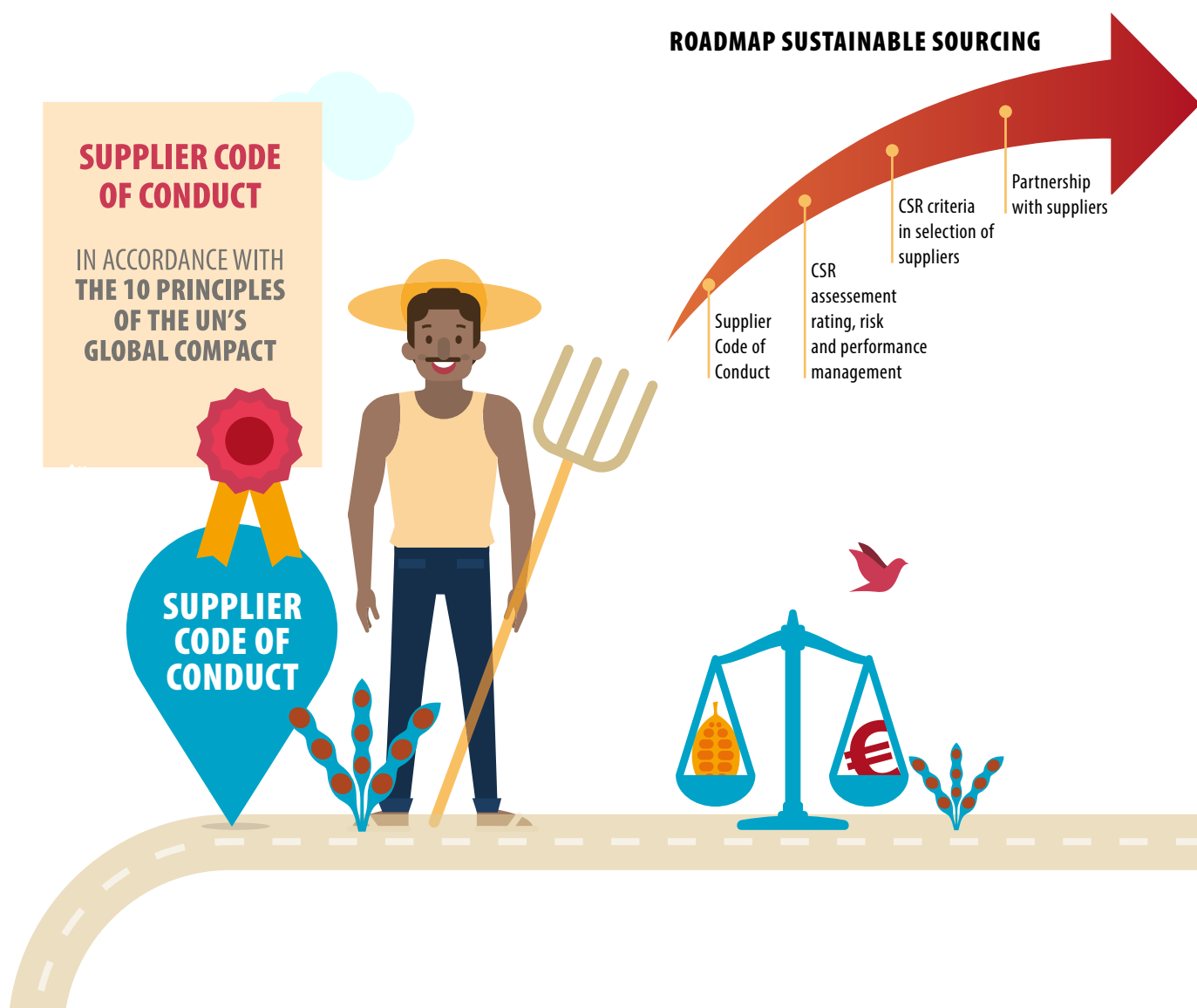
[SUPPLIER CODE OF CONDUCT](#)

SUPPLIER MANAGEMENT

In 2019, we initiated the process to implement our new supplier management tool Ariba. With Ariba, every new supplier (direct and indirect) is automatically asked to sign our Supplier Code of Conduct. We have also integrated several sustainability questions which are mandatory for our suppliers when creating their supplier profile. As 2019 was a transition year for Vandemoortele we have only partial data. We aim to reach full compliance in 2020.

By implementing Ariba, we achieve the second step in our roadmap towards sustainable supplier relationships.

ROADMAP SUSTAINABLE SOURCING





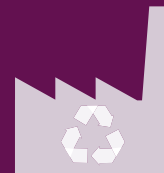
ECO-EFFICIENT PRODUCTION

In our production processes, we make use of energy, water, food ingredients and packaging. By increasing the efficient use of these resources, we strive to minimise waste and emissions, and hence the overall environmental impact of our operations.

REDUCING WASTE

REDUCING EMISSIONS

ECO-EFFICIENT PRODUCTION





REDUCING WASTE

Our aim is to minimise waste and food loss whilst maximising the efficient use of natural resources throughout our operations.

PACKAGING

In 2019, Vandemoortele has developed a new packaging strategy with four action areas:

1. Reduce waste in production and offices
2. Minimise packaging material
3. 100% recycled, re-useable or compostable packaging
4. Consumer/customer awareness and communication

For these four areas we have defined the following targets:





FOOD LOSS

Roughly one third of the food produced for human consumption worldwide is wasted. Food that is threatened to be wasted can be processed or valorised in various ways. At Vandemoortele, the Moerman's ladder is used as a guideline for reducing food loss throughout the supply chain. Moerman's Ladder ranks the preferred management methods of food waste flows according to their environmental impact, with the general rule "the higher up the ladder, the better". Consequently, preventing food loss at the source is top priority at Vandemoortele.

In 2019, Vandemoortele reduced its food loss significantly by approximately 20% on group level compared to 2017. A significant part of our resources is allocated to increasing operational efficiency and continuous quality improvement of our products. This positively influences further food loss reduction.

In parallel, many initiatives are ongoing in terms of food donations and the conversion of food waste to human food. The food loss team at Vandemoortele was named "The circular bakery team" as this better reflects the direction we are aiming for.

We are currently exploring partnerships with companies specialized in the valorisation of industrial food waste. In 2019, we had ongoing conversations with Too Good To Go (an app to reduce food waste) and with other specialized companies to see how we can prevent and valorise our food waste. These are all important steps towards an ideal world without food loss.

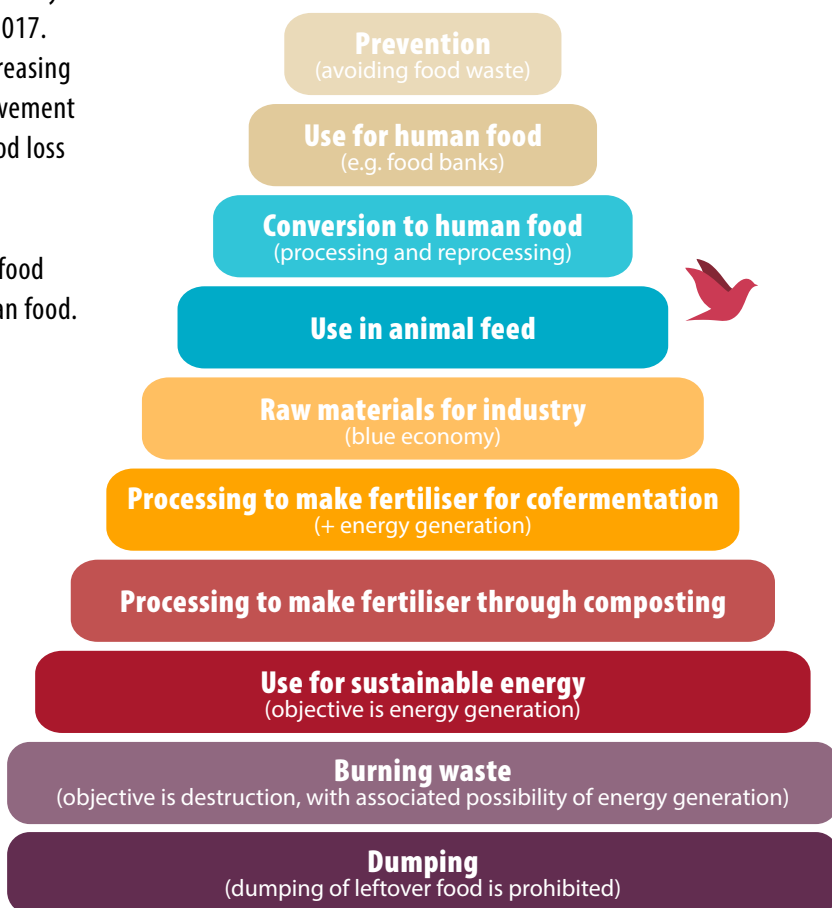
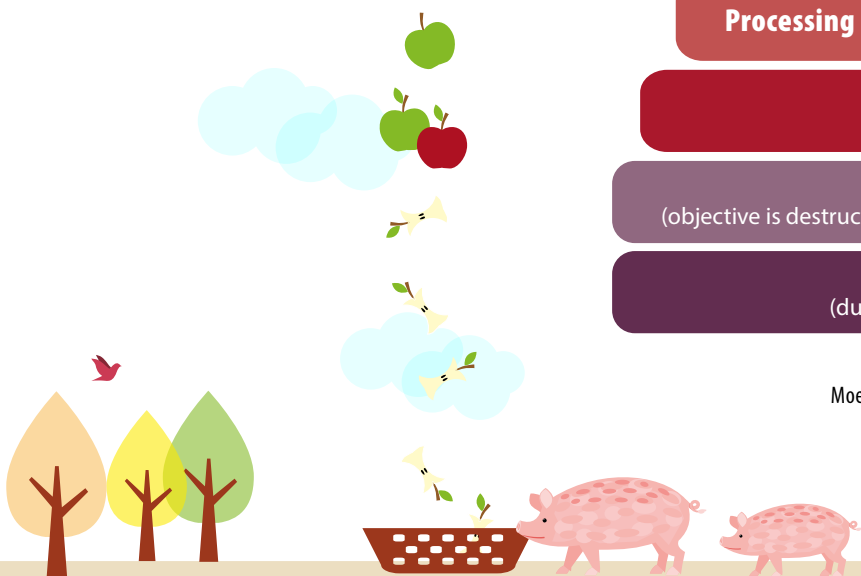


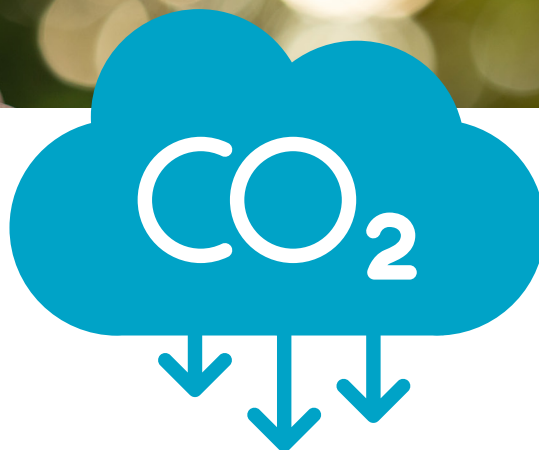
Figure 1:
Moerman's ladder for sustainable food production.





