2020 PLASTIC PROGRESS REPORT – GLOBAL COMMITMENT (ELLEN MCARTHUR FOUNDATION)

Shaping a tasty future sustainably

Introduction

Food has a big impact on the ecological footprint of our society. How our food is cultivated, sourced and produced affects our soils, our natural habitats and water systems, our climate and air. The current food system challenges the limits of our planet through deforestation and degradation of soil and biodiversity. Vandemoortele is aware of its **ecological responsibility** as a food company. We want to do business in a way that allows us to **sustain our activities** for years to come.

That's why we contribute to tackling the big ecological challenges of today and tomorrow. We do this by continuously improving the way we **source our ingredients**, by **striving to reduce our carbon emissions to zero**, by **banning food waste** and through a focus on **circular packaging** in order to minimise the use of single plastics.

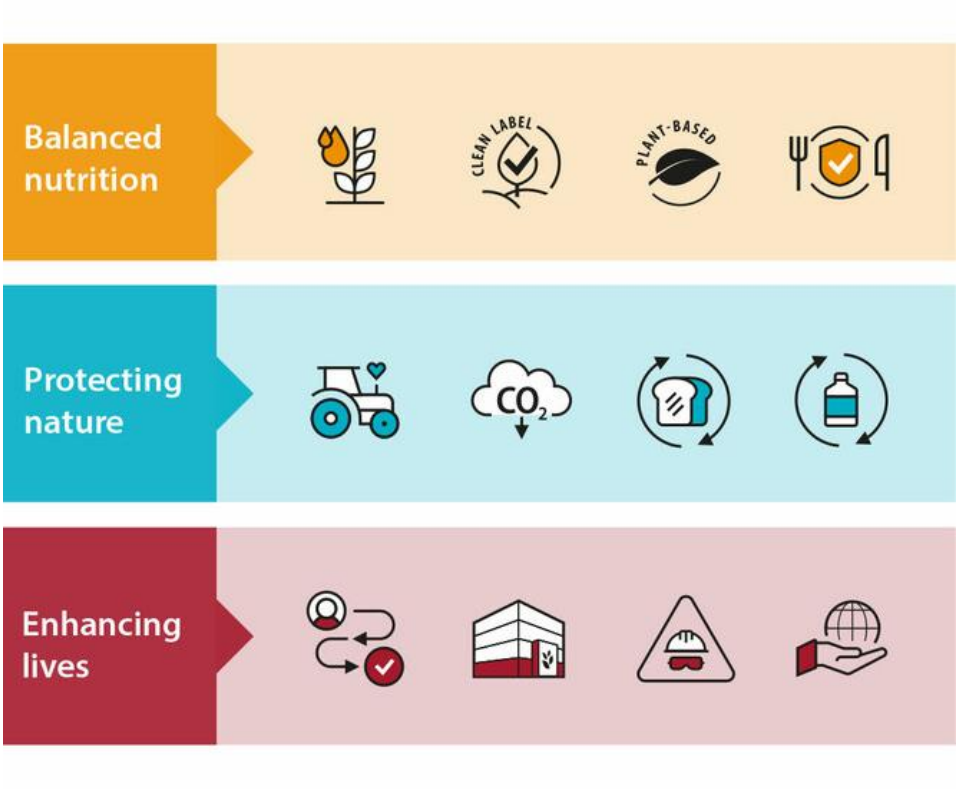
Sustainable at heart

All our products are the result of a well-researched balance between **taste, quality, nutrition, and sustainability**. We want to do what is right and we feel responsible for what happens in our whole supply chain. In 2020, we took a big step by launching a new sustainability strategy for the period 2021-2025, building on the achievements of our previous strategy.

Today we put sustainability at the heart of our business. We apply sustainability principles to our production processes, our working and management standards, our company culture, our attitudes inside and outside the company, and – not least – our consumer and professional brands and products. Business success should not be at the expense of the wellbeing of humans, animals or the environment. Moreover, we choose to do more than we legally need to. Our ambition is to set the trend and to become a leader among peers. We realize that there is still a way to go, but we are proud to be shaping a future that is both tasty and sustainable

Goals and commitments

Our new sustainability strategy sets three main goals: **Balanced nutrition, Protecting nature and Enhancing lives**. Our three goals are underpinned by twelve commitments that support our social, environmental and economic performance across the value chain. We make our ambitions achievable by expressing specific targets per commitment. This approach is in line with our aim to focus on those areas where we can have the most meaningful impact. One of our commitments is to contribute to circular packaging and to reduce our global impact for plastic.



Contributing to circular packaging

Vandemoortele packages its products to preserve them and protect them against damage, mold, light, oxygen, humidity, bacteria and viruses. This way, we guarantee the food quality and prevent food waste. Recently, however, packaging and plastic pollution in particular have become an important issue of societal concern. Retailers, professional users, and consumers increasingly attach importance to minimal and sustainable packaging.

