Integrated Report 2021

Together for better

interfood

interfood

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Together for better

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Introduction

CEO's message

Dear stakeholders,

I am honoured and delighted to present our first Integrated Annual Report. In the light of our newly defined purpose "Together for Better", and our vision to enrich the lives of many by enabling responsible consumption of dairy, this new report will inform you about our impact beyond just financial value. Although we are only at the beginning of our journey, we are driven to create positive long-term value in the widest sense of the word. We have worked hard to develop this report in which we will elaborate on our experiences in 2021, and our ambitions for the years to come.

It has been a unique year, largely shaped by the pandemic. But it was also a year in which we saw the first steps towards a return to normal, although normal will never be quite the same. COVID-19 taught us how we can cooperate internationally without travelling across the globe, and it also showed us how we can facilitate the creation of a new normal with our colleagues. 2021 was truly tumultuous, but it proved our resilience.

While the focus of this report is on 2021, I cannot continue without commenting on the current situation in Ukraine. Everybody at Interfood is deeply saddened by the unfolding events. In an act of unprecedented aggression, the Russian Federation violated the sovereignty and territorial integrity of its neighbour, bringing an appalling war to the Ukrainian people. First and foremost, our thoughts remain with our eastern European neighbours that are going through unimaginable hardships. Of course, Interfood is also impacted by the situation as we have an office in Saint Petersburg and a long-standing history of doing business with reputable partners in Ukraine, Russia, and Belarus. We have taken every measure we can to assist the plight of Ukraine, seizing all business in Russia and Belarus except for vital food supplies to the populations that are subject to the oppression of the Russian and Belarusian regimes. At the same time, we continue doing our utmost to meet requests from our Ukrainian connections wherever we can. In the end, the impact of this conflict on Interfood pales in comparison to the impact it has on the people of Ukraine. We all hope for a swift and peaceful end to the ongoing conflict. Myru ta protsvitannya Ukrayini!

2021 performance

Overall, we saw great variations in the factors influencing the dairy industry during 2021. These ranged from developments in the dairy market and industrial challenges, to a growing trend towards plant-based diets and, of course, the pandemic. After a record year in 2020, yet again we managed to achieve a strong result, with our 2021 profit amounting to €22.6 million despite significant market challenges. We continue to see rising commodity, and specifically dairy, prices in 2022 which puts pressure on the entire value chain. Our goal is to build on our recent successes and rise to the challenges ahead. To be able to withstand market and societal challenges, and to continue building a resilient business, we introduced our revised strategic agenda led by Interfood's mission. Building on our company values—teamwork, commitment, continuous improvement, professionalism, and responsible leadership—we strive to work together for better. By continuously innovating our products and services, while investing in our people and partners, we aim to contribute to a successful and sustainable industry in which dairy can continue to be enjoyed responsibly.

We continued executing our strategic agenda 2020-2025 by focussing on its stated objectives:

- Selective growth
- Increase derivative capabilities
- Operational excellence
- Embed sustainability in our DNA

I would like to pay specific attention to this last strategic objective, as 2021 marks the year in which we have officially implemented our sustainability strategy. We are proud to have launched various strategic partnerships to address sustainability across the value chain and in the entire sector. We embrace our role in lifting sustainability in the dairy industry to a higher level, and we feel that sustainability underpins all aspects of our business and is the key to long-term value creation.
Our strategic ambitions are fuelled by the desire to be a data-driven organisation employing a world-class team of colleagues. In that light, we are glad to have nearly completed the global deployment of our renewed JD Edwards ERP system, with the aim of unifying our global digital environment. Furthermore, during 2021, we invested in renewing our HR-structure and making sure we are the best employer we can be for our colleagues. A very visible part of these developments are our new offices in Beijing, Miami, and Uruguay which are situated in prime locations and furnished to the highest standards, giving our colleagues the best possible working environments. In this report you'll be able to read about other initiatives we have taken to progress our agenda of enabling our world-class team of colleagues to perform to the best of their abilities, and to be an employer that is able to attract and retain top talent, from making life with COVID-19 measures bearable for our Singapore colleagues, to aligning employee benefits in our Americas hub.

Looking forward
We are pleased with our current sustainability strategy. As we want to make sure we can live up to our promises, we decided to take our time to define impactful yet realistic quantitative targets. Therefore, our current strategy is largely qualitative. However, in 2022, we aim to set and confirm our quantitative ambitions, accompanied by measurable targets. This will provide a more substantiated and clear direction in which to steer our efforts on sustainability.

At the same time our continued focus on business excellence will be a key success factor for meeting and overcoming the challenges we face in 2022. The uncertainty in the market and high dairy prices will doubtlessly have an impact, but finding the best solutions for customers, suppliers, other business partners and, of course, ourselves, is what we are good at, and drives us forward.

Despite the Ukrainian conflict, we remain convinced of the opportunities and value offered by eastern Europe. We will therefore continue with our support of, and investment in, the state-of-the-art cheese and whey factory being built by E-Piim in Estonia. Together with our partner, Royal A-ware, we took an equity stake in this endeavour in February 2022 and strongly believe in the future successes that it will bring.

In closing
All in all, I am proud of what we have achieved in 2021 and how we have accelerated our sustainability journey. Proud how we have not let COVID-19 get to us, and how our colleagues gave their all to finish the year strongly. Proud how we have grown our business over 50 years, from a team of four to the global enterprise we are today, encouraging a culture of teamwork, passion, and dedication. Thriving on close collaboration and long-term ties with our business partners, we hone our skills and focus on strategic alignment. Striving for better, every single day. Whether for suppliers or customers, our goal has always been clear: to deliver better products, better services, and informed insights about the industry. But our goals reach further, and go beyond our core offerings and business aspirations. We have always been committed to contributing to a sustainable planet, where we can all enjoy dairy responsibly, both now and in the future, and so we are particularly proud to begin formally reporting on these efforts for the first time in this report. Together for better.

Frank van Stipdonk, CEO

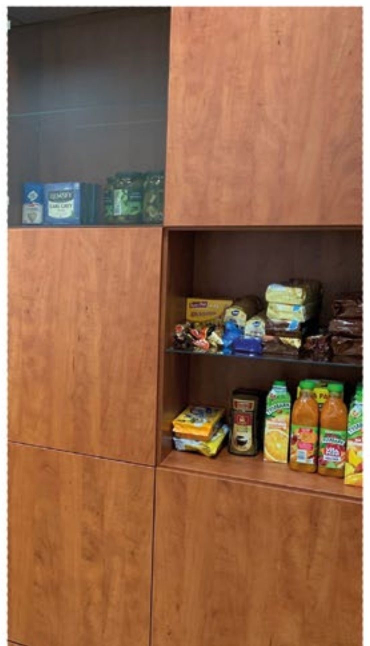
Helping Ukrainian refugees
Sustainable society

We are appalled by the situation in Ukraine and committed to helping where we can. Our Polish colleagues, who are close to the front line, have seen large numbers of Ukrainian refugees arriving in their country. Unable to sit idly by, they have converted an empty space in our Warsaw office into a habitable shelter for 15 Ukrainian refugees, and organised beds, showers, cooking equipment and all other necessary requirements to provide for their basic needs.

At the same time, our colleague Geert Boudewijns has been collecting useful goods in Helmond in the Netherlands and transporting them to Sirect-Suceava in Romania, from where they are being distributed to Ukraine. These items include: bandages; first aid kits; diapers and other personal feminine hygiene items; tinned baby milk powder; toothbrushes and toothpaste; tins of food, vegetables, meat, and soup; energy bars; and sleeping bags and blankets. To find out more information about Geert's initiative, see 'Stichting Help Ukraine' on Facebook.

These initiatives are a joint effort by the team in Warsaw and other colleagues around the world, who are supporting in any way they can. We humbly admire and support these efforts, and would particularly like to thank our colleagues Maciej, Aleksandra, Mariola, and Geert.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Our story

1970 – An entrepreneur's intuition

To take you on our journey, we need to go back to 1970 and the village of Weert in the Netherlands. The town's miller and his son are working day and night to support their family's business and provide local farmers with feed for their livestock. The son, Jules Joosten, is an entrepreneurial spirit, to whom the huge surpluses of milk and butter, and the resulting subsidised European export of dairy at the time, do not go unnoticed. Following his intuition, he shared the potential he saw in the trade of condensed milk with his friend, Jan Beelen, and together they founded Interfood.

1970-1980 – Getting started

At the time, Interfood specialised in exporting condensed milk to Greece, and high nutrient milk to Italy. However, trading was slower and more challenging than it is today. The gathering of market information and insights depended on a Telex, a few noisy typewriters, and a telephone connection. This proved incredibly hard in times of major price fluctuations. Take the oil crisis in 1973. Whenever Jules Joosten thought he had a deal, oil and transport prices would soar, so he had to start all over again. These were challenging times but, within five years, Interfood expanded its portfolio to include milk and whey powder. This opened the door to a large European market, but it necessitated additional expertise in logistics, for which Frank van Stipdonk, our current CEO, took responsibility.

1980-1990 – Scaling up

Interfood began scaling up, having been a small company with just three people at the beginning of the decade. Our portfolio now included condensed milk, high nutrient milk, and milk and whey powder. We conducted our first business outside Europe, in Egypt and Cyprus, and began engaging with local agents in Uruguay and Oceania, gradually gaining more and more international connections. By 1990, our company had grown to a team of approximately 15 employees.

1990 – Frank van Stipdonk steps in

In the early nineties, Interfood suffered a great loss: the unexpected and early passing of Interfood founder Jules Joosten. He was more than just a colleague, he was part of our family. Losing Jules was a time of sadness, but it also made us realise the great things he had achieved and fuelled our drive to pursue his vision. But it was also a time of great uncertainty: would the team be able to continue, and in what form? Frank van Stipdonk asked the team for their opinion on how they envisioned the future of the firm and, having given him their full confidence and support, Frank agreed to take over the company as CEO. This marked the beginning of a decade in which we positioned ourselves as a global player, and one adding value to the entire dairy supply chain.