REDUCING EMISSIONS

Being aware of our impact on the natural environment and the resources it provides, we strongly believe that sustainable business implies the careful use of natural resources. Every production facility in our group measures its environmental impacts according to several environmental performance indicators on energy, water and waste.





PRODUCTION EMISSIONS

Vandemoortele acknowledges the adverse effects of climate change on human and natural habitats. We are committed to calculate and monitor our greenhouse gas emissions from our manufacturing processes and continue to reduce our emissions. As energy consumption is a major source of greenhouse gas emissions and essential for the production, storage and transport of our products, Vandemoortele subscribes to the general ambitions of reducing energy intensity and increasing the use of renewable energy. In 2019, 85% of our electricity consumption was delivered from certified renewable sources, hereby surpassing our initial target of 80%.

To reach our commitment to reduce our energy intensity, we engage with each of our production facilities to set reachable targets and implement action plans accordingly. We deliberately chose to do this in close dialogue with the local energy facilitators as they have the best knowledge on bottlenecks and opportunities to improve emission reduction. At Vandemoortele, we believe this is the best way to define ambitious goals without compromising on our operational excellence.

Our factories are considering and implementing a comprehensive set of energy efficiency measures, such as process optimization based on smart energy measurements, better insulation of buildings, best-in-class ammonia-cooling technology, as well as heat recovery on cooling and compressed air installations. Our action plan on energy reduction consists of over 270 individual actions. After some years of increased energy intensity, due to a product shift in our Bakery Products from raw to pre-proofed and pre-baked products, the trend was reversed in 2018. We continued this trend in 2019 and managed to reach the decoupling of our energy consumption and production volumes. In 2020, we aim to continue this trend and further increase our investments.

As a result, Vandemoortele managed to reduce its company carbon footprint by almost 50% compared to 2015.





TRANSPORT EMISSIONS

Over the last few years, Vandemoortele has modernized its fleet of heavy goods vehicles and distribution vans. In so doing, we have succeeded in reducing CO₂ emitted by our trucks by 9%. Upgrading the engines of the trucks does not only have a positive effect on CO₂ emissions, but also reduces the emissions of NO_x and particulates considerably. We strongly believe that new engine technologies will help us to further reduce CO₂ emissions. Yet we are aware of the fact that this is only a part of the solution. That is why we also look to improve the aerodynamics of our trucks and trailers. Streamlining your fleet is said to reduce fuel consumption up to 20%, because at least half of our truck's fuel is used to overcome aerodynamic drag when traveling at highway speeds.

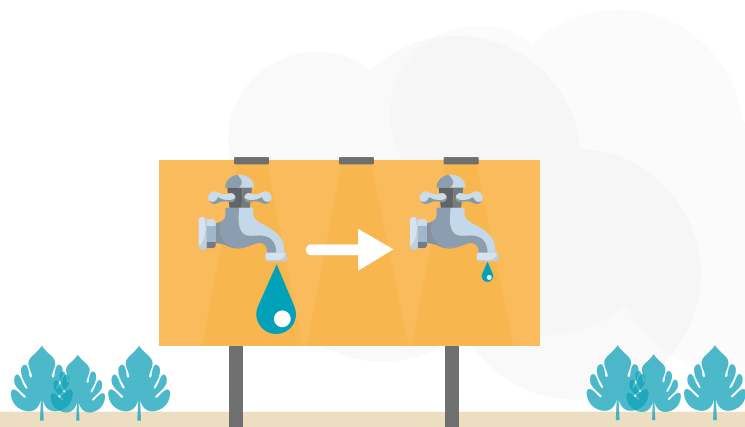
Moreover, we are also focusing on new technologies such as electric or hydrogen engines in order to make our road transport even more sustainable.

An electric engine would immediately impact on fuel consumption and, consequently, on CO₂ emissions. However, hydrogen power enables trucks to refuel quicker, go further, and weigh less, all with a zero-emission sustainable solution. At the moment these technologies require more research, but we believe these will evolve drastically in the coming years.



WATER CONSUMPTION

Around 55% of the water consumed by Vandemoortele is used as ingredient in our products. Consequently, we can only impact half of our water consumption. In 2019, Vandemoortele has implemented different measures such as the automatisisation of cooling towers and investments in new cleaning techniques and utensils. In 2020, we will further explore how we can reduce the amount of organic load in our wastewater.





COMMITMENT TO PEOPLE



We are dedicated to ensuring healthy and safe workplaces. We are committed towards the development and personal growth of our people. We appreciate the value of a diverse workforce and aim to give every associate an equal opportunity to grow. Beyond the confines of our group, we engage constructively and respectfully with our local community and build meaningful relationships.

HEALTH & SAFETY

SUSTAINABLE EMPLOYABILITY

CONNECTED TO COMMUNITY

**COMMITMENT
TO PEOPLE**





HEALTH & SAFETY

SAFETY

Our primary concern is to make sure our associates can work in a safe and healthy environment. Groupwide, a uniform approach in Health & Safety management and tools is implemented with the aim to align on efficient actions and related results.

In 2015, we started the “I CAREU2?” programme in addition to visual means and other training media. This gave our leading hands the necessary safety tools to manage and execute safety on their sites.

To support and empower our associates, we organize safety days, training sessions on specific safety topics and expected safe behaviour. In 2019, we expanded the safety ambassadors’ programme with an extensive training on coaching, communication and constructive feedback techniques. The prime focus is to encourage all employees at all levels to think on safety prior to acting.

We can say our actions and the “I CAREU2?” programme are a success as we experience considerable improvements in our safety performance indicators. To make it an inseparable part of operational excellence and our company culture we now have linked the performance to the executive remuneration of management.

Best practice example:

“The bakery site of Lyon (St Vulbas) has been a pioneer in safety training by introducing an escape game as a safety training tool. This applies the principles of unlocking a room by solving a series of safety related challenges. Throughout the course of the different scenarios and rooms, the participants observe and analyse their “work” environment, identify risks and avoid certain traps. This type of engagement improves safety awareness during their day-to-day operations.”

The programme clusters several safety tools under one pillar with the key safety tools being:

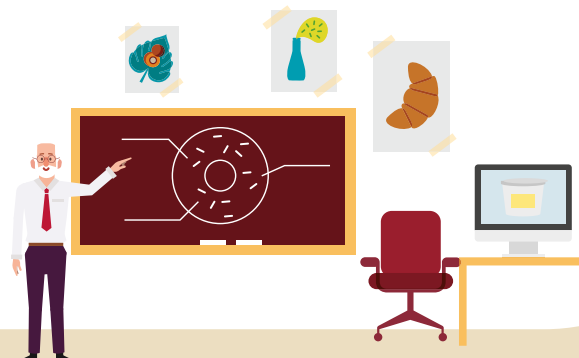
- **Safety walks:** periodic cross-departmental safety observation rounds by a multidisciplinary site team
- **Safety toolboxes:** “on-the-job” safety training sessions focusing on task and workplace-related topics and given by leading hands
- **Root cause analysis:** involvement of leading hands in accident analysis, choice and implementation of corrective actions





SUSTAINABLE EMPLOYABILITY

Based on the 2017 engagement survey we defined three key focus areas: 'People for Growth', 'Growth for People' and 'Leaders for Growth'. For each of these focus areas we have developed a dedicated work plan.



PEOPLE FOR GROWTH

In order to strengthen the skills and competences, and be successful as a company, we started an inventory process in 2019. In 2020, we will develop action plans, based on a gap analysis, to strengthen the required competences. Our new learning management system (LMS) will leverage the development of the needed skills and competences. We want to make sure each associate has their personal development plan including learning on the job, coaching and training.

GROWTH FOR PEOPLE

At Vandemoortele, we foster healthy ambition and equal opportunities. We strongly believe our growth is linked to the development of our people. That's why we collaboratively create a professional journey for each associate to reach their short and longterm life goals. All associates can choose between four individual paths and receive feedback via a talent review to strengthen their path accordingly.

LEADERS FOR GROWTH

If we expect our associates to adopt a new way of working, we also need our leaders to do things differently. That is why we set-up a programme "Leaders for Growth". We received over 1000 suggestions from 600 associates regarding leadership. With this input we developed our own model to strengthen leadership based on empowerment, trust and accountability. This model is the basis for a training journey to develop our leaders.

VITALITY

At Vandemoortele, we want each associate to be healthy and happy in their job. The increased focus to drive vitality is done according to local dynamics and expectations. This decentral, bottom-up approach enables us to maximally leverage local initiatives and adapt to the true needs of our people, regardless of where they are operating. For example, we have various running initiatives, weekly fruit baskets, tabac- and sugar stop plans across our different operating countries.





4166

PERMANENT ASSOCIATES

164

SENIOR STAFF

112

52

466

STAFF

271

195

1035

WHITE COLLAR

493

542

2501

BLUE COLLAR

1813

688

63

NATIONALITIES



CONNECTED TO COMMUNITY

DIVERSITY & EQUAL OPPORTUNITIES

Within Vandemoortele Group we employ over 4,000 people from different backgrounds regardless of age, disability, gender, marriage and civil partnership, pregnancy and maternity, race, religion, political opinion or beliefs. This richness is something we cherish and in which we foster equal opportunities and healthy ambition.