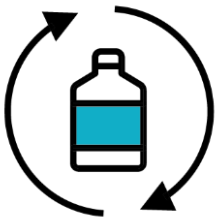
Out of concern for the climate and the preservation of natural resources, we advocate the circular economy, which keeps materials in the cycle for as long as possible. We strive for an optimal **balance between preservation, to guarantee the quality of our products and avoid food waste, and sustainable packaging**. To facilitate recyclability of our packages, we increase the amount of recycled content in packaging materials and improve their recyclability.

We strive for an optimal balance between food preservation and sustainable packaging.

Researching new innovations

The R&D department of Vandemoortele is closely working with packaging suppliers to innovate on packaging material. We also contribute to various research programmes and projects that aim to make packaging more circular. As an associate member of HolyGrail 2.0, an international project of the **New Plastics Economy** initiative, we research the opportunities of digital water marks to enable smart sorting of different types of plastic waste. A more efficient sorting process has the potential to increase both the recyclability and the amount of recycled content in packaging materials.

In 2019, we also joined Circopack, a project initiated by different partners including Pack4Food (a consortium of Flemish research centres and 53 companies), spearhead cluster Flanders' FOOD and SensNet, a network of food companies, ingredient suppliers and packaging producers. Circopack aims to improve the circularity of packaging by developing an online tool that analyses packaging concepts in term of specifications, recyclability, environmental impact and impact on food quality.



Our plastic 2020 achievements & 2025 targets

We set various targets concerning packaging, all formalised by our signing of **the New Plastics Economy Global Commitment,** led by the **Ellen MacArthur Foundation** in collaboration with the **UN Environment Programme.** This initiative strives for the **responsible use of plastics**.

- In 2020 we **reduced the total consumption of plastic*** compared to 2019, with the higher decrease in the usage of PET material (-8,3%).

Material	Delta (2019-2020)
PP	-3,5%
PE	-2,3%
PET	-8,3%

There are different factors that contributed to the reduced usage of plastic during 2020. One of them has been the business impact created by Covid-19. More in particular, we experienced a decrease in the sales of our products towards food service businesses. A second factor is represented by the difference in number of contracts we stipulated during the year. Finally, at Vandemoortele we decided to switch from packaging composed by multi-layer materials to ones made by mono-materials (e.g., PE-PET to PE or PP films).

*Calculated in metric Tons

- **Increase the amount of recycled content in the PET (polyethylene terephthalate) materials we use.**
  We aim for minimum 25% of recycled PET (r-PET) in our packaging materials by 2025. One of our margarine bottles has been 100% r-PET for a while, resulting in 185,5 tons of virgin PET reduction. In addition, at the end of December 2020 we started to integrate 40% r-PET in our donut blisters, resulting in a replacing 210 tons of virgin PET into r-PET per year. For 2022 we will foresee a further move towards r-PET for our oil and sauce business, moving into 30% r-PET packaging. We are currently discussing these opportunities with our packaging suppliers. A number of research projects on recycled polypropylene (PP) and polyethylene (PE) are still at an early stage.

- **Use only 100% recyclable, re-usable and compostable packages by 2025.**
  This is possible by shifting towards more mono-material packaging. In 2020, we used 85% mono-material packages. Our ambition is to move to 88% in 2021. This will mainly be covered by moving multi-layer materials into mono-materials (e.g. PA-PE into mono-PE or mono-PP or including perforation in the full-body sleeve for our PET squeeze bottles). We closely follow the trends on compostable packaging but do not have any short-term plans to develop such packaging ourselves.

- Further reduce the volume of packaging materials we use. **We ban all unnecessary packaging** and **aim for the minimum pack weight possible**. But since we have already attained a very low level of packaging volume, the reduction potential of this action will be small.

Some of our plans for 2021 and beyond

Bakery Products business line

For our bakery products business line we foresee four main actions to reduce the impact of plastic:

1. By technical testing, we will determine how to optimize the thickness for plastic bags.
2. We will introduce mono-PP flow-pack to replace the PET blister of 28g currently in use. The flow-pack will be composed by a mono-carton tray of 19g and a plastic film of 4g.
3. Multi-layer PET-PE films will be replaced by mono-PE or mono-PP film being 100% recyclable.
4. We will launch paper bags with PLA window (industrial compostable) and 100% recyclable crystal paper to eliminate the use of problematic plastic.

Margarines, culinary oils & fats (MCOF) business line

For our MCOF division we decided to set five main actions to reduce our impact on plastic:

1. We will introduce a new 400ml bottle of mayo to squeeze made with 30% r-PET.
2. With the introduction of compression molded tubs we will save 1g of PP per tub, resulting in a total of 30 tons PP reduction.
3. We are developing a 3L Bag in Box (BiB) for frying oil in the Netherlands. This will bring to a reduction of 58 tons of virgin HDPE translated in a reduction of 65% in weight.
4. We will optimize the weight of PE wrappers for margarine. This will result in a reduction of 9 tons of PE.
5. We want to include 30% of r-PET in our oil and sauce bottles.