1990-2000 – A global player

Soon after taking over, Frank began recruiting commercial team members to build a solid foundation at Interfood, some of whom are still with us today and, together, they determined which path to take. Given the large-scale consolidation in the dairy industry, the high number of mergers and the various acquisitions, the team was forced to acknowledge the diminishing potential of the European market. They quickly realised that in order to remain a meaningful player, they needed to broaden their scope and open up to the world. And so they did. After many long evenings, calls and calculations, we celebrated our first successful bid on milk powder tenders from Algeria and Brazil in 1992. The establishment of the European Union in 1993 allowed the opening up of eastern Europe as an important market, and led to an office in Ukraine. This was followed by expansion in America, Poland, and New Zealand with local shareholders. In 1995, our 25th anniversary was celebrated with a spectacular jubilee event in Orlando.

2000-2010 – More than a trader

Expansion continued throughout the early 21st century, with offices being established in Australia, Miami, and Singapore. The expansion of the EU and the lifting of preferential import agreements resulted in shifting interests of suppliers and buyers. To maintain a competitive position, we had to be more than a traditional trader, so we extended our professional service portfolio to include supply chain, technical, financial, and dairy risk management services. Additionally, in order to be able to offer a more tailor-made approach to customers, we set up our own research and development programme and Interfood Academy. We became increasingly confident in our role as matchmaker.

2010-present – Partner of choice

The period 2010 to 2020 was marked by some significant strategic changes. In 2015, we restructured our model to become a Group Above Office to facilitate our efforts towards a common goal, and to secure our role as an indispensable link in the global dairy chain. All shareholders were placed on the same level to prevent unnecessary internal competition, a bold move that enhanced and accelerated team spirit and Group collaboration.

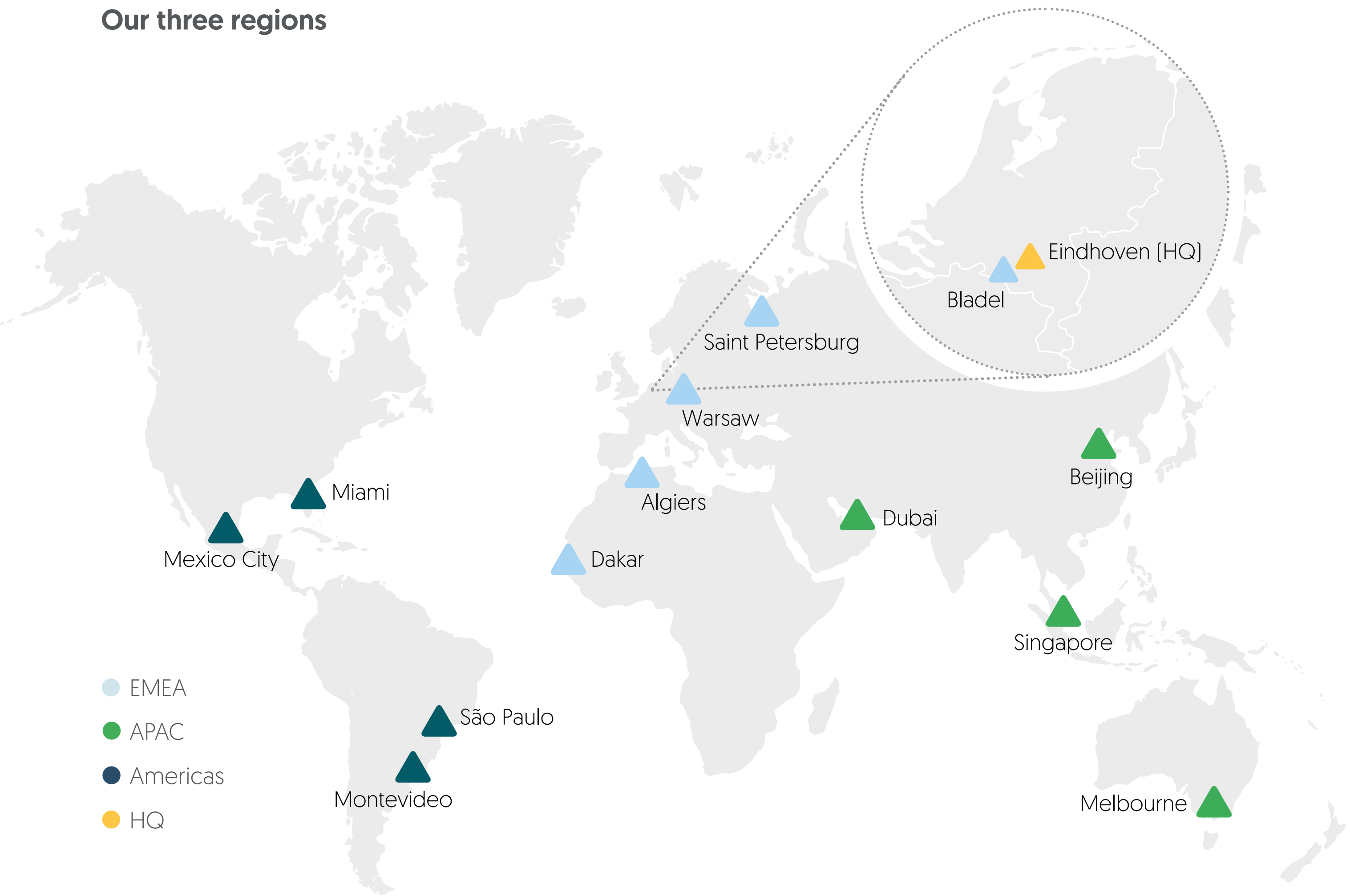
Another milestone during this period was the re-alignment of our strategic value propositions. Innovation to us meant moving beyond traditional trading business by providing data, market insight and top-level service. The strategic value propositions were restructured to keep focus on market insight, risk management, supply chain solutions, and technical service while actively acknowledging our role in fostering sustainability in the dairy sector.

In 2020, we celebrated our 50th anniversary. Although we could not invite all our global colleagues to the Netherlands as we had hoped, due to the global COVID-19 pandemic, the alternative festivities were a great success. The online broadcast allowed for a global celebration in which we looked back on our history, challenges, milestones, and renewed strategic agenda. Today we look forward to a prosperous future with you, our stakeholders, by our side.

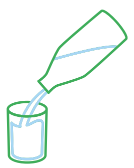
2021 at a glance

We love dairy. It's at the heart of everything we do. It's in our DNA, our way of life and the lives of our people. And our focus on people is one of the most important aspects of our business. The Interfood Group is a leading global dairy supplier, facilitating the distribution of over one million metric tonnes of dairy products per annum. We work to the same standards globally, focusing on providing our services to customers in the best way possible.

Our three regions

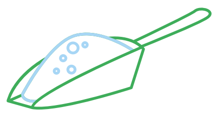


Our product portfolio

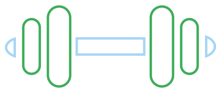


Liquid milk and concentrates

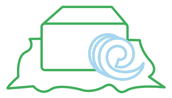
Milk powders



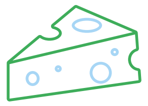
Whey powders & lactose



Dairy proteins



Butter and AMF



Cheese

Key metrics

167,747 +13.0% ▲
Total Equity (in K€)

219,334 +101.3% ▲
Total External debt (in K€)

1,007,554 +7.4% ▲
MT sold

2,253,385 +18.0% ▲
Total Revenues (in K€)

22,608 -29.1% ▼
Net income (in K€)

26.8% -30.7% ▼
Solvency

307 +6.2% ▲
FTE employed

43% / 57%
Male/Female ratio

28 +5.6% ▲
Nationalities employed

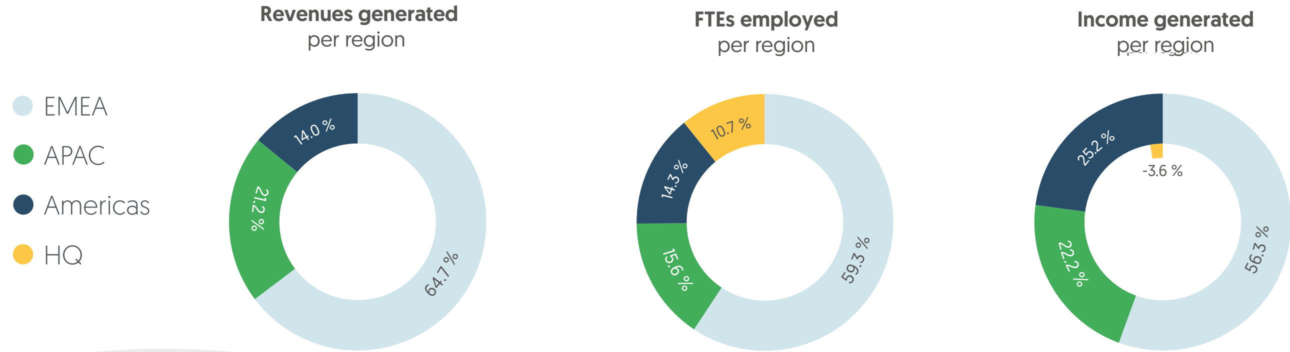
136 +4.6% ▲
No. of countries active

1,443 +11.9% ▲
Individual customers

501 +37.3% ▲
Unique suppliers

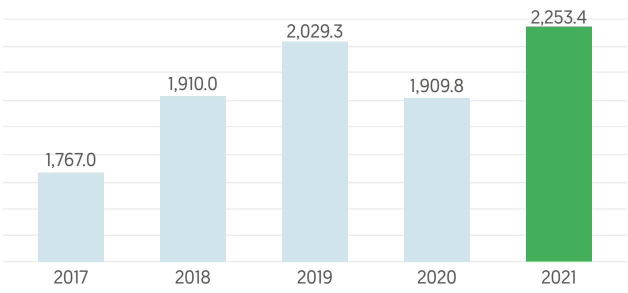
35,343 +16.2% ▲
Deals/transactions done

18 +5.9% ▲
Out of top 20 dairy companies done business with

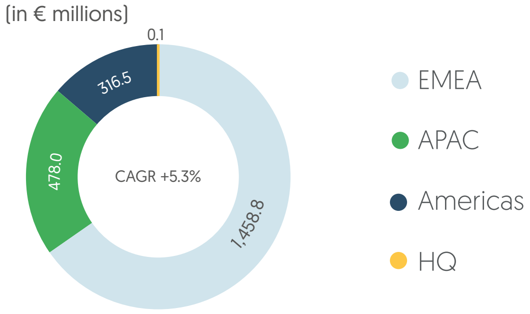


Key data

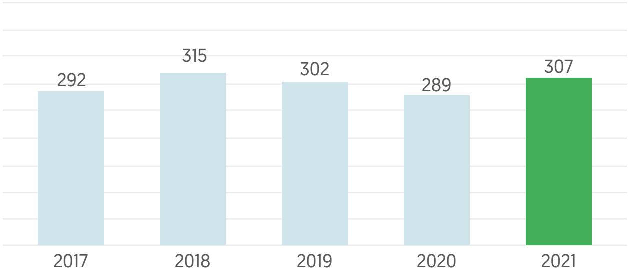
Sales
per year (in € millions)