In terms of gender diversity, we have made progress, but improvement is still required to meet our targets. In 2019, we started a detailed study on equal pay within Vandemoortele to ensure that all groups, regardless of gender, age or nationality are treated on a fair basis. We also safeguard that women are sufficiently represented in selection procedures.



PRODUCTS YOU CAN TRUST

As food producers, we have a special responsibility towards our customers and consumers. They trust us to provide them with food that is not only tasty and authentic but also demonstrably safe and of the highest quality.

TASTY & RELIABLE FOOD

FOOD CARE



**PRODUCTS
YOU CAN TRUST**





TASTY & RELIABLE FOOD

HEALTH & NUTRITION

As a responsible actor in the food sector, Vandemoortele is committed to deliver healthy and nutritious products with transparent, understandable and clear labelling to help consumers make well-informed food choices that fit in with their diet. We value consumer expectations for tasty, reliable and healthy products and always develop our products according to the latest nutritional insights. Great taste is built on quality ingredients, processing expertise and true craftsmanship. We invest in research to develop innovations that satisfy evolving consumer needs in a world of ever-changing eating habits, trends, technologies and regulations.



At Vandemoortele, we believe the best way to improve is through collaboration and partnerships. That is why we continue to build our know-how through bilateral research projects in cooperation with several scientific institutes. Since 2012, we have set up the Vandemoortele Centre for Lipid Science and Technology in a research partnership with Ghent University. In 2019, we organized a mini symposium together with the University of Ghent named “Fats for the future”. In addition to that, we continue to build our know-how through specific research projects on relevant topics for both business lines (e.g. wellonwheat).

PART OF OUR EFFORTS IN 2019:

- We updated our Vandemoortele Supplier Ingredient Guideline to ensure new ingredients are in line with our long-term strategy and the strategy of our customers.
- We reformulated several new products with less or no sugars and additives.
- We developed a new bread for which the claim ‘shown to lower blood cholesterol’ can be made.
- New consumer tools such as Nutriscore have been integrated into our approach.



**RESEARCH
PARTNERSHIP
WITH GHENT
UNIVERSITY**



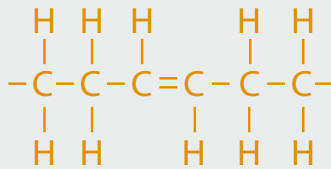
OUR POSITION TOWARDS KEY ISSUES OF CONCERN IN THE FOOD SECTOR

We want to be fully transparent about our products towards our customers. We are committed to delivering the best possible products that consider consumers' individual desires, needs and requirements, as well as the latest insights regarding food, health and nutrition. We are also in the process of writing a position paper on clean labeling.



PALM OIL

[OUR POSITION ON PALM OIL](#)



TRANS FATS

[OUR POSITION ON TRANS FATS](#)



SATURATED FATS

[OUR POSITION ON SATURATED FATS](#)



SUGAR

[OUR POSITION ON SUGAR](#)

"Taste is key in all our products. Ensuring great taste while improving the nutritional characteristics of our products is a fantastic challenge that leads us to exciting new opportunities."

**Roel Van der Meulen –
R&D Manager Bakery Products**





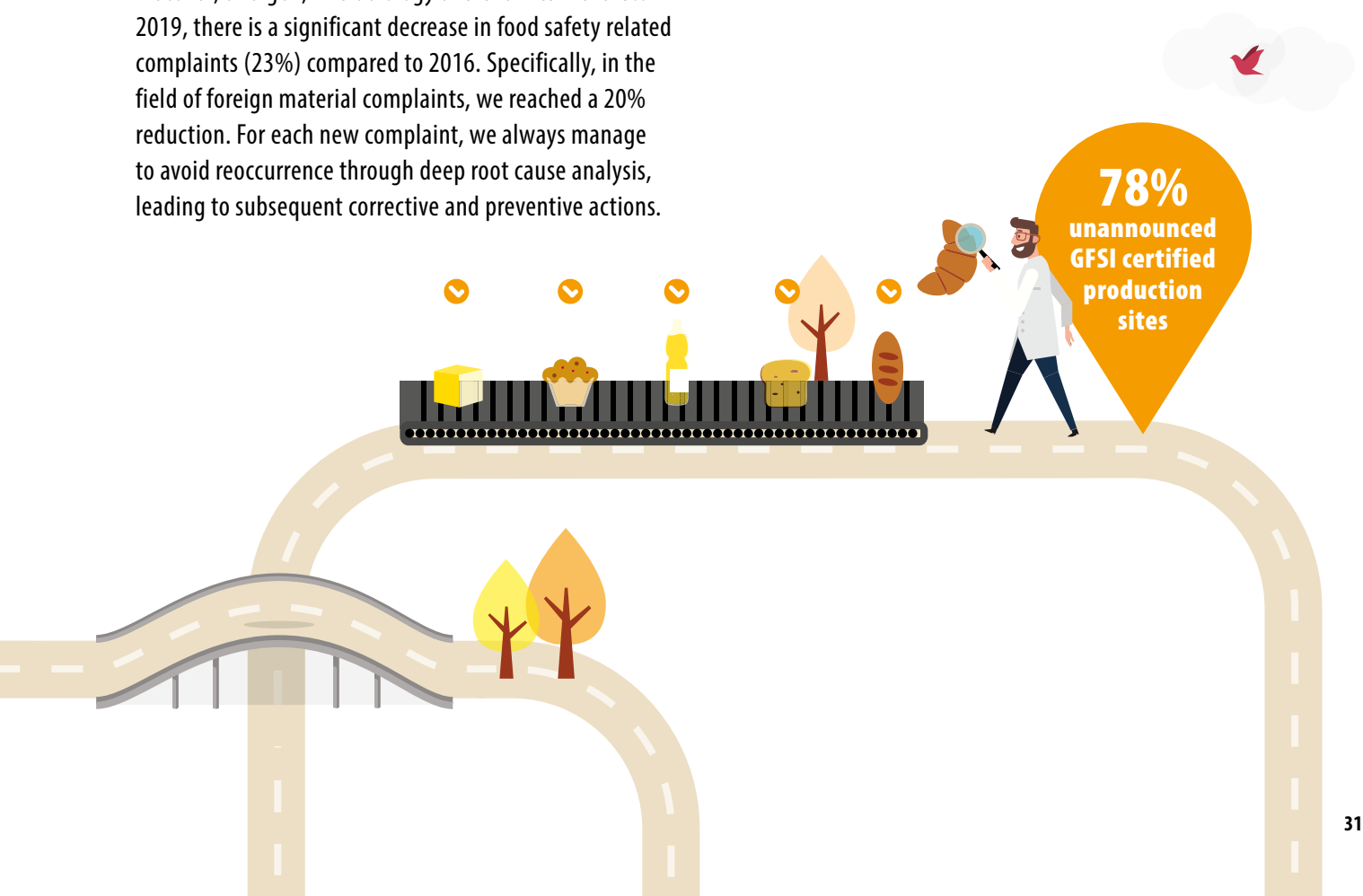
FOOD CARE

FOOD SAFETY

Food safety is very important at Vandemoortele and in today's food industry. The supply chain is becoming globalised, eating habits are changing and mass catering establishments are becoming more popular. In the context of these societal changes, food safety and hygiene issues can easily arise. Our key ambition is to build trust with our customers that we offer excellent quality and are a leader in product safety. We therefore take food safety very seriously.

All Vandemoortele sites are certified according to either the International Food Standard (IFS) or the BRC Global Standards. In recent years we have created a consistent high-level awareness in food safety by having 78% of our production sites certified according to Unannounced IFS or Unannounced BRC Global Standards. We are committed to pursue this effort in 2020 as this offers true transparency assurance to our customers.

Food safety complaints are related to either foreign material, allergen, microbiology and chemical hazards. In 2019, there is a significant decrease in food safety related complaints (23%) compared to 2016. Specifically, in the field of foreign material complaints, we reached a 20% reduction. For each new complaint, we always manage to avoid reoccurrence through deep root cause analysis, leading to subsequent corrective and preventive actions.





ENGAGING WITH SUPPLIERS ON GFSI COMPLIANCE

At Vandemoortele, our aim is to only do business with Global Food Safety Initiative (GFSI) certified suppliers. For suppliers not yet GFSI certified, we strongly encourage them to start the certification process. In the meantime, we also perform a risk assessment. This way we categorize our suppliers into low and high risk suppliers. The high risk suppliers without GFSI certification are automatically put on our audit planning. Low risk suppliers without GFSI certification are given a questionnaire to check if their quality systems are sufficient. Complementary audits are conducted if suppliers hold significant risks. If so, we run an audit. Our audits are thorough as we also check the quality systems, good manufacturing processes, general order and cleanliness of the site. Our way of working is completely in line with the BRC and IFS standards. If the supplier is not approved during audit, we search for an alternative supplier.

FOOD FRAUD

In 2019, Vandemoortele has completed its Food Fraud policy. We have made a vulnerability assessment on both product and supplier level and integrated this in the overall risk assessment of raw materials and ingredients. By identifying and prioritizing the weaknesses in our entire supply chain regarding food adulteration we are aware of potential product fraud risks. Vulnerability assessments are used to identify specific points where intentional adulteration has the greatest potential to arise. For the ingredients with a potential medium or high risk for food fraud we have installed mitigation strategies. For example, we request a full traceability exercise to our high risk suppliers and send them questionnaires to check how they analyse and mitigate food fraud risks.







“It’s our key ambition to be a leader in product safety to build trust with our customers and consumers.”