KPIs

KPI	Status 2020	Target 2025
% recyclable, re-usable, compostable packaging	85%	100%
% r-PET	NA	25%

Glossary

The following definitions are based on the Appendix II of the New Plastics Economy Global Commitment 2021 Reporting Guidelines.

Recyclable

A packaging or packaging component is recyclable if its successful post-consumer collection, sorting, and recycling is proven to work in practice and at scale. In the context of a 2025 timeframe and the Global Commitment, a package can be considered recyclable if its main packaging components, together representing >95% of the entire packaging weight, are recyclable according to the above definition, and if the remaining minor components are compatible with the recycling process and do not hinder the recyclability of the main components.

Compostable

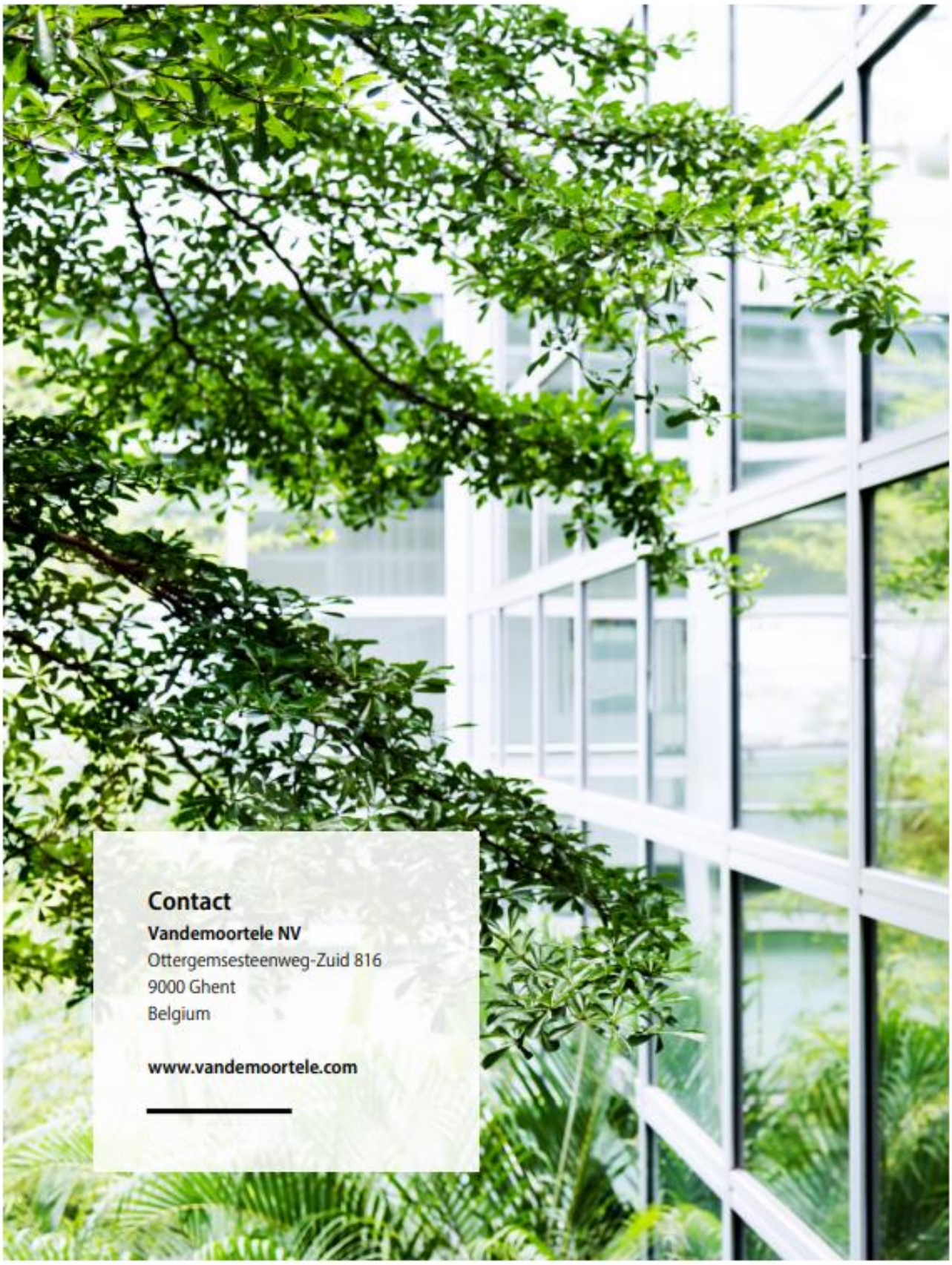
A packaging or packaging component is compostable if it is in compliance with relevant international compostability standards and if its successful post-consumer collection, (sorting), and composting is proven to work in practice and at scale.

Renewable

Material that is composed of biomass from a living source and that can be continually replenished. When claims of renewability are made for virgin materials, those materials shall come from sources that are replenished at a rate equal to or greater than the rate of depletion.

Reusable

Packaging which has been designed to accomplish or proves its ability to accomplish a minimum number of trips or rotations in a system for reuse.



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