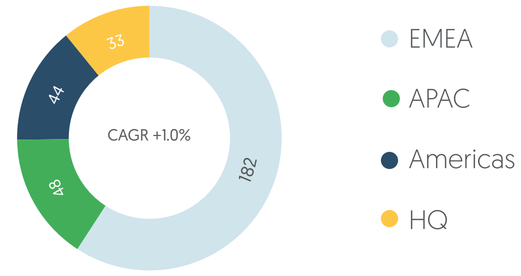
Sales
per region (in € millions)



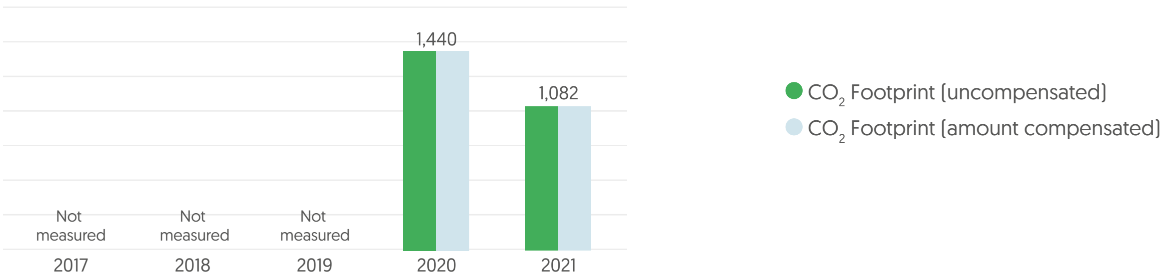
Average FTE
per year



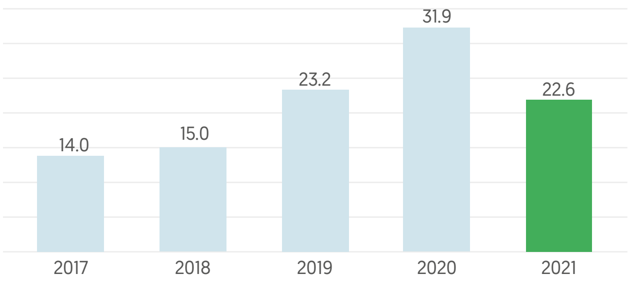
Average FTE
per year



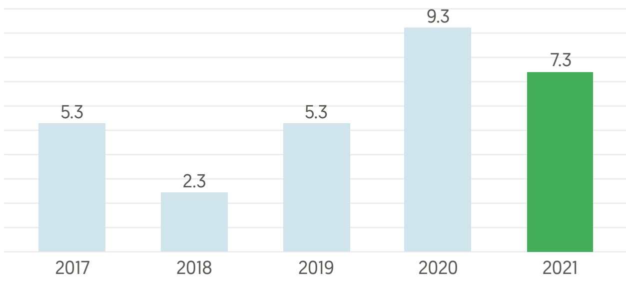
Carbon footprint
scope 1, 2 and scope 3 business flights (in tCO_2e)



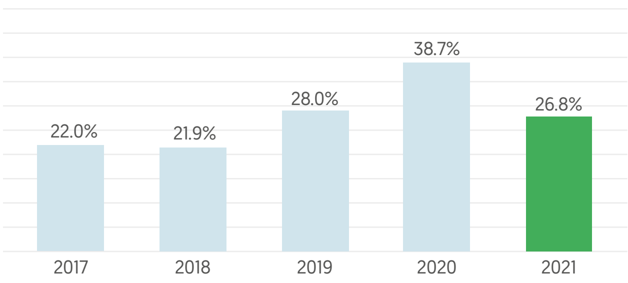
Net income
per year (in € millions)



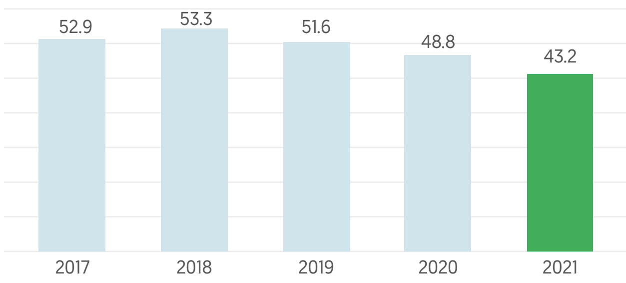
Dividend distributed
per year (in € millions)



Solvency
per year-end (%)



Cash Conversion Cycle
in days



Consolidated figures

in m€	2017	2018	2019	2020	2021
Profit and Loss					
Sales	1,766.7	1,909.6	2,029.3	1,909.8	2,253.4
Gross margin	43.0	80.6	81.3	75,8	65,7
Net margin	5.9	32.1	33.1	41.2	31.3
Other operating income	-	-	-	2.1	1.5
Financial income and expenses	10.2	(12.3)	(3.3)	(4.1)	(3.9)
Taxation	(2.0)	(4.5)	(6.7)	(7.1)	(6.1)
Taxation (%)	12.6%	23.0%	22.5%	18.2%	21.1%
Result of the legal entity	14.0	15.0	23.2	31.9	22.6
Balance Sheet					
Total Assets	458.8	510.6	466.9	384.0	625.3
Equity (at year-end)	100.8	112.1	130.8	148.5	167.7
Net working capital (at year-end)	76.9	92.1	113.3	127.9	137.0
Cash Flows					
Operating cash flow	(21.1)	(18.4)	49.2	66.5	(90.4)
Investing cash flow	(5.9)	(4.4)	(1.7)	(1.7)	0.6
Financing cash flow	34.2	17.7	(52.6)	(64.0)	99.9
Ratios					
Solvency (%)	22.0%	21.9%	28,0%	38.7%	26.8%
Debt-to-equity	2.01	1.97	1.29	0.75	1.31
Current ratio	1.27	1.26	1.36	1.59	1.33
Other Metrics					
FTE (number)	292	315	302	295	307
Cash conversion cycle (days)	52.9	53.3	51.6	48.8	43.2

Purpose, values, vision, and mission

Our team of over 300 professionals in 14 global offices is thriving on close collaboration and long-term ties with our business partners. Whether for our customers or suppliers, our goal has always been clear: to deliver better products, better services and informed insights about the industry.

Beyond our core offerings and business aspiration, we are dedicated to contribute to a sustainable dairy sector, now and in the future. Living up to our purpose:

“Together for Better”

This purpose is supported by Interfood’s five corporate values:

Teamwork

We work together as one team towards one goal, that’s *why* we help each other to be successful.

Teamwork is at the heart of who we are. Working towards the same goals gives us a great sense of belonging. Together we can achieve great things and shape a better future with our stakeholders.

Commitment

We take ownership for long-term success, that’s *why* we treat the business as if it were our own.

We take action and feel responsible for the result. With drive, determination, and passion, we take the initiative and get things done. Commitment also means being clear about what is important to you next to Interfood and to stay true to your values.

Professionalism

We challenge to drive progress, that’s *why* we embrace new ideas and fresh perspectives.

We know what is expected from us, and how to do that job. We believe in personal development, and that to learn and grow is key to our success. This means we keep strengthening our skills to show our professionalism.

Continuous Improvement

We act with competence, that’s *why* we invest in our personal development.

Change is the only constant in life. It propels us forward. We embrace new opportunities and are all-in to raise the bar. We challenge our current norms and continuously improve ourselves, our relationships with partners, our products, and our services.

Responsible leadership

We lead for the future, that’s *why* we deliver lasting value.

Being responsible starts with bringing your best self to work. On this foundation we seek to build a responsible and sustainable business that in the long-term positively impacts ourselves, our stakeholders, and the future generations to come.

The foundation of Interfood is based on the need to bring supply and demand together. We envision ourselves as durable connectors in the dairy industry.

Vision

Our vision is of a successful and sustainable industry which allows the world to enjoy food responsibly—now and in the future. Through close collaborations we inspire our stakeholders with our vision, enriching the lives of many with dairy.

Mission

Our mission is to drive progress for our business partners and the global dairy industry. By continuously innovating our products and services, while investing in our people, we play a key role as the strategic go-to partner for both customers and suppliers.

Our keys to success are:

- Global sourcing capabilities
- Derivatives capabilities
- Operational excellence
- Effective risk management
- Sustainability as part of our DNA

We enable our keys to success by constantly investing in building a world-class team and placing data at the front and centre to be able to utilise it effectively and generate meaningful insights.

Business model

Dairy is consumed all over the world, and so its value chain has a global coverage with a great variety of players, each with their own expertise and making a contribution to meeting society's needs.

Feed and ingredients
The dairy value chain consists of many business partners with whom we work. It all starts with the feed and ingredients suppliers that work hard at developing the most nutritious feed for the cows while also trying to achieve a reduction in farm-level GHG emissions.

Farms
The raw milk produced at farm level is at the basis of the products in which we trade. Mapping the emissions at this level is a big challenge for the entire industry. We try to contribute to the solution using our data and knowledge of the value chain. At the same time, we actively talk with partners regarding all farm-level conditions including animal-welfare and biodiversity.

Processing and warehousing
All the products in our portfolio stem from raw milk, the processing of which is much like an oil refinery, one crude resource processed into many different products. Through our highly experienced and knowledgeable colleagues we stay on top of the developments in the processing of dairy and act as a sparring partner for our suppliers to assist in the implementation of novel technologies and solutions.

Food quality and safety is also paramount for our business. We carefully select and periodically inspect the warehouses with which we work, always looking for the optimum combination of location, quality, and environmental impact.