Lien Meyseman – QA Officer Traded Goods

**FOOD
SAFETY
STANDARDS**



OUR KPIs

PLATFORMS	KPI	STATUS 2017	STATUS 2018	STATUS 2019	APPROACH
 PROTECTING NATURAL RESOURCES	Certified sustainable palm oil	100%	100%	100%	For our consumer brands we use 100%-certified sustainable palm oil.
	Traceability to the mill for palm oil	98.5%	98.5%	99.7%	99.7% of the palm oil we buy can be traced back to its source.
	Certified sustainable soy	100%	100%	100%	For our consumer brands we use 100%-certified sustainable soy. This applies both to the soy ingredients we use ourselves and the soy that ends up in our products indirectly via feed (e.g. in eggs, butter and other animal-derived products).
	Recycled or certified sustainable paper & cardboard packaging	91%	93%	98.9%	98.9% of all paper and cardboard packaging materials for our consumer brands are recycled or certified sustainable.
PROMOTING INTEGRITY IN BEHAVIOUR AND PRACTICES	Strategic suppliers and non-strategic high risk suppliers signed the 'Supplier Code of Conduct'	35%	41%	74%*	*Newly created direct suppliers in 2019 explicitly signed our 'Supplier Code of Conduct'. Due to the change in our supplier management system the data is not comparable, but it indicates a positive trend. We see a 33% increase of new suppliers signing our 'Supplier Code of Conduct'.
 REDUCING EMISSIONS	Electricity from renewable sources	50%	65%	85%	Of the total electricity consumed, 85% was coming from renewable sources.
	Reduction total energy intensity compared to 2015	+ 6.4%	+ 5.3%	+ 3.8%	Considering new higher energy intensive activities, the energy intensity rose by only 3.8% compared to 2015.
	Reduction company carbon footprint compared to 2015	- 8%	- 29.5%	- 48%	Vandemoortele managed to reduce the company carbon footprint by 48% compared to 2015.
HEALTH & SAFETY	Severity rate (own staff)	0.93	1.35	0.75	The severity rate at Vandemoortele in 2019 was 0.75.
	LWC frequency rate (own staff)	27.8	31.5	25.1	A reduction of 23% on LWC (lost workday case) was realised, compared to 2015.
 SUSTAINABLE EMPLOYABILITY	Associate engagement survey - Response rate	80%	83%	TO BE EXECUTED IN 2020	
	Associate engagement survey - Sustainable engagement	73%	76%	TO BE EXECUTED IN 2020	
	Associate engagement survey - Sustainability	66%	73%	TO BE EXECUTED IN 2020	
CONNECTED TO COMMUNITY	Distribution men / women	2808/1525	2743/1468		In 2019, the distribution between men and women was 2689 and 1477, respectively.
 FOOD CARE	GFSI certification for production sites	100%	100%	100%	All Vandemoortele sites are certified according to either IFS International Food Standard or BRC Global Standards.
	Unannounced GFSI certification for production sites	63%	67%	78%	78% of Vandemoortele sites are certified according to either Unannounced IFS International Food Standard or Unannounced BRC Global Standards.

ANNEX



ANNEX 1

VANDEMOORTELE PALM OIL PROGRESS REPORT 2018

P. 35

ANNEX 2

VANDEMOORTELE PALM OIL SOURCING CHARTER

P. 41

ANNEX 3

VANDEMOORTELE SOY SOURCING CHARTER

P. 44

ANNEX 4

VANDEMOORTELE PAPER AND CARDBOARD
PACKAGING SOURCING CHARTER

P. 45

ANNEX 5

VANDEMOORTELE EGG SOURCING CHARTER

P. 46

ANNEX 6

SUPPLIER CODE OF CONDUCT

P. 48

ANNEX 7

OUR POSITION ON PALM OIL

P. 50

ANNEX 8

OUR POSITION ON SATURATED FATS

P. 55

ANNEX 9

OUR POSITION ON TRANS FATS

P. 57

ANNEX 10

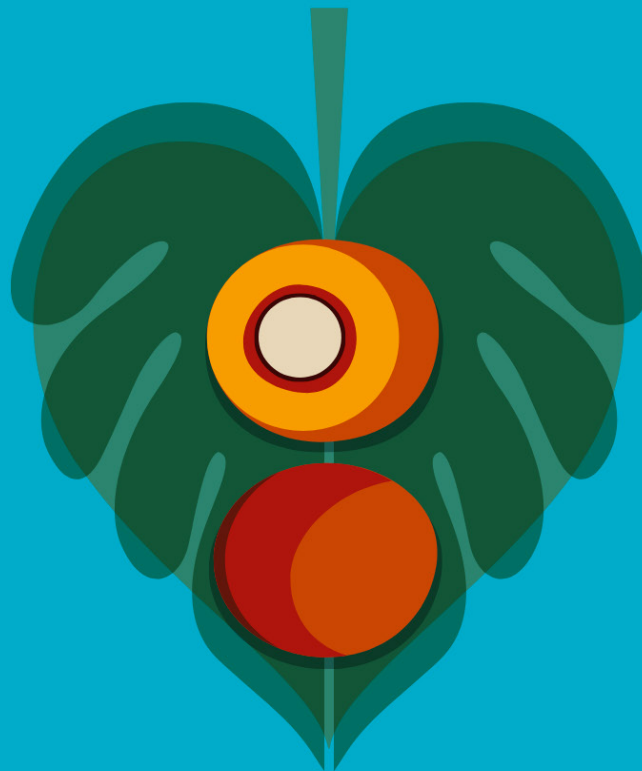
OUR POSITION ON SUGAR

P. 60

“Shaping a tasty
future responsibly.”

SUSTAINABLE PALM OIL PROGRESS
REPORT 2018

Shaping a tasty future responsibly



INTRODUCTION

Palm oil (PO) is made from the pulped fruit of the palm tree, originally found in West Africa but now cultivated in many tropical regions around the world, including Indonesia and Malaysia. This fruit has the size of a large olive and it gets its reddish colouring from its high beta-carotene content. It has a single seed or kernel, which is pressed to produce palm kernel oil (PKO). Palm oil and palm kernel oil differ in their fatty acid composition, with the former used as a food ingredient in most parts of the world and the latter by the oleochemical industry as a raw material.



In Europe, palm oil is used primarily as biofuel, with the food and non-food industries the next biggest consumers. Meanwhile, in the tropical belt of Southeast Asia, Africa and parts of South America, the product is used as a common cooking fat. It is also used by the food industry worldwide as an ingredient due to its excellent sensory characteristics and functional properties. Because of its higher melting point, palm oil is naturally solid at 20°C and lends a pleasant, smooth and creamy texture to the final product.

In other words, palm oil provides a delicious taste and it has a balanced fat composition.



**WITH 69 MILLION TONNES
OF PALM OIL USED IN 2018 ALONE,
GLOBAL DEMAND HAS INCREASED
SIGNIFICANTLY IN RECENT YEARS,
AND IS RISING STILL**

Simply put, no other alternative edible vegetable or animal oil with the same functional properties exists in this quantity. It is also an extremely efficient crop, allowing up to 10 times more production per hectare than other vegetable oils.

This high level of output has seen the palm oil industry become a major driver of economic growth in many countries. Indonesia and Malaysia account for more than 90% of the global supply.

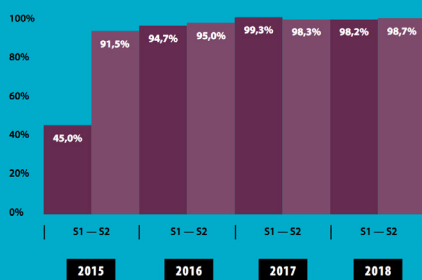
However, the economic benefits of palm oil often come at a major social and environmental cost. Palm oil cultivation is associated with the loss of tropical forest habitats, which contain more than half of the earth's plants and animal species. Peatlands drained for palm oil expansion have led to fires and haze in Southeast Asia, damaging the health of local people and ecosystems, and impacting the climate. Labour disputes and conflicts with local communities are also endemic within the product's supply chain. Add to these the smallholders, who supply just under half of the world's palm fruit and whose livelihoods are vulnerable to economic and environmental changes.

VANDEMOORTELE IS STRONGLY COMMITTED TO SUSTAINABLE PALM OIL.

In 2014, we published our Palm Oil Sourcing Charter, with ambitious targets for zero-deforestation and zero-exploitation palm oil sourcing. This report summarizes the progress made in 2018 towards meeting the terms of our Charter.

Our 2018 objectives and results

TRACEABILITY SCORE EVOLUTION



2018

RSPO CERTIFIED PALM OIL

Maintain **100%** sourcing of RSPO certified palm oil for our consumer brands.

IN 2018, WE USED 43,262 TONS OF PALM OIL in our consumer-branded products.

100% of the oil for these products is RSPO certified. We make use of three systems: RSPO Credits, Mass Balance and Segregated.

PALM OIL TRACEABILITY

Maintain **100%** traceability up to the mill level* in our palm oil supply chain.

IN 2018, WE ACHIEVED 98.5% TRACEABILITY BACK TO MILL for all palm oil purchased for our consumer, and private, branded products.

*Mill traceability is achieved if the following information is available: mill parent company, mill name, mill coordinates, and mill RSPO status.

ENGAGEMENT AND MONITORING OF OUR SUPPLY CHAIN

Supplier engagement is the process we use to make sure our suppliers are operating in compliance with our **Palm Oil Sourcing Charter**.

We put focus on our strategic suppliers, closely following their progress against our commitment. We also continue to follow up on any sustainability issues involving our direct suppliers.

A direct, regular dialogue is maintained to monitor how our suppliers are managing and resolving these issues. We track our suppliers' improvements year by year with the use of a specific tool: an online questionnaire platform for suppliers.

Suppliers are able to inform us of their progress in terms of their commitment, traceability levels, implementation plans, grievances, or monitoring systems.