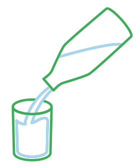
Transport
As a key logistics organiser in the value chain, we hold long-standing relationships with reputable transport partners across the globe. Together with these partners we try to find optimal routes for the transport of the products we buy and sell, but also encourage investments in ever-cleaner transport solutions by preferentially selecting the lowest emission options available.

Manufacturing and packaging
Much as we do with our suppliers, our technical colleagues work with, and for, our customers to find the best products for any application. We continuously invest in our knowledge of dairy to be able help optimise the production of end-products and minimise any food wastage.

Retail and consumer
The end-consumer will not see Interfood-branded dairy products: that is not our role in the value chain. However, we aim to ensure that we have contributed to making that product more sustainable, from whichever one of our customers a consumer might purchase a dairy product.

Our role
We are the essential link between global dairy industry suppliers and customers, continuously creating innovative services and products. We proactively work to ensure our reach goes beyond first-tier partners, so that we are able to generate the most impact possible from our unique position in the value chain.
Our commercial managers work continually to match supply and demand across the globe. We use our multi-national presence to source the best fit products for our customers while simultaneously creating robust distribution channels for our suppliers.

Our product portfolio

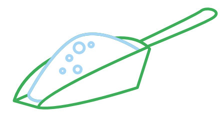


Liquid milk and concentrates

Whole milk concentrate
Skimmed milk
Skimmed milk concentrate
Butter milk
Raw milk
Cream
Whey concentrate
Permeate concentrate

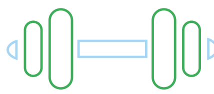
Milk powders

Skimmed milk powder
(Instant) Full cream milk powder
Butter milk powder
Fat filled milk powder
Infant grade



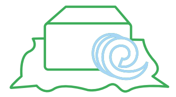
Whey powders & lactose

Sweet whey powder
Demineralised whey powder
Delactosed whey powder
Acid whey powder
Permeate
Lactose



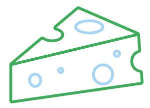
Dairy proteins

WPC's (35/80)
WPI (90)
MPC's
Rennet casein
Sodium caseinate
Calcium caseinate



Butter and AMF

Butter
AMF
Butter oil



Cheese

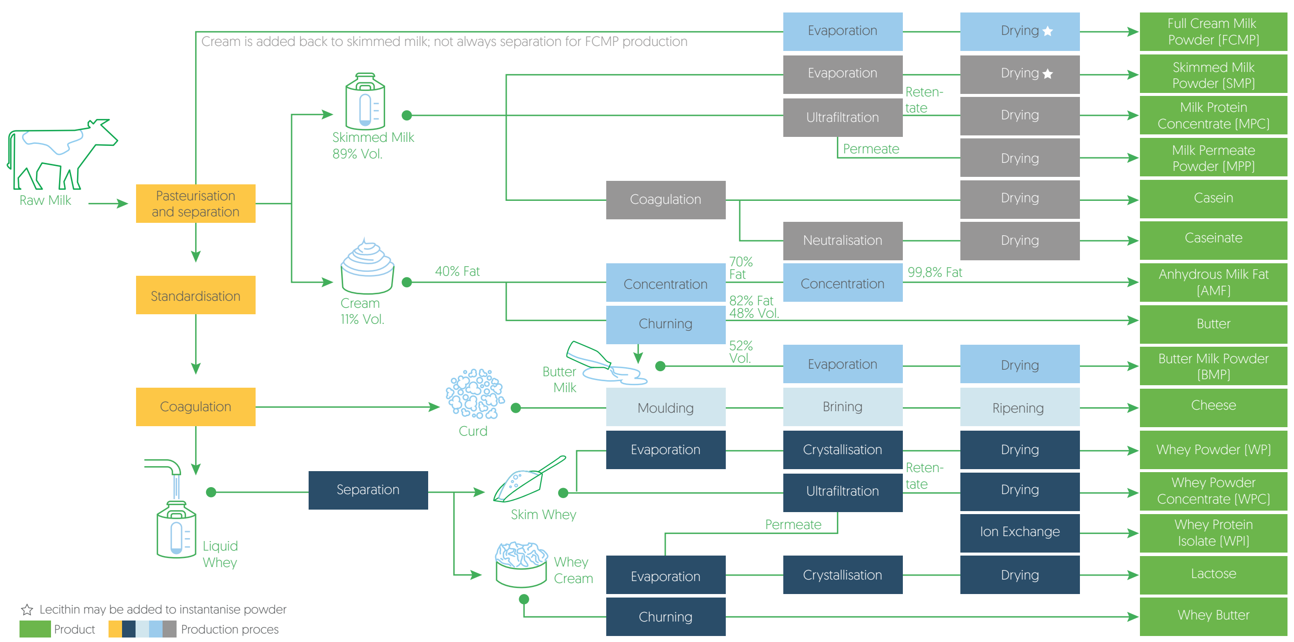
Cheddar
Mozzarella
Gouda
Edam
Emmentaler
Cheese alternatives

How we are investing in our future

We build meaningful relationships with our value chain by focusing on the growth of our business and believe that this gives us an advantage and substantial global market opportunity.

Global market insights	Global dairy is a complex market. Sourcing is influenced by many parameters. With our global market presence, Interfood is on top of these developments and shares its insights with customers and suppliers to help them find the optimum sourcing and/or distribution opportunities.
Risk management solutions	The complex supply- and demand dynamics in the dairy market result in volatile dairy prices, while both buyers and suppliers seek price stability and predictability. We use our market knowledge and expertise to provide tailor-made hedging solutions for both customers and suppliers.
Supply chain solutions	Dairy is a natural food product and transport and customs regulations vary in each country or region. It is important to keep lines of transport as efficient (fastest possible route with a minimum distance travelled) as possible whilst maintaining a steady, on-time supply to our customers. We facilitate this with our experienced supply chain department and extensive network of trusted logistics providers.
Technical development & quality	The sourcing of dairy products such as cheese, butter, milk powder, liquids and others depends on the applications for which they will be used. Interfood has an in-house technical development and quality assurance department equipped with a state-of-the-art laboratory to help our customers find the best fit dairy products for their needs.
Sustainable offerings	Sustainability is becoming an increasingly important aspect in the decision-making process of end consumers. Interfood is developing sustainability-based offerings that go beyond only economic and technical requirements. We have a core team of traders and specialists that can help our customers source certified sustainable (reduced emissions) products.

The dairy tree – From raw milk to the products we trade in



Collaboration for better

Sustainable value chain

As a supplier of dairy ingredients with a large network, we attach great importance to providing our partners with the most valuable, efficient, and sustainable connections. We were therefore honoured to have been able to contribute to the sourcing strategy of one of our large international customers.

The facility in question is located in São Paolo. Initially, the products delivered to this destination were sourced from the United States, and involved relatively long lead times and costly procurement and logistics, as well as a considerable environmental impact because of the use of sea transport. We explored the opportunity for sourcing closer to São Paolo and, after careful consideration, we successfully helped our customer make contact with, and approve, a new supplier in Uruguay.

The map illustrates the new sourcing case. Previously, deliveries from two US-based suppliers were made via Vitória. As of 2021, deliveries have been sourced from Uruguay and shipped using shorter or more efficient routes through either Itajaí or Vitória to São Paolo, saving between 3,825 and 5,371 nautical miles per delivery. Shipments from the port of Vitória are also done using green trucks which are fuelled by CNG rather than regular fossil fuel. This allows for a 105 kilogram CO_2 reduction (11.2%) per delivery run made via Vitória, and translates into a total of 2,100 kg CO_2 saved by the relevant party in 2021. In short, this new sourcing option not only led to a shorter distance to be covered, it also helped significantly reduce the journey's carbon footprint.

Interfood assisted our partner to onboard the new supplier, enabling improvements in both efficiency and sustainability. We are delighted to have found a solution which works for our partner and simultaneously has a positive effect on our supply chain's environmental impact. We strive to support our partners by helping with more of these sustainable solutions in future.

External trends and developments

Over recent years, the global dairy market has been showing growth. However, several other short-, medium- and long-term trends influence our business. Inevitably, COVID-19 has once again left its mark on global trade movements and our day-to-day business, but other slowly evolving trends are equally important to consider. In 2021 we identified various key trends which have, and will continue to, significantly influence our business, and to which we responded in order to continue to deliver excellent services to our stakeholders.

Dairy market developments

The dairy market has shown some interesting and relevant trends, which we continue to closely monitor. Dairy consumption continues to grow steadily due to the growing worldwide population, and prosperity. This trend goes hand-in-hand with growing imports and exports, although global numbers show an imbalance. In the near future, these trade imbalances are forecasted to increase considerably, with trade surpluses rising particularly in North America and Europe, and shortages growing in Asia and Africa. In the long-term, the market may be influenced by a shift away from dairy, fuelled by environmental and health concerns. By keeping a close eye on these developments, we can adjust our corporate strategies accordingly.

COVID-19

The impact of COVID-19 cannot be neglected. The pandemic has seriously impacted many lives, including those of our colleagues. Consequently, employee engagement became more complicated than ever. We have maintained constant dialogue with our colleagues to ensure healthy work-life balances and found alternative online solutions to continue presenting learning opportunities, team events, and personal interaction.

Interfood is an organisation in which physical interaction and continuous tuning is vital for business continuity, so COVID-19 presented substantial challenges in terms of collaboration. We also faced logistical bottlenecks resulting from closed borders and congested ports, and clients' short-term rather than long-term orientation. However, it has also brought positive insights. For instance, COVID-19 restricted our ability to conduct food safety audits and demanded alternative approaches to supplier risk management. In response, we have created virtual audit solutions. These allow us to perform thorough quality assurance from a distance. This approach was used during the pandemic, and continues to work successfully. Similarly, COVID-19 confirmed that we have arranged our internal information systems and online working environment properly, and gave rise to additional feedback on how to improve. Although COVID-19 has made 2021 a tumultuous year, we favour a positive outlook and look forward to next year's challenges and highlights.

Dairy alternatives

In line with the increasing demand for sustainable products, dairy alternatives are gradually gaining market share. Plant-based products (e.g., pea, almond, and coconut milk) are becoming part of everyday consumers' requirements. At Interfood we are monitoring these market developments in conjunction with our vision: a sustainable industry which allows the world to enjoy food responsibly now and in the future.

Sustainable dairy

A notable trend is the growing consciousness of the role of dairy in global warming now that more research has shed light on the full impact of the dairy value chain, with particular concerns being voiced about greenhouse gas emissions from the sector. Society as a whole is showing substantial interest in more sustainable alternatives, alongside increased awareness among multinationals and the rising expectations of suppliers. As a result, we have seen a growing number of supplier questionnaires with a sustainability focus, and the introduction of more industry initiatives and on-the-ground interventions. Our revised sustainable value proposition plays a significant role in how we contribute to this development, which we regard as positive.

Supply chain challenges

Logistical issues influenced our business in 2021. Congestion in ports worldwide meant containers faced extreme delays, leading to significantly reduced container capacity on particular routes, and increased prices. These delays had a major influence on the reliability of deliveries, worsened by the scarcity of truck drivers. This made it more challenging to provide our services as usual. Brexit also had a major impact. Now that the United Kingdom is no longer a member of the EU, companies face more complex documentation requirements, longer transit times, higher transport costs, and even the need to find alternative routes. In response to the increasing complexities we have launched a UK-specific export department to make sure we can uphold our service standards in this changing environment. We are using our increasing capabilities to find data-driven solutions to meet the worldwide supply chain challenges head-on. Using our DairyPlan software, developed in-house, we can find optimal supply-and-demand matching solutions, including the most efficient routing of products. The use of this smart software allows us to minimise the impact of supply chain disruptions.

Political developments

We monitor political developments closely, at this time especially in regard to Russia, Belarus, and Ukraine, even though these events do not directly relate to the 2021 period covered by this report. First and foremost, our thoughts are with everyone affected and impacted by this conflict. We are dedicated to ensuring access to basic requirements such as food for everyone subject to oppression during these uncertain times. On a business level, we respond to these developments by adjusting our risk management focus on any business conducted with Russian, Belarusian, and Ukrainian counterparties, in the form of suspension of purchases from Russian and Belarusian counterparties, strict KYC procedures, and extremely cautious selling and shipping procedures. The current situation limits our options, but we nevertheless intend to support everyone affected by this act of violence and to maintain food supply, while minimising Interfood and stakeholder exposure to risk.

We had already identified a trend of increasing regulatory complexity related to sanctions and trade embargoes which has been accelerated by the war in Ukraine. We continue to monitor these developments closely to ensure Interfood can make good on our goal of being a responsible and fully compliant corporate citizen.

How we create value

Interfood's long-term value proposition

As a leading global dairy supplier, we are in a unique position to enhance our focus on value generation for stakeholders. Our determination to drive progress in our business and the global dairy industry, and to continuously innovate our products and services, is matched with our drive to fulfil our purpose in a sustainable and resilient way.

We unlock long-term value creation by assessing our stakeholders' needs and expectations and integrating them in Interfood's strategy. We depend on the main resources from employees, knowledge, financial equity, environmental resources, and long-term partnerships.

These resources are an indispensable input for our business model. To fulfil Interfood's strategic purposes, the inputs are transformed into outputs and outcomes through all of our business activities.

In the short term, our efforts generate non-financial and financial output every year. The output indicators are defined by the results of the Materiality assessment and translated in our long-term sustainability commitment. Further, these commitments aggregate the effects of our contribution to the most relevant United Nations Sustainable Development Goals.

Our business model is visualised in our value creation model which shows our role in the dairy value chain and the interactions we have with customers and suppliers, as well as other service providers such as warehouses/ cold stores and logistics partners. Ultimately, through strategic thinking and strong partnerships with all stakeholders, we contribute to a successful and sustainable industry. Read more about how we enable a value creating business model in the section Value Creation process.

Input

Human capital

Our 307 employees (FTE equivalent) and their exceptional talent and capabilities are the foundation of our business.

Intellectual capital

Our in-depth and data-driven organisational knowledge, ranging from market insights to sustainability solutions, allows us to provide our clients with outstanding service.

Financial capital

Our conservative financial strategy and strong partnerships with financiers that allow us to reach our full potential for the provision of services.

Natural capital

Th environmental resources such as energy and commodities (1,007,554 MT sold) which allow us to run our operations.

Social and relationship capital

The transparent dialogue we maintain with our key stakeholders in order to carefully manage our impact on local societies.

Together for better

Teamwork

Professionalism

Commitment

Continuous Improvement

Responsible leadership

Our key activities

Innovation	Quality control
Procurement	Due diligence check
Financing	Sales
Storage	Distribution

Our value propositions

Output

- Average age of 36
- 43%/57% male/female ratio
- 28 nationalities

- 35,343 deals done
- 1,443 unique clients serviced
- 97% of volume sourced from vetted suppliers

- 1,007,554 MT turnover
- €2,253.4 million Revenues generated
- €6.1 million Taxes paid

- Zero CO_2-emissions (scope 1 and 2 + scope 3 business flights) after Gold Standard compensation
- 1,655 incidents of non-conformities identified and solved

- Contributions made to the 'Made Blue' project and 'Doctors for Mozambique'.
- Developing plans for investing part of our profits in sustainable projects

Outcome

Sustainable solutions

- Growth in sustainability-driven projects and agreements with suppliers and clients
- Value created for our suppliers and customers

Sustainable value chain

- Improved sustainability and traceability in the entire value chain

Sustainable employer

- A team of ambitious and well-trained people
- A working environment supporting health, diversity and inclusion

Sustainable operations

- Improved business continuity related to sustainability actions
- Clean cut and fit-for-purpose price risk management solutions
- Value created for our shareholders

Sustainable society

- Durable investments in a future-proof food sector to ensure dairy can be enjoyed responsibly

Impact

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Strategy

Our corporate strategy

Interfood operates in 136 countries around the world. Operating in such diverse environments means that we must be in-tune with local requirements, trends, and cultures. Historically we have been able to set ourselves apart by being able to go the extra mile for both our customers as well as our suppliers. Our continued ability to be able to do this in the increasingly complex business reality that we face will be pivotal to the Group's future successes.

In 2020 we rolled out a new strategic agenda for the period until 2025 to facilitate our ongoing development as an organisation. This agenda guides us in establishing the right strategic initiatives to drive the continued and sustainable success of the Group.

Our strategic agenda was developed with our purpose, "Together for Better" as a starting point. Through the five values that we derived from this purpose we distilled four strategic objectives:

Selective growth

Interfood has solid and diverse supplier and customer bases around the world. These partners, with whom we have long-standing relationships in many cases, are at the core of our success. We will continue to seek valuable new partnerships with both customers and suppliers to which we can add value. At the same time, we want to make sure that the growth of our business does not come at the cost of our way of doing business and our values. We will therefore proactively seek out best-fit customers, suppliers, new markets, and new product groups, in order to grow our global operations. while maintaining our level of service and commitment to our values.

Increase derivative capabilities

As the world around us grows progressively more complex and volatile we find ourselves in a unique position to help our customers and suppliers in the value chain deal with uncertainties in a tailored manner. We currently have a wide portfolio of derivative risk management solutions and will continue to invest in expanding our derivative capabilities to be able to meet the requirements of our business partners to manage the increasing market uncertainties. We aim to offer more-and-more unique and high value-add risk management solutions.

Operational excellence

Operational excellence is at the core of our business, but we feel that there is always room for improvement. Besides looking at outside trends in the markets in which we operate, we also see the need to continuously improve our own operations in order to be able to move with those trends. We have therefore defined a relentless focus on operational excellence as one of our strategic objectives. We view operational excellence in its broadest sense, encompassing both effectiveness and efficiencies as well as attention to detail and customer satisfaction. Doing as many things as possible right the first time is the goal for which we strive.

Embedding sustainability in our DNA

Last, but most definitely not least, we will embed sustainability in our DNA. For a large part the saying 'old wine in new bottles' rings true for Interfood as we've always been focused on conducting our business in a sustainable manner by upholding long-standing relationships and seeking optimal solutions. At the same time, we want to offer best-in-class opportunities and work surroundings to our colleagues as they are the ones that make it happen. Now, however, and more than ever before, we want to be bolder and braver about sustainability. We want to express all our beliefs around sustainability, our goals, achievements, and failures, to show stakeholders how we are continuing to grow as an organisation and take our place in the world seriously.

Our approach to sustainability

To ensure full integration of sustainability into our daily business operations we have developed a framework that helps us to formalise Interfood's approach. This framework is a core element in focusing our efforts to deliver on our purpose and growth strategy.

Focus area	Sustainable solutions	Sustainable value chain	Sustainable employer	Sustainable operations	Sustainable Society
	Interfood as a responsible value chain partner		Interfood as a responsible employer that contributes to a sustainable society		
Ambitions	Increase the share of revenues generated by sustainability-driven agreements	Increase the share of responsible stakeholders in our network of supply chain partners	Continuously improve employee engagement, development and inclusion based on our core values	Best-in-class certainty of business continuity, being carbon neutral as of 2019 but continuing to decrease our footprint before compensation	Contribute to a future in which food can be enjoyed responsibly
Activities	'Sustainability-driven added value to partners'	'End-to-end sustainability improvement of the Supply Chain'	'Interfood as a responsible privately-owned company'		

Enabling our strategy

We have identified two key enablers for making our strategic vision a reality:

Having a world-class team

Being a data driven organisation

To attract the best talent, we put particular effort into making Interfood the most attractive employer possible. We aspire to being the organisation of choice for professionals, now and in the future. We recognise the value represented by all our colleagues, and so this enabler is thoroughly cemented in our sustainable employer pillar.

To achieve our ambitions we believe we need to be at the forefront of ongoing digital developments, in our sector and, indeed, in the world. As such, we will make the investments needed to make this necessity a reality and will continue to work unlocking maximum value from the masses of data available to us.

We are accelerating progress on our sustainability ambitions and roadmap, and we are proud to have achieved the current milestone. While we are celebrating our achievements, we recognise that this is a journey and that there is a long road ahead. In 2022, we will continue working on translating our ambitions in the sustainability framework into tangible, realistic, targets and building our performance reporting.

Sustainable Dairy Partnership

Sustainable value chain

Sustainable Dairy Partnership
Business to Business

The *Sustainable Dairy Partnership* is a multi-stakeholder collaboration founded by the Sustainable Agriculture Initiative (SAI) Platform Dairy Working Group, in response to numerous buyers emphasising the need for standardisation.