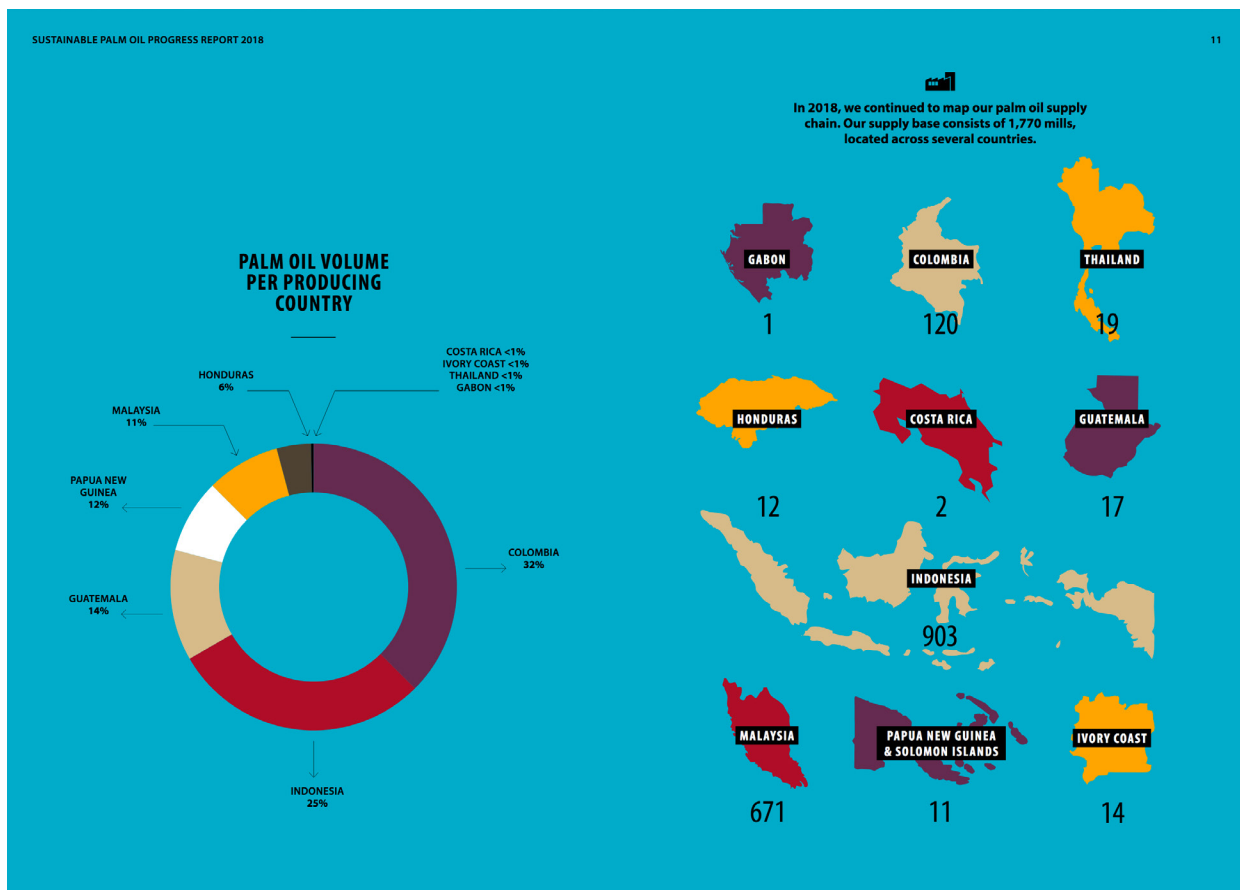
In line with our Palm Oil Sourcing Charter, **100%** of our purchased palm oil volumes are sourced from suppliers committed to a **"No Deforestation, No Peat, No Exploitation" (NDPE) policy**.

To help implement our commitment, **VANDEMOORTELE is working with Earthworm Foundation**, formerly known as The Forest Trust, which has extensive experience helping companies to manage and source raw materials responsibly.



RESPONSIBLE SOURCING





Together with our strategic suppliers, we are identifying possible risk areas within our palm oil supply chain, so that we can engage in transformation projects to strengthen our impact on the ground.

SINCE 2018

VANDEMOORTELE has been supporting a field programme in Indonesia run by the local Earthworm team: **The Areas for Priority Transformation Programme**, or Areal Prioritas Transformasi in the local language, Bahasa Indonesia. The project is currently active across three regions, where Indonesia's precious tropical forests are under threat due to expanding agriculture, which is in turn critical for much-needed economic development.

YULIA

Indonesia field team member,
Earthworm;

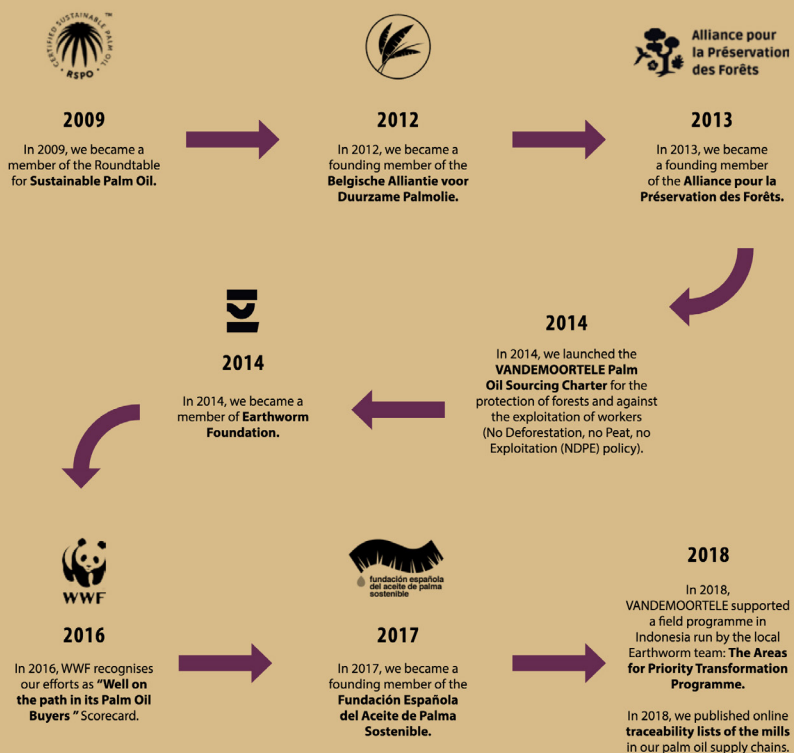
"WE WANT TO DESIGN STRATEGIC INTERVENTIONS FOR COMMUNITY-BASED CONSERVATION USING A PARTICIPATORY APPROACH WHILE ALSO OFFERING ALTERNATIVE LIVED OPTIONS TO SMALLHOLDERS."

APT IS WORKING TOWARDS FIVE KEY OBJECTIVES:

- 1. FOSTERING**
local government leadership in economic and spatial planning
- 2. INTRODUCING**
conditions that will stop deforestation inside oil palm concessions
- 3. PREVENTING**
deforestation outside concessions by forming community-based conservation plans and providing alternative livelihood options
- 4. STRENGTHENING**
current mill and plantation practices with a view to implementing or improving NDPE commitments
- 5. FINDING**
innovative ways to monitor and evaluate progress and impacts in real time

PARTICIPATION IN PALM OIL SECTOR INITIATIVES

Although palm oil can be grown on relatively small areas of land, the intensive level of production in recent years has led to natural forests being cleared, threatening biodiversity and increasing the exploitation of the local population. We recognise the urgent need to steer the palm oil industry back in the right direction. In light of this, we have developed long-term partnerships with various organisations committed to raising awareness of these issues within the industry. For the same reason, we continue to play an active role in initiatives promoting the use of sustainable palm oil around the world.



Outlook 2019 and beyond

BY 2020

Our core objective remains a deforestation- and exploitation-free palm oil supply chain by 2020.

**WE WILL MAINTAIN
100% SOURCING
OF RSPO-CERTIFIED
PALM OIL
for our consumer brands.**

**WE WILL
CONTRIBUTE TO WORK
TOWARDS ACHIEVING
100% TRACEABILITY
BACK TO MILL.**

**WE WILL CONTINUE
TO CONTRIBUTE TO THE
TRANSFORMATION
on the ground by co-financing the landscape APT programme in Indonesia.**

**WE WILL CONTINUE
TO SUPPORT AND
PARTICIPATE IN
INITIATIVES
that support the uptake of
sustainable palm oil in Europe.**

Our KPI's



KEY PERFORMANCE INDICATORS

KPI	TARGET	STATUS 2018	APPROACH
Certified sustainable palm	100% by 2015	100%	For our consumer brands we use 100%-certified sustainable palm oil .
Traceability to the mill for palm oil	100% by 2015	98,5%	98,5% of the palm oil we buy can be traced back to its source.
Suppliers' commitment	100% by 2020	100%	100% of our volumes are covered by suppliers committed to a NDPE policy.



READ MORE ABOUT VANDEMOORTELE'S SUSTAINABLE DEVELOPMENT

www.vandemoortele.com/en/sustainable-development

READ VANDEMOORTELE'S SUSTAINABILITY REPORT

www.vandemoortele.com/sites/default/files/2019-03/Sustainability_Report_2018_DIGITAL.pdf

VISIT VANDEMOORTELE'S PAGE ON EARTHWORM FOUNDATION

www.earthworm.org/members/vandemoortele

CHECK OUT VANDEMOORTELE'S RSPO CERTIFICATE AND ANNUAL COMMUNICATION ON PROGRESS

www.rspo.org

FIND MORE FACTS AND FIGURES ABOUT PALM OIL

www.duurzamepalmolie.be

Belgian Alliance for Sustainable Palm Oil

www.alliance-preservation-forests.org/

French Alliance for Forest Preservation

www.taskforceduurzamepalmolie.nl

Dutch Alliance for Sustainable Palm Oil

www.aceitedepalmasostenible.es/

Spanish Alliance for Sustainable Palm Oil

1 December 2014

VANDEMOORTELE PALM OIL SOURCING CHARTER

CONTEXT

As one of Europe's leading food manufacturers, our margarines and fats and frozen bakery products are consumed by millions of people. Palm oil is an ingredient in various of our products, so we are fully aware of the important role we have in the procurement of palm oil. Because of its very high land use efficiency, we believe palm oil is one of the most sustainable edible oils currently available.

However, the palm oil sector has been criticised because of unsustainable practices, such as deforestation and disrespectful treatment of the communities living and working in the palm oil producing countries. We believe it is our responsibility to supply our customers with palm oil that has no connection to deforestation or exploitation of the people living and working in the areas it is produced. Therefore, we recognise the urgent need to transform the palm oil sector by changing the way we source our palm oil.

OUR PALM OIL JOURNEY

Vandemoortele has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2009. In 2011 Vandemoortele committed to source 100% certified sustainable palm oil by end 2015 for our consumer brands.

In 2013, recognizing the importance of traceability in helping to transform the palm oil industry, we became a founding member of the French Alliance for Sustainable Palm Oil. We are an active participant in many other initiatives to promote the uptake of sustainable palm oil.