The purpose of the platform is to facilitate efficient sustainable sourcing by developing a unified approach to inform partners on the progress made with regards to sustainability: in other words, to replace separate, repetitive, and expensive audits to meet varying customer expectations. SDP participants can either be a 'user' or a 'member'. Users have access to the consolidated knowledge and means provided by the SDP, while members can join specific workstreams to further contribute to developing the SDP platform and explore sustainability solutions. Both users and members are expected to adhere to the SDP's foundational elements (compliance with local legislation, animal care, human rights, and deforestation), which build on the Dairy Sustainability Framework's 11 criteria.

The SDP's purpose is highly consistent with our strategic ambitions of a sustainable value chain and being a responsible leader in dairy. That said, we are proud of being the first trader to have joined the SDP. In 2021, we focused on shaping the role of a trader within the SDP network and setting the example for fellow traders. Given our open and innovative nature, we decided to become a member rather than a user, and to contribute to various workstreams:

Digital solutions: Creating an online reporting system: the SDP reporting Hub *[completed]*.

Deforestation: Exploring deforestation free feed options *[ongoing]*.

GHG reduction toolbox: Exploring how farm-level pollution can effectively be reduced *[ongoing]*.

GHG/sustainable data: Defining a standardised approach to disclose carbon data, to be integrated in the SDP reporting Hub *[to be launched 2022]*.

Regenerative dairy: Designing a guiding framework to drive efficiency and impact through regenerative agriculture *[to be launched 2022]*.

In 2022, we aim to further shape our role, and will continue to contribute to the workstreams. In addition, we aim to introduce our wide network of partners to the SDP and encourage key suppliers to join. We will support them in adhering to the four foundational elements and guide them in how they can use the stage-matrix — a five-stage roadmap to managing a sustainable dairy business — to drive continuous sustainability improvements.

2 ZERO HUNGER · 8 DECENT WORK AND ECONOMIC GROWTH · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION · 15 LIFE ON LAND · 17 PARTNERSHIPS FOR THE GOALS

Stakeholder dialogue

Stakeholder engagement is a vital component of our business. We strive to build and maintain strong relationships with all stakeholder groups, both because we want them to be up-to-date on our business developments, but also to make sure we address their interests, needs and concerns. We identify a wide range of stakeholders, which we influence through our operations and also have an impact on how we do our business.

Stakeholder	Approach to stakeholder engagement	Key topics and concerns and our response
Our employees	We aim to be in continuous contact with our employees. Employee engagement incorporates various methods, including but not limited to online communication channels, a yearly personal performance cycle, quarterly company performance updates, engagement surveys and informal events.	On the one hand, our employee dialogue covers and evaluates our business performance, strategy, and developments in an interactive setting. However, we also highly value the well-being of our team. Key topics therefore also include, among others, alignment of values, personal well-being, inclusion, jubilee recognition, and learning and development opportunities.
Our customers	Our commercial managers are in close contact with our customers. We also engage with our customers by means of collaborative sustainability and marketing programmes.	When interacting with our customers, we make sure expectations are covered, provide (sustainable) solutions, and also discuss and collaborate on industry-wide challenges. On top of that we play a facilitating role, allowing customers to get in touch with other value chain partners.
Our suppliers	We are in continuous dialogue with our suppliers through our account managers.	Topics covered range from product quality and safety requirements to certifications and sustainability specifications. The majority of our responsible business agreements with suppliers are included in our supplier Code of Conduct.
Financial institutions	We have a strong relationship with our banks and discuss our performance on a quarterly basis. We are also open to continuous dialogue.	Key topics covered in our interaction with banks concern our financial statements and performance. However, we also regard our banks as sparring partners with whom we discuss relevant industry trends, economic insights, and our role in addressing sustainability-related challenges.
Shareholders	Although the key approach to our dialogue with shareholders is the Annual General Meeting, they are kept up-to-date throughout the year by direct contact with the company.	Our shareholders are always up-to-date on developments that include financial and non-financial topics. They are also involved in strategic decisions and discussions, in which we greatly value their input.
Governments and regulators	We engage with governments and regulators around relevant events rather than on a periodic basis. However, we engage with tax authorities on a more regular basis.	The main subject of our engagement with governments concerns taxation. We also carefully monitor and discuss developments with regards to sustainability regulations.
NGOs and communities	We engage with NGOs and communities on a sustained project basis.	We engage in impactful projects to further future-proof the food sector, as well as positively impact local communities, specifically targeting our material issues when possible.

Contributing to sustainable society

We engage with various initiatives and organisations targeting economic, social, and environmental impact. Our CEO also holds board positions at Gemzu, and Eucolait, and Interfood is a member of American Dairy Products Institute (ADPI) to help contribute to knowledge-sharing within the sector. As of 2020, we are also a member of the Sustainable Dairy Partnership (SDP). The SDP is a collaborative platform with members ranging from dairy processors to buyers and suppliers. We periodically meet our SDP colleagues to discuss and present innovative solutions to industry-wide sustainability challenges. On top of our memberships, we endorse the United Nations Sustainable Development Goals and contribute to various social initiatives presented in more detail in the section, Sustainable Society.

These partnerships are vital in addressing our impact. Going forward, we will continue interacting with our key stakeholders to involve them in our journey towards a sustainable dairy industry.

Materiality assessment

We realise that our business model primarily serves long-term value creation for our stakeholders. Therefore, we engage with our stakeholders to help steer our efforts to minimise our negative impacts, and maximise our positive impacts. A crucial aspect of this process is a materiality assessment.

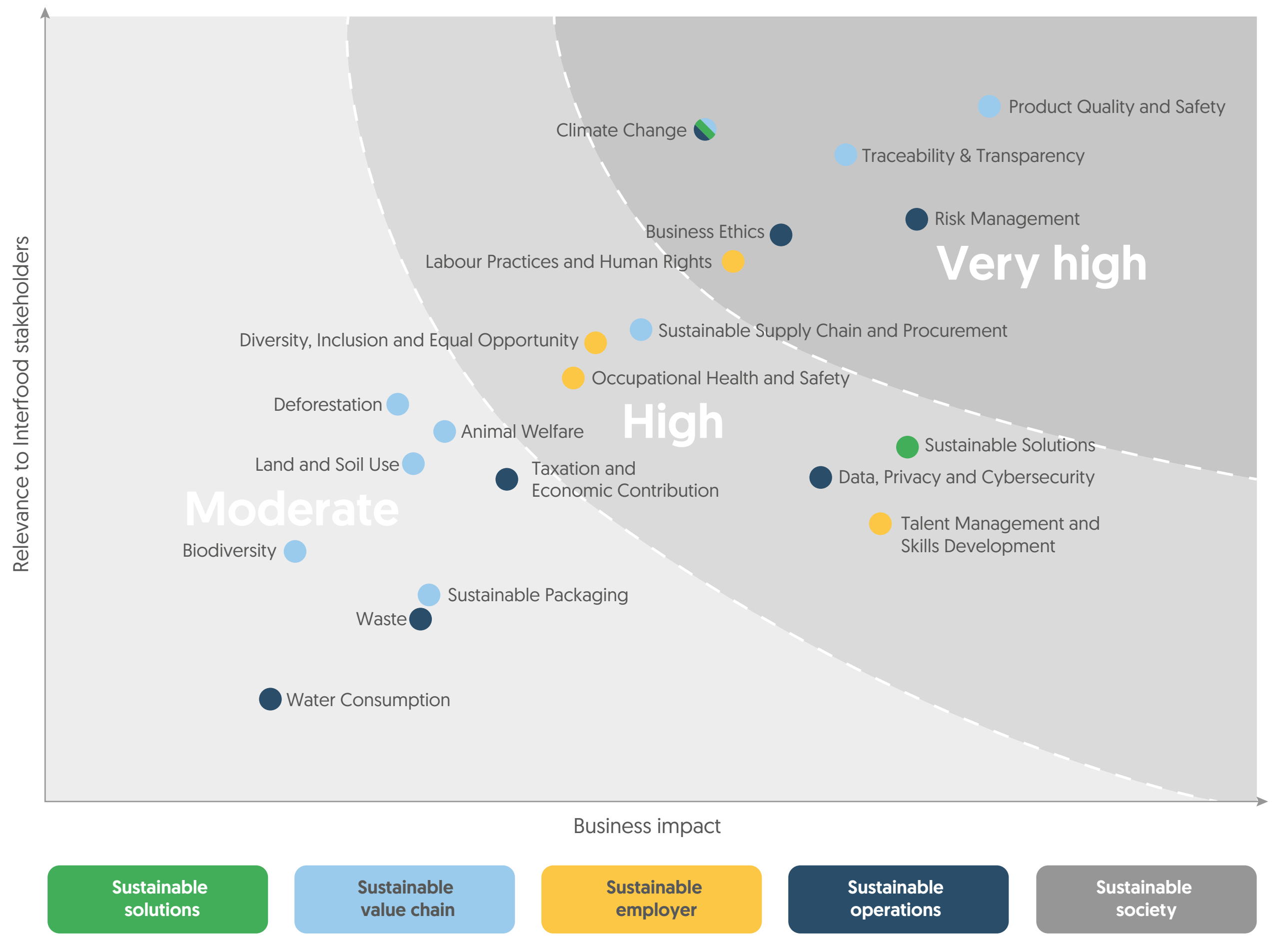
In 2021, we conducted our first materiality assessment. In collaboration with EY, we invited 100 of our key stakeholders to provide their input on how they expect us to manage our impacts. Our materiality assessment is based on the Global Reporting Initiative (GRI) Standard and therefore serves to identify the sustainability-related topics which, on the one hand, reflect our economic, environmental, and social impacts and, on the other hand, substantively influence the assessments and decisions of our stakeholders. Read about the methodology in the About this Report section.

Materiality matrix

The materiality matrix visualises the results of the materiality assessment. It shows the priority of the sustainability themes central to our value creation, and displays how they relate to our sustainability strategy. Our approach has been formulated so that all topics are incorporated and acknowledged, while focusing primarily on the highly material topics.

Having defined a baseline, the materiality assessment will be repeated on a regular basis to stay abreast of our stakeholders' priorities. Future materiality assessments will also incorporate topics associated with our Sustainable Society pillar, once it is fully developed, as well as further integrate the double materiality principle.

Interfood Materiality Matrix



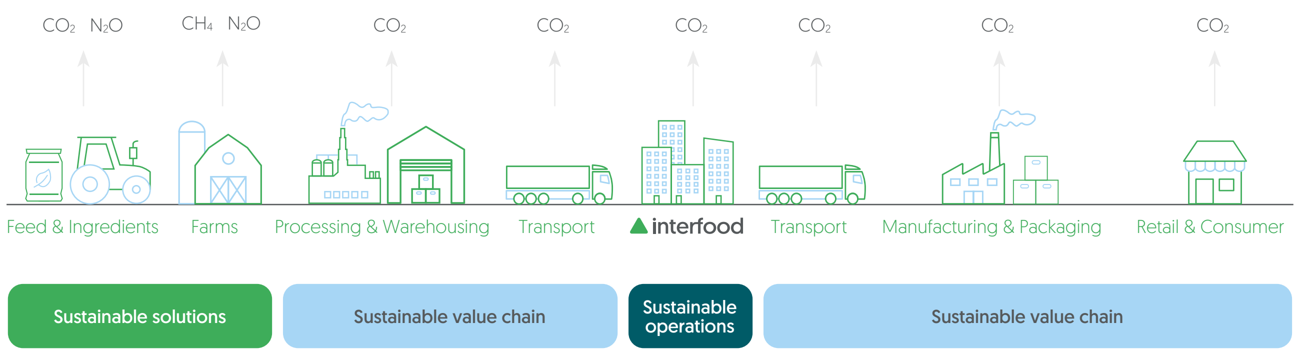
Climate change

The climate change topic refers to how Interfood reduces and minimises energy consumption and greenhouse gas emissions resulting from our direct operations (scope 1 and 2), as well as how Interfood maps and supports reduction of indirect CO_2 impacts in the supply chain (scope 3). Given the complexity and broad definition of climate change, we have allocated the topic to three strategic pillars to structure our approach:

Our sustainable solutions pillar prioritises the most significant source of greenhouse gases in our value chain: farm and farm inputs. It is solely focused on mapping and reducing farm- and feed-level emissions through industry-wide cooperation.

Our sustainable value chain pillar addresses the scope 3 greenhouse gas emissions materialising in other sections of our up- and downstream value chain. These include, for instance, emissions resulting from processing, warehousing, or transport.

Our sustainable operations pillar focuses particularly on emissions relating to our people. This implies that we address not only scope 1 and scope 2 emissions by means of this pillar, but also scope 3 emissions relating to our people. These scope 3 emissions include business travel and employee commuting.



Our contribution to the UN Sustainable Development Goals

In 2015, all United Nations' member states adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), providing a shared blueprint for peace and prosperity for people and the planet: now and in the future. The set of 169 sub-targets calls for worldwide action from governments, business, and civil society to end poverty, ensure prosperity for all, and protect the planet. The goals express an urgent call to action by all countries—developed and developing—and in a global partnership.

Interfood is proud to embrace the UN SDGs. To determine our contribution to the SDGs, we used their specific sub-targets and KPIs, and assessed the extent to which Interfood contributes to these through our operational activities, corporate strategy, internal policies, collaboration projects and development initiatives. We classified two levels of relevance:

- **Interfood considers as highly relevant** those SDGs that are linked to the most material topics, and which the business strategy and activities focus on most.
- **Interfood considers as moderately relevant** those SDGs that are linked to the moderately material topics, and which are important in the company's business strategy.

As a result of this analysis, we believe that we contribute to the following SDGs:

Highly relevant

8 Decent work and economic growth

Our aim is to generate economic value and growth, while respecting the environment and the people involved throughout our value chain. We aim to contribute to the economic system at local, national, and global level. This includes meeting all expectations of our internal and external stakeholders by being compliant with prevailing tax ethics, laws, and regulations. In addition, it is our responsibility as an organisation to provide a safe working environment for all our employees. Interfood has strong connections throughout the entire dairy supply chain and is working on further crystallising our scope of responsibilities and how we plan to embed these into our governance policies.

12 Responsible consumption and production

Interfood recognises the pressure of the dairy sector on scarce natural resources and is determined to contribute to a more responsible and sustainable use of land and livestock through the entire value chain. Through our membership of the Sustainable Dairy Partnership (SDP), our collaboration projects with suppliers, and adoption of the Dairy Sustainability Framework (DSF), Interfood works to strengthen the sustainability of the whole dairy supply chain. We are working towards setting targets on reduced emissions in the value chain and acquiring more insight into the efforts and choices our suppliers make to be more responsible in their activities. We aim to contribute to sustainable development by supplying responsibly sourced and traceable products, and by encouraging the supply chain to adopt sustainable practises.

13 Climate action

The realisation that the dairy sector is a significant contributor to climate change has encouraged the dairy industry to include climate mitigation and adaptation practices in its strategic agenda. We acknowledge the limited direct impact we can have as an intermediate party, but we nevertheless actively strive to continuously decrease the carbon footprint, improve responsible supplier practices, and halt deforestation in partnership with suppliers, Logistics Service Providers (LSPs), customers, universities, and others. Interfood's position in the value chain enables us to bring producers and buyers together and facilitate industry-wide collaboration, knowledge sharing and education to limit the negative and enhance the positive environmental impact of our global dairy supply chain.

17 Partnerships for the goals

As a global dairy supplier with a vast network of suppliers, logistics partners and customers, but a very limited amount of assets, our key role in transforming the dairy sector lies within partnerships. Interfood is dependent on collaborations with supply chain partners to address sustainability in the dairy sector. Positioned between dairy customers and suppliers, we enjoy an exclusive vantage point that we can leverage to bring parties together to test novel technologies, help customers find the most sustainable supplier, implement improvement measures and more. For an optimal collaboration we have joined the Sustainable Dairy Partnership, an industry-wide sustainability approach for use in the commercial relationships between dairy customers and their suppliers. The SDP builds on the Dairy Sustainability Framework (DSF) by requiring its users to join the DSF at Implementing Member level. Besides this, Interfood cooperates with universities, institutions, and front-runners in technological developments to accelerate the transition to a more future-proof food sector.

Moderately relevant

2 Zero hunger

All our worldwide activities support sustainable food production systems and incomes of small-scale food producers. By means of our sustainable society pillar, we hope to contribute by funding food-related projects. As a result, we support a more secure food supply chain and the maintenance of global food trading.

4 Quality education

We offer technical and vocational guidance and training programmes to our employees, ensuring that company-supported education and professional training programmes are equally available, and accessible to all groups.

5 *Gender equality*

Interfood sees great value in diversity and aims to provide an inclusive work environment in which everyone feels respected and treated equally. We are committed to support women's leadership and ensure sufficient participation of women in decision-making and governance bodies at all levels, and across business areas. We provide a work environment where no form of discrimination is tolerated.

10 Reduced inequalities

Being an international operating company, we believe that our workforce should represent our global footprint. Interfood is committed to professionalise our management approach and incorporate diversity and inclusion into formal policies. We plan to reflect aspects of diversity in our global hiring policies in 2022, as well as to prioritise the development of KPIs which stimulate diversity and inclusion globally.

15 Life on land

Agriculture, including the cultivation of livestock for dairy, is considered one of the key factors driving deforestation. Interfood is committed to contribute to sustainable management of forests through rehabilitating lands destroyed by business operations, and reducing deforestation and forest degradation from direct operations and the supply chain by supporting and contributing to the work of the Sustainable Dairy Partnership.

16 Peace, justice and strong institutions

Interfood is committed to financial and non-financial annual reporting to ensure transparency of our activities, and to identifying and eliminating any illicit flows and taking corrective action. We are also committed to our governance procedures around anti-bribery and corruption, and prohibiting bribery in any form, whether direct or indirect, across all of our stakeholder groups.

Contributing to more sustainable food systems

Sustainable society

The food industry is facing a major challenge. On the one hand, we have a significant impact on the environment impact which needs to be reduced. On the other hand, we have a growing global population to feed. In other words, we need to increase food production at the same time as reducing environmental impact. We recognise the urgency of addressing this challenge and therefore became the launch partner of the *Rabobank Carbon Bank* project in April 2021.

Rabobank Carbon Bank aims to facilitate farmers' adoption of interventions to enhance on-farm sustainability through regenerative farming practices. These include moving away from the use of chemicals and synthetic fertilisers as well as adding cover crops and implementing crop rotations. Natural processes like these allow carbon to be captured and stored in soil, thereby removing carbon from the atmosphere. However, these interventions are not the cheapest, which limits farmers' ability to invest in the practices. Rabobank Carbon Bank provides farmers with a financial incentive to store carbon in their soil and connects farmers with corporates aiming to compensate their footprints with nature-based carbon credits. They are pre-paid based on calculated reductions before the implementation of an intervention, and receive the remainder once reductions have materialised. In short, it aims to provide farmers with the means to move towards future-proof food production systems.

Together with Rabobank, we contributed to the launch of this project. In 2022 we aim to further define our role. We look forward to working together on the future proofness of the food sector, in line with our ambition for a 'sustainable society'.