In 2014 we became a [member of TFT](#), a global non-profit organisation focused on the delivery of responsible products. We have pushed further in our journey and committed to only use traceable, deforestation-free and exploitation-free palm oil.

A STRONG COMMITMENT

We are committed to only sourcing palm oil from suppliers who guarantee to meet the following criteria:

- No development on High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas.
- No development on peatlands, irrespective of depth.
- No burning to clear land.



- Fully respecting human rights, including the right to Free, Prior and Informed Consent (FPIC) of indigenous and local communities for plantation developments on land they own legally, communally or by custom

IMPLEMENTATION

In making sure these criteria are respected in our supply chain, we will work with TFT and our suppliers in two phases:

- A first phase of traceability: we will support the work of our suppliers toward building supply chains in which palm oil can be traced back to the mills.
- A second phase of transformation: work with suppliers to perform assessments, implement action plans, supporting them to make any improvements required to meet our criteria. This second phase will be introduced gradually as progress is made in the traceability phase.

In addition, as we realise that smallholder farmers are a critical part of the palm oil industry, we aim at contributing to building solutions for smallholders to ensure that also they can be involved in and benefit from sustainable palm oil production.

TIMEFRAME

By the end of 2015, in partnership with our suppliers, we aim to have 100% traceability at least up to the mill level. We will engage our suppliers to plan compliance with our criteria immediately.

After achieving a 100% traceable supply to the mill level by end of 2015, we will define a timeline to reach full compliance with our criteria. From today we expect our supply chain to identify the high priority growers and support them on the journey towards compliance.

Measure and report

We will continuously measure progress towards our traceability goals and compliance with our criteria. On an annual basis we will publicly report on progress in a transparent way, so that all our stakeholders can verify that we are fulfilling our commitments.

OUR SUPPLIERS' ROLE

It is very important to have committed supply partners who share our values. We remain highly reliant on the progress made by our suppliers on the traceability and deforestation-free work. Therefore we ask our suppliers to regularly and transparently report to us.

We will actively support its suppliers in their work. If however we do not see adequate progress, we will direct our suppliers to find alternative sources that do meet our criteria and are qualified to supply our business.

ANNEX: DEFINITIONS

High conservation value (HCV) areas are areas that contain items of biological, social or cultural value that it is important to conserve, including rare, threatened and endangered species and their habitat. Please visit the [HCV Network website](#) for more information.

High carbon stock (HCS) forests include primary forests, high, medium and low-density forests and regenerating forests. Greenpeace, TFT and industry partners have developed and are trialing a HCS framework and identification tool. Please read [The High Carbon Stock Forest Study Report](#) for more information. Vandemoortele expects its suppliers to continue to adopt best practices for identifying HCS as they are developed for different contexts. Other definitions can be acceptable as long as they are scientifically sound and recognized by our stakeholders.

Peatlands are areas with soil that contains more than 65% organic matter.

Jules Noten* CEO

*On behalf of Jules Noten Comm. V



17 May 2017

VANDEMOORTELE SOY SOURCING CHARTER

CONTEXT

Vandemoortele purchases soybean oil, mainly for use in margarines, and to a lesser extent other soy ingredients, such as soy flour, bran and flakes for use in bakery products. Soy is also embedded as animal feed in animal-derived products, such as dairy, eggs and meat. We use these in various of our products. Soy is grown in several parts of the world, including Brazil, Argentina and the USA. Most of the soy used in Europe is grown in South America. Unfortunately, an increasing amount of the soy produced in this region over the past two decades has resulted in a number of negative effects on the environment, as well as on local communities. A major issue relating to the environment is deforestation, together with its wider effects, such as loss of biodiversity and the emission of greenhouse gases. Another environmental problem is the use of unauthorised pesticides in growing soy. Social problems include the poor working conditions under which farm workers and others involved in the production of soy have to work. Land rights are also an issue when large-scale agriculture expands aggressively into new areas.

There is clearly an urgent need to transform the soy sector. As approximately 75% of soybean is used for animal feed, the feed sector has a significant role in leading this transformation. At the same time, food manufacturers will need to change the way in which they source soy through a strong focus on responsible sourcing in the supply chain.

A STRONG COMMITMENT

We believe it is our responsibility to supply our customers with soy products that have no connection whatsoever with deforestation, whether directly or in embedded form.

We have been a member of the Round Table on Responsible Soy (RTRS) since 2011. The RTRS Standard for Responsible Soy Production is applicable on a worldwide level and assures soy production that is socially equitable, economically feasible and environmentally sound. Vandemoortele has reported on its progress to the RTRS since 2015.

It is our aim to source for our consumer brands 100% certified sustainable soy, both direct and embedded, by the end of 2017. We make use of the RTRS credits system.

Jules Noten* CEO

*On behalf of Jules Noten Comm. V

NV Vandemoortele
Moutstraat 64
B-9000 Gent

17 May 2017

17 May 2017

VANDEMOORTELE PAPER AND CARDBOARD PACKAGING SOURCING CHARTER

CONTEXT

Vandemoortele buys paper and cardboard materials, mainly for primary and secondary packaging purposes. For primary packaging, which is in direct contact with the product, we use virgin paper or paper cardboard. For secondary packaging, we use corrugated cardboard, which is recycled where possible.

Paper and cardboard ultimately come from plantations and forests. While most timber is harvested from well-managed forests and plantations, illegal logging and the destruction of old-growth and high-conservation-value forests is still taking place.

A STRONG COMMITMENT

We see it as our responsibility towards our customers to ensure that our products do not contribute to deforestation in any way. We do this in several ways.

In the first place, we are looking for smart packaging design alternatives that keep the resources consumed in our packaging to a minimum.

Secondly, it is our aim to use recycled materials in our packaging where possible.

If recycled materials are not an option (because of direct contact with food, for example), we opt for virgin materials that are certified sustainable.

In the case of certified materials, we require that they are certified against the Forest Stewardship Council (FSC) or the Programme for Endorsement of Forest Certification (PEFC) schemes. Both these international organisations are committed to ensuring that the forests are managed responsibly by taking social, ecological and economic factors into account.

Our aim is to ensure that, for our consumer brands, by the end of 2018, paper bags, solid cardboard and corrugated cardboard packaging are made from recycled or certified materials. By 2020, all paper and cardboard packaging materials for our consumer brands should be recycled or certified sustainable.

Jules Noten* CEO

*On behalf of Jules Noten Comm. V

12 December 2018

VANDEMOORTELE EGG SOURCING CHARTER

CONTEXT

VANDEMOORTELE purchases eggs, mainly for use in our bakery products and the sauces.

Cage egg production present inherent animal welfare problems, most notably by their small size and barren conditions. Hens are unable to engage in many of their natural behaviours and endure high levels of stress.

Cage-free egg production, while not perfect, does not entail such inherent animal welfare disadvantages and is a very good step in the right direction for the egg industry.

An important step in 1998 was Council Directive 98/58/EC on the protection of animals kept for farming purposes which gave general rules for the protection of animals of all species kept producing food, wool, skin or fur or for other farming purposes, including fish, reptiles or amphibians. These rules are based on the European Convention for the Protection of Animals kept for Farming Purposes Search for available translations of the preceding and they reflect the so-called Five Freedoms.

The Five Freedoms is a core concept in animal welfare. It states that an animal's primary welfare needs can be met by safeguarding the following five freedoms:

- Freedom from Hunger and Thirst by ready access to fresh water and a diet to maintain full health and vigour.
- Freedom from Discomfort by providing an appropriate environment, including shelter and a comfortable resting area.
- Freedom from Pain, Injury or Disease by prevention or rapid diagnosis and treatment.
- Freedom to Express Normal Behaviour by providing sufficient space, proper facilities and company of the animal's own kind.



- Freedom from Fear and Distress by ensuring conditions and treatment which avoid mental suffering.

VANDEMOORTELE'S COMMITMENT

At VANDEMOORTELE we care about animal welfare. We believe it is our responsibility to supply our customers with eggs that have no connection to negative animal welfare issues. That's why we commit to use only cage-free eggs (*) as of 2019.

For the eggs used in our sauces we even go further and use only free-range eggs and this already since 2016.

() apply to all the eggs, egg powders, egg yolks, egg yolk powders, egg whites, egg white powders we purchase.*

Jules Noten* CEO

*On behalf of Jules Noten Comm. V



VANDEMOORTELE Group Supplier Code of Conduct for delivery of goods, services and works

VANDEMOORTELE'S SUPPLIER CODE OF CONDUCT

In line with our mission statement, guiding principles and sustainable development policy, VANDEMOORTELE is committed to ensure responsible conduct on ethical, social and environmental issues. This Code of Conduct summarises the requirements to which VANDEMOORTELE adheres and which VANDEMOORTELE also asks its suppliers to commit. These requirements are prepared in accordance with the 10 principles of the UN's Global Compact.

Business is conducted lawfully and with integrity

All forms of corrupt practices, such as bribery, extortion, fraud and unlawful restrictive trade practices are strictly prohibited.

Working environment and social conditions comply with international frameworks

The supplier shall support, and respect internationally declared human rights and treat its employees fairly, equally and with respect.

All workers enjoy freedom of association

All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively.

Work is conducted on a voluntary basis

No form of forced labour or compulsory labour is permitted.

All workers are of an appropriate age

Child labour is not accepted. The age limit set in the laws of each country shall be respected and regardless of the country's legislation children under the age of 14 years shall never be hired. The supplier must not employ any young workers under the age of 18 to perform any work that is likely to be hazardous or harmful to their health and safety.

Working hours for all workers are reasonable

Working hours must comply with national legislation and agreements with trade unions.

All workers are paid fair wages

Wages, benefits and overtime compensation shall at least comply with national legislation and agreements. The wages of employees are paid on a regular basis.

All workers are treated equally and with respect and dignity

No worker shall be subject to any physical, verbal or psychological abuse or other form of intimidation. There is no discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement. Discrimination based on ethnic groups, colour, gender, political or religious convictions, belonging to a union or a specific social environment, or any other situation is prevented.

Worker's health and safety are protected

Health, safety and other workplace standards must meet all local laws and safety regulations. Accidents and work-related injuries have to be prevented.

Business is conducted in a manner which reduces environmental impact

The supplier shall comply with national laws and shall adopt a precautionary approach in its business operations. VANDEMOORTELE expects its suppliers to actively work on emission reductions to the air, soil and water and on more efficient use of natural resources.



Supplier declaration

The undersigned supplier has read the Code of Conduct, and understands that business with VANDEMOORTELE depends upon full compliance with this Code. VANDEMOORTELE reserves the right to make inspections to ensure that this Code of Conduct is being enforced.

These inspections may be performed by an independent third party and may be unannounced. In case the supplier fails to comply with the terms of this Code of Conduct and if improvements are not made within an agreed time period, VANDEMOORTELE may terminate its business with the supplier.

The VANDEMOORTELE Group Supplier Code of Conduct is applicable for all companies of the VANDEMOORTELE Group (VANDEMOORTELE NV and affiliated companies).

This VANDEMOORTELE Group Supplier Code of Conduct forms an integral part of the VANDEMOORTELE General Purchase conditions for the delivery of ingredients and packaging and the VANDEMOORTELE General Purchase conditions for the delivery of goods, services and works (consultable on <http://www.vandemoortele.com/en/terms.htm>).

The supplier is by its signature below committed to this Code of Conduct.

Company: _____

Date: _____

Signature: _____

Print name/Title: _____

Our position on palm oil

Key message

Vandemoortele is committed to sourcing palm oil that is traceable, deforestation- and exploitation-free as well as certified sustainable.

Background

Palm oil is the most commonly used vegetable oil for food and non-food purposes across the world. In the tropical belt of Southeast Asia, Africa and parts of South America it is used as a common cooking fat. Worldwide it is used as an ingredient in the food industry because of its excellent sensory characteristics and functional properties. The global demand for palm oil has increased significantly, and it is still increasing, as no other alternative edible vegetable or animal oil exists in sufficient quantities and offers the same functional properties.

However, European public opinion has three main areas of concern regarding the use of palm oil in food products: its effects on the environment, on society, and on health.

(1) Environmental concerns

Palm oil production has been linked to deforestation and the loss of peat lands. Both of these hazards cause the loss of biodiversity and the endangerment of animal species. If unregulated, palm oil production can hinder the sustainable development of natural ecosystems.

Despite these concerns, there are important environmental advantages to using palm oil. Above all, palm is the most efficient oilseed crop in the world. Palm trees produce the highest yield per hectare (an average of 3.7MT oil per hectare per year), requiring much less land use than any other vegetable oil alternative. One hectare of oil palm produces 5-10 times more oil than other vegetable oil crops. Palms provide 39% of the global vegetable oil production, while they occupy only 7% of oilseed agricultural lands.

This high productivity, together with the worldwide growing demand for oils and fats, has encouraged the increase of palm oil production.

(2) Social concerns

In some instances, the land conversion required for palm oil production has negatively affected the lives of workers and smallholders, as well as some indigenous and local communities.

However, palm oil production also contributes significantly to the economic development of regions where it is produced. For example, palm oil production provides an important source of revenue for millions of smallholder farmers in Southeast Asia and Africa. In this way, it plays a vital role in rural development and poverty reduction.

A right balance must be found between the conservation of the natural environment on the one hand, and the needs of the local community in terms of economic benefits and social viability on the other.

(3) *Health concerns*

In some European countries, palm oil is perceived as an unhealthy fat. In those countries, thought leaders, retailers and politicians, among others, try to ban palm oil in food and promote “palm-free” products.

However, there is no scientific proof that consumption of palm oil is related to any specific health concern¹. Health experts recommend a reduction of saturated fatty acid (SFA) intake from all sources – not only from palm oil, but also from butter and cream, for example. From a nutritional perspective, the total fatty acid composition, and in particular the ratio of SFAs to unsaturated fatty acids (UFAs) of the food “as consumed”, is important.

In actual fact, palm oil has a rather balanced composition in terms of fatty acids. It contains saturated and unsaturated fatty acids in near-equal amounts (50% SFAs/50% UFAs). In foods, palm oil is most often used with other vegetable oils and fats with different fatty acid profiles, which together determine the total fatty acid composition (SFAs and UFAs) of the final food.

Scientific studies have shown that, due to its specific fatty acid composition, palm oil does not increase the ratio between total and LDL-cholesterol and the risk of cardio-vascular mortality². The negative impact of SFAs is offset by the positive impact of the UFAs present in palm³.

What is more, other nutrients (such as vitamin E and A) that are also naturally present in palm oil are also beneficial to health¹.

Palm oil is considered a healthy alternative to partially hydrogenated oils and fats containing trans fatty acids (TFAs). The use of palm oil in food has made it possible to reduce TFAs in food products without increasing the total sum of SFAs and TFAs.

Our position

Vandemoortele is a significant buyer of palm oil for use in food products. We use palm oil mainly because of its excellent functional properties and sensory characteristics. Due to its higher melting point, palm oil is naturally solid at 20°C and gives an excellent feel when tasted. Palm oil also offers the right structure for a final smooth and creamy texture.

What's more, in terms of land use efficiency and productivity, as well as socio-economic development, palm oil can deliver significant benefits. When produced in a sustainable way, palm oil has clear environmental and social advantages compared to other vegetable oils and fats.

¹ Prof. Jean-Michel Lecerf (april 2011), Huile de palme: rapport nutritionnel, (Institut Pasteur)

² Fattore E. et al. (2014), Palm oil and blood lipid-related markers of cardiovascular disease : a systematic review and meta-analysis of dietary intervention trials, Am J Clin Nutr 2014;99:1331-50

³ Mensink RP et al. (2003), Effects of dietary fatty acids and carbohydrates on the ratio of serum total to HDL cholesterol and on serum lipids and apolipoproteins: a meta-analysis of 60 controlled trials, Am J Clin Nutr 2003; 77:1146-55

Vandemoortele is committed to sustainable palm oil sourcing. We are a member of the Round Table of Sustainable Palm (RSPO), GreenPalm and The Forest Trust (TFT). In our Palm Oil Sourcing Charter, dated 1 December 2014, we clearly describe our commitment to responsible palm oil sourcing. Clear targets have been set for fully traceable, deforestation-free and exploitation-free palm oil, as well as for certified sustainable palm oil. We have also committed to publicly reporting on our progress at least annually (www.vandemoortele.com/values). In addition, we encourage our customers to use certified sustainable palm oil and to become members of GreenPalm and/or of the RSPO.

Finally, we believe that palm oil can deliver clear and significant benefits for human nutrition and health. Palm oil has a balanced fatty acid composition, and its use in food has made it possible to reduce TFAs in food products through the replacement of partially hydrogenated vegetable oils and fats, which have a negative impact on health. Specifically, palm oil contributes positively to public health by allowing food manufacturers to optimise the total fat composition of many food products.

After carefully evaluating global, scientific research, Vandemoortele has reached the conclusion that, when sourced in a sustainable way, palm oil is a suitable edible oil for use in the food industry.

Vandemoortele's roadmap to sustainable palm oil

We have been promoting sustainable palm oil for many years. Below are some of the highlights of our efforts in this area.

2009	Vandemoortele becomes a member of the Round Table of Sustainable Palm (RSPO) and GreenPalm.
2010	Vandemoortele starts using 100% certified sustainable palm oil for branded retail margarines.
2010	Vandemoortele earns RSPO certification for all its production sites for margarines, culinary oils and fats (MCOF).
2011	Vandemoortele strengthens its commitment to use 100% certified sustainable palm oil for all its consumer-branded products by the end of 2015.
2011	Vandemoortele publishes its first RSPO Annual Communication on Progress (ACOP).
2012	Vandemoortele obtains RSPO certification for seven bakery production sites, becoming one of the first companies in the sector to do so.
2013	Vandemoortele becomes a founding member of the French Alliance for Sustainable Palm Oil.
2014	On 14 February, Vandemoortele becomes a member of The Forest Trust (TFT), committing itself to traceable, deforestation-free and exploitation-free palm oil.
2014	Vandemoortele launches the Vandemoortele Palm Oil Sourcing Charter, the key elements being: <ul style="list-style-type: none"> ▪ 100% certified sustainable palm oil by the end of 2015 for branded consumer products ▪ 100% of palm oil traceable to known sources (i.e., mills) by the end of 2015

- Commitment to engage with palm oil suppliers to eliminate deforestation, protect peat lands and fully respect human rights
 - Commitment to report publicly on annual progress
- 2015 Vandemoortele becomes a founding member of the Belgian Alliance for Sustainable Palm Oil, having also actively participated in other national initiatives promoting the uptake of sustainable palm oil.
- 2015 Target of 100% certified sustainable palm oil in consumer-branded products achieved. (June)
- 2016 All our production sites using palm oil become RSPO-certified.

Affiliations

RSPO

The objective of the *Roundtable for Sustainable Palm Oil* is to promote the growth and use of sustainable palm products through a system of certification and audits, based on credible standards and commitments of stakeholders across the entire supply chain (plantations, processors, traders, NGOs, etc.). For more information, visit www.rspo.org/certification

GreenPalm

GreenPalm operates the Book and Claim supply chain option of the RSPO (Roundtable on Sustainable Palm Oil). This supply chain option is one of four provided by the RSPO to either support or use certified palm oil and palm kernel oil. For more information, visit www.greenpalm.org

TFT

The Forest Trust helps its members to turn their values into clear policies, principles and guidelines. “TFT – traceable, deforestation-free and exploitation-free palm oil” means:

- Fully traceable to mill level
- No clearing of high-carbon stock forests
- No clearing in areas of high conservation value
- No planting on peat lands, irrespective of depth
- No burning
- Full respect for human rights, including the right of indigenous and local communities to free, prior and informed consent

For more information, visit www.tft-earth.org

Our position on saturated fats

Key message

Public health can be significantly improved by replacing saturated fats with unsaturated fats in our diets.

Background

Fats are an essential part of a healthy and well-balanced diet. Together with carbohydrates and proteins, they provide most of the energy in our diet.

Many different dietary fats and oils are used in the food industry to create a wide variety of tastes and textures. Over 90% of these dietary fats are in the form of triglycerides – compounds linked to fatty acids. These fatty acids may be either saturated fatty acids (SFAs) or unsaturated fatty acids (UFAs). SFAs are typically of animal origin and solid at room temperature (such as butter and lard), while UFAs are usually liquid at room temperature, examples being fish oils and the majority of vegetable oils. Food products may contain varying proportions of SFAs and UFAs.

Fats high in SFAs increase the level of low-density lipoprotein cholesterol (LDL-cholesterol) in the blood. LDL-cholesterol can increase the chances of cardiovascular disease, and because of this it is considered “bad” cholesterol. For this reason, based on the research from health authorities around the world, the World Health Organisation recommends limiting the intake of SFA to a maximum of 10% of total energy intake¹. In the majority of countries across the world, and especially in Western countries, current intakes of SFAs exceed this recommendation.^{2,3}

UFAs, by contrast, lower the level of “bad” LDL-cholesterol in the blood and reduce the risk of cardiovascular disease. Replacing SFAs with UFAs helps to maintain normal blood cholesterol levels^{4,5}, and recent studies confirmed that replacing SFAs with UFAs reduces the risk of developing coronary heart disease.^{6,7}

Our position

Vandemoortele supports the WHO recommendation to limit the intake of SFAs to a maximum of 10% of our energy intake. We also subscribe to the view that replacing SFAs with UFAs in our diets has a positive effect on human health.

Our products contain varying amounts of SFAs. Over recent decades, we have significantly reduced the content of SFAs in our products, especially in margarines and spreads. These positive results have been achieved both by lowering the overall fat content and by replacing SFAs with UFAs. The development of semi-liquid margarines is an excellent example of our progress in this area.

Furthermore, in 2013, we founded the Vandemoortele Centre for Lipid Science and Technology at the University of Ghent. The purpose of the Centre is to improve the health value of fats by gaining new scientific insights and developing technological innovations.

We are committed to continuously optimising the SFA content of our products, while also preserving their excellent quality and taste.

¹ FAO/WHO (2010) Fats and fatty acids in human nutrition. Report of an expert consultation. Rome, Italy.

² Harika RK, Eilander A, Alsema M, Osendarp SJ, Zock PL. Global, regional, and national consumption levels of dietary fats and oils in 1990 and 2010: a systematic analysis including 266 country-specific nutrition surveys. *Ann Nutr Metab.* 2013;63(3):229-38. doi: 10.1159/000355437. Epub 2013 Oct 29. Review. PMID: 24192557.

³ Micha R, Khatibzadeh S, Shi P, Fahimi S, Lim S, Andrews KG, Engell RE, Powles J, Ezzati M, Mozaffarian D; Global Burden of Diseases Nutrition and Chronic Diseases Expert Group NutriCoDE. Global, regional, and national consumption levels of dietary fats and oils in 1990 and 2010: a systematic analysis including 266 country-specific nutrition surveys. *BMJ.* 2014 Apr 15;348:g2272. doi: 10.1136/bmj.g2272. PMID:2473620.

⁴ EFSA Panel on Dietetic products, Nutrition and Energy (NDA), EFSA Journal 2011; 9(4): 2069, January 2011.

⁵ EFSA opinion of the scientific panel on dietetic products, nutrition and allergies on a request from the Commission related to the presence of trans fatty acids in foods and the effects on human health of the consumption of trans fatty acids (Request EFSA-Q-2003-022), adopted on 8 July 2004.

⁶ Li Y et al. (2015), Saturated Fats Compared With Unsaturated Fats and Sources of Carbohydrates in Relation to Risk of Coronary Heart Disease. A Prospective Cohort Study. *J Am Coll Cardiol.*; 66(14):1538-1548.

⁷ Zong G., Li Y, Wanders A. J. et al. (2016), Intakes of Individual Saturated Fatty Acids and Risk of Coronary Heart Disease in Two Large Prospective Cohort Studies of U.S. Men and Women. *BMJ* 2016;355:i5796

Our position on trans fats

Key message

Trans fatty acids (trans fats) in margarines and fats no longer pose a danger to public health. This is thanks to the food industry's ongoing and self-imposed efforts over recent decades to reformulate food products so that they contain fewer trans fatty acids.

Background

Fats are an essential part of a healthy and well-balanced diet. Together with carbohydrates and proteins, they provide most of the energy in our diet. However, not all fats are healthy for us.

Trans fats – also known as trans fatty acids or (TFAs) – are a case in point. They are a type of unsaturated fat that occurs in both animal and vegetable fats. TFAs in animal fat occur naturally, and are formed by the microbial flora in the stomach of ruminants, such as cows, goats and sheep. These TFAs are present in the milk, butter, cheese and meat products derived from these animals. Most TFAs in vegetable fat are formed when vegetable oils are converted into solid fats in a process called partial hydrogenation.

The TFAs present in both animal and vegetable fats are chemically identical to each other, but differ in the quantities in which they occur. According to the European Food Safety Authority (EFSA), there is no scientific evidence suggesting that, when consumed in the same amounts, TFAs in animal and vegetable fats differ in how they affect health.¹

However, whether in animal or vegetable fat, TFAs do have a negative impact on health, specifically on cholesterol levels. Consuming TFAs increases not only the total level of cholesterol in the blood but also low-density lipoprotein cholesterol (LDL-cholesterol or "bad cholesterol"). At the same time, it decreases high-density lipid protein cholesterol (HDL-cholesterol or "good cholesterol").

The reduction in HDL-cholesterol specifically caused by TFAs means that, at equal intakes, the ratio of total cholesterol to HDL-cholesterol increases

much more compared to saturated fatty acids (SFAs).^{2,3} Because of this, TFAs are considered a significant risk factor for cardiovascular disease compared to SFAs. The World Health Organisation recommends limiting the intake of TFAs to less than 1% of total energy intake.⁴

In light of these concerns, most EU countries have now lowered the intake of non-ruminant TFAs in food so that it is below the level that would create a public health concern.⁵ This successful result was achieved by the voluntary efforts of the food industry to reformulate products.

Our position

Vandemoortele recognises that TFAs, both from animal and vegetable fat, have a negative effect on human health, and that their presence needs to be reduced to below the level that make them a public health concern.

Over the past 20 years, due to extensive innovation and technological efforts, the average the levels of TFAs in our own products has been brought down to below 2% of the total fat content, which is below the level of health concern. At the same time, the total sum of SFAs and TFAs has not increased.

In line with our efforts so far, we will continue to work to further reduce the TFA content of our products. Furthermore, we are encouraging and assisting our customers to use margarine and fat products for their products that have a maximum of 2% TFAs (of total fat basis).

¹ EFSA Panel on Dietetic Products, Nutrition, and Allergies (NDA); Scientific Opinion on Dietary Reference Values for fats, including saturated fatty acids, polyunsaturated fatty acids, monounsaturated fatty acids, trans fatty acids, and cholesterol. EFSA Publication. Parma, Italy: European Food Safety Authority, 2010. 107 p. (The EFSA Journal; No. 1461).

² Report from the Commission to the European Parliament and the Council regarding trans fats in foods and in the overall diet of the Union population, European Commission, 2015.

³ Li Y et al. (2015), Saturated Fats Compared With Unsaturated Fats and Sources of Carbohydrates in Relation to Risk of Coronary Heart Disease. A Prospective Cohort Study. *J Am Coll Cardiol.*; 66(14):1538-1548.

⁴ Fats and Fatty Acids in Human Nutrition, Joint FAO/WHO Expert Consultation Report, November 2008.

⁵ EFSA opinion of the scientific panel on dietetic products, nutrition and allergies on a request from the Commission related to the presence of trans fatty acids in foods and the effects on human health of the consumption of trans fatty acids (Request EFSA-Q-2003-022), adopted on 8 July 2004.



Our position on sugar

Key message

Vandemoortele supports the World Health Organization's recommendation that people should reduce their energy intake from sugar. One way we do this is by offering customers and consumers a wide range of sweet and savoury products containing varying amounts and types of sugar. This makes it easy for them to choose products that are most appropriate for their diet.

Background

Sugars are types of carbohydrates (mono- and di-saccharides). They are naturally present in many foods, such as fruits, grains and honey. They are also added to foods during the manufacturing process for a variety of purposes – to enhance sweetness, to improve texture and colour, or to prolong shelf life, for instance.

Sugars, like any nutrient, can have a negative impact on health if consumed in excessive quantities. They provide the human body with 4 kcal of energy per gram. This means that, depending on an individual's energy requirements, consuming sugar may result in an excessive intake of energy. In turn, this may give rise to non-communicable diseases, such as Type 2 diabetes, or increase the risk of cardiovascular problems.¹

In 2015, the WHO recommended reducing the intake of free sugars to less than 10% of total energy intake. In the same year, the European Commission proposed that the proportion of added sugars in food products should be reduced by at least 10% by 2020.²

Our position

Sugar is a key ingredient in many of Vandemoortele's bakery products, especially in our range of our indulgent sweet products. As sugar not only contributes to the sweetness of our products, but also has certain essential

functional properties, it is a continuing challenge to reduce sugar content without hampering taste and mouthfeel. As many of our products are consumed as an indulgent treat, taste and mouthfeel are of critical importance in helping us meet consumers' and customers' expectations.

In order to cater to different health requirements, Vandemoortele is committed to offering customers and consumers a wide range of sweet and savoury products. These enable them to make appropriate food choices without compromising on taste. In addition, throughout our indulgent sweet product range, we are developing innovations that enable people to reduce their intake of sugar. These innovations include products with reduced portion sizes, or in which added sugars have been reduced or partly replaced, preferably using natural alternatives.

At Vandemoortele, we believe that the best way to help consumers make well-informed food choices that fit in with their diet is to provide transparent, accurate nutrition labelling. Accordingly, we are ready to participate in industry-wide initiatives to lower sugar intake (just as we have previously taken part in initiatives to reduce salt content).

¹EU Framework for National Initiatives on Selected Ingredients – Annex II: Added Sugars; 2015

²WHO Guideline: Sugar intake for adults and children; 2015

**READ MORE ABOUT
VANDEMOORTELE'S SUSTAINABILITY
STRATEGY**

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sustainable-development](http://www.vandemoortele.com/en/sustainable-development)

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