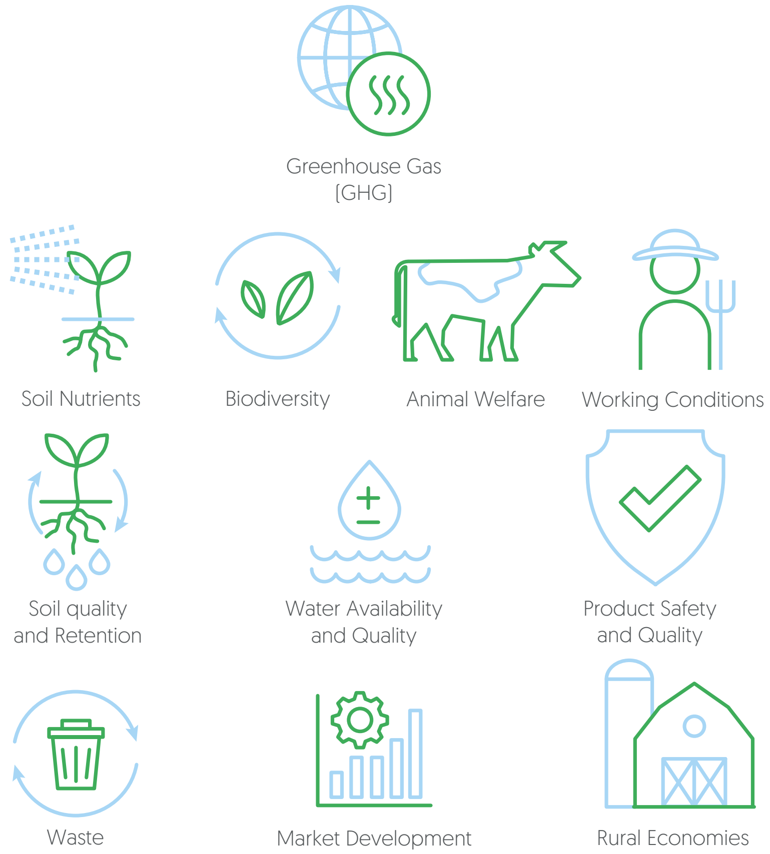
Rabobank

Performance

Interfood is committed to contributing to a sustainable dairy sector in which dairy can be enjoyed responsibly. Therefore we take extreme care to keep track of our performance with regards to each of our sustainable strategic pillars:

We also draw upon third-party sustainability assessment to reflect on our performance and inform our future efforts. Ecovadis assesses our sustainability management approach on four themes: environment, ethics, sustainable procurement, and labour and human rights. In 2021, we were awarded a bronze medal with a score of 45 out of 100. We strive for continuous improvement and have therefore set an ambition to work towards a silver medal in 2023.

Sustainable solutions



Awareness of sustainability within the dairy industry has grown significantly over recent years. The Dairy Sustainability Framework (DSF) has selected 11 key sustainability challenges in the global dairy sector, of which greenhouse gas emissions is the most prioritised. The Food and Agriculture Organisation of the United Nations emphasises that farm-level activities in particular are a major contributor to global warming.

On-farm manure management and enteric fermentation leads to significant Methane (CH_4) and Nitrous Oxide (N_2O) emissions, while production inputs and farm operations are also major emitters of Nitrous Oxide (N_2O) and Carbon Dioxide (CO_2). Most climate-related risks are therefore concentrated at farm-level. The realisation that our industry is a significant contributor to global warming has led various parties to include sustainability and, in particular, carbon emissions, in their strategic agendas. The Sustainable Solutions pillar of our sustainability framework is framed to ensure we play a full and meaningful role in accelerating sustainability in the global dairy sector, focusing particularly on addressing the impact at feed- and farm-level.

We recognise the significance of addressing the environmental impact of our value chain while continuing to meet global demand for responsible dairy products. Interfood is therefore determined to stimulate sector growth while decarbonising the value chain and sustainably using natural resources.

Contributing to sustainable dairy

Interfood has a strong desire to contribute to sustainable dairy by providing our clients with solutions to manage sustainable targets and promoting sustainable products to the market. Given our position in the value chain and the bulk of emissions resulting from farm-level operations, determining our role in this global ambition required some thought. Our direct influence is limited, as we have no processing facilities and are not vertically integrated in the supply chain. However, Interfood's position in the value chain enables us to bring producers and buyers together and facilitate industry-wide collaboration to limit the negative, and enhance the positive, environmental impact of our global dairy supply chain.

We calculate greenhouse gas emissions by means of the Life Cycle Assessment (LCA) approach. More specifically, we adopt the LCA methodology proposed by the International Dairy Federation (IDF) which is tailored for the dairy industry. Having determined a baseline GHG footprint, a shortlist of relevant interventions is proposed based on the potential for reduction.

In 2022, we will continue to build our knowledge and effective governance structure. Our ambition is to appoint a dedicated team with the sole focus on accelerating GHG reduction progress throughout our value chain. Another priority concerns the joint development of a compliance framework which guarantees the accurate allocation of reductions and mitigates risks such as double-counting and greenwashing. Similarly, the funding of supply chain improvements will continue to be an important discussion point in terms of sustainable product portfolio. A significant share of the funds available through our sustainable society pillar will be allocated to enabling these kinds of interventions.

Having defined our role in contributing to a responsible dairy sector, we will embrace these challenges and continue to develop and implement business cases for shared value creation. Together, we will contribute to a sustainable dairy value chain.

Sustainable value chain

Being a responsible value chain partner entails recognising the importance of economic, social, and environmental sustainability from farm to fork and extending our responsible leadership beyond our own operations. Our sustainable value chain pillar presents our approach to a sustainable supply chain, highlighting the importance of traceability and transparency to enable safe products of high quality and the decarbonisation of the supply chain.

Safeguarding sustainable business practices in the supply chain

The total economic, environmental, and social impact of the dairy industry is immense. Interfood carries a responsibility to stimulate sustainable business practices in its supply chain while providing dairy products and contributing to viable sector growth. Safeguarding a sustainable supply chain entails leveraging our role as trader to promote positive environmental and social impacts in the dairy sector.

Interfood has various measures in place to contribute to a sustainable supply chain. Our comprehensive supplier approval process and supplier risk management approach contribute to proactively assessing and mitigating product safety risks in the supply chain. This supplier score is the result of the Supplier Data Request (SDR), where suppliers are being scored on H&S risks, warehouse policies and more. As a result, in 2021, Interfood suppliers scored 84% on average.

All our requirements with regards to operational safety are reflected in our transport and warehousing policies, to which producers and Logistics Service Providers are expected to adhere. The Know Your Customer (KYC) and Know Your Supplier (KYS) assessments, complemented by due diligence checks, contribute to safeguarding ethical standards in our supply chain, addressing potential issues of corruption, bribery and money laundering.

Our Supplier Code of Conduct (SCoC) sets out our expectations with respect to business integrity, human rights and environmental protection, and our supplier's commitment towards customers, employees, and other business partners. Internal audits allow us to tailor our internal trainings to enhance performance, and continuously improve how such measures are implemented. We are exploring how we can leverage our current approach to shed further light on the most prominent sustainability risks in our supply chain and implement additional procurement policies addressing these topics.

In the years to come, we aim to explore how we can further integrate social and environmental aspects into our supplier assessments, policies, and procedures, to create more awareness among stakeholders and raise the bar, both for our suppliers and ourselves.

84%

Average supplier score

97%

% of total spend and volume sourced from audited and compliant suppliers

100%

New suppliers that were screened using environmental criteria

0%

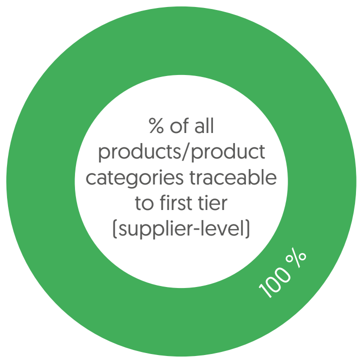
New suppliers that were screened using social criteria

Sustainable Dairy Partnership

To achieve truly significant impact, we engage in industry-wide partnerships. Interfood was the first dairy trader to become an active member of the Sustainable Dairy Partnership (SDP). The Sustainable Dairy Partnership provides a consistent global approach to dairy sustainability in commercial relationships between dairy buyers and processors. Together with other SDP members we address topics such as animal welfare, biodiversity, deforestation, and soil and land use.

Traceability and transparency

Traceability and transparency form the foundation of a sustainable supply chain. The ability to trace supply chain movements and achieve transparency among supply chain actors is of great importance to guarantee the quality and safety of our products. Having accurate traceability systems in place allows for a timely response to potential food safety risks and ensures compliance with trade-related requirements. We have several procedures in place to support the gathering of necessary information from our supply chain partners. Our SDR, KYC, and KYS systems collect background information on our suppliers, while our supplier database stores all the details, ranging from geographical location to accredited certification. These measures have contributed to achieving full traceability for our first-tier business partners. The implementation of our ERP system allows colleagues in our European and Asian-Pacific hubs to easily access traceability details on demand. As of 2022, this system will cover our global operations.



In the future, we aim to investigate how we can extend traceability to include partners further up and down the supply chain. In addition, we intend to explore how we can expand the types of data gathered through our existing procedures.

Product quality and safety

On a yearly basis, we facilitate the distribution of some 1,007,554 metric tonnes of dairy products around the world. The impact of even a minor food safety issue would be devastating, not only for Interfood but, most importantly, for our suppliers and clients, and must be avoided at all costs. Ensuring that the dairy ingredients we supply meet international, our buyers', and our own food safety and quality requirements is our highest priority.

Our Technical Service Department oversees product quality and safety across all our operations. To maintain the high safety and quality standards of our products, we have implemented several policies and procedures regarding our supplier approval process, supplier risk management, supplier audits and non-conformities.

Supplier approval process

Ensuring food safety starts with the supplier approval process. Every potential producer or logistics service provider completes a Supplier Data Request (SDR), a comprehensive questionnaire about food safety, product quality, certification, and other details. The results are scored, classified, and evaluated against a minimum benchmark. Only parties that meet our minimum requirements (70%) are accepted and incorporated into our global supplier database. Suppliers on the verge of meeting the desired score (60-70%) are invited to improve their business practices with our support. Suppliers' certifications and SDR score are revised every year and every three years respectively.

In total, 97% of our spend and volume is sourced from suppliers audited and compliant in accordance with the SDR.

Supplier risk management

Over the course of our engagement, the partners in our supplier database undergo a regular risk assessment. This assessment evaluates a range of subjects, each directed at maintaining high quality standards and preventing food safety incidents throughout our engagement. Vendors with high-risk scores are audited to ensure their compliance. Moreover, partners are expected to adhere to our Group Supplier, Customer and Warehouse/Transport policies.

Supplier audits

Audits are conducted to ensure that the products we supply always meet global food requirements. Due to restrictions related to COVID-19 we implemented alternative auditing methods such as virtual 3D audits, enabling us to guarantee high quality and safety standards without a physical presence. Given the reduced environmental impact of virtual audits, we will continue to use this technology in the future as long as audit quality can be maintained.

1,655
incidents of non-compliance

1,598	41	16
Producers	LSPs	Other

The total number of non-conformities reports concerning the health and safety impacts of products and services drawn-up and followed-up, per supply chain partner category

24
non-conformities reports

7	14	3
Safety, security or fraud issue	Spill/ environment	Recall/crisis/ EWS

The total number of non-conformities reports concerning the health and safety impacts of products and services drawn-up and followed-up, per sustainability-related incident category

8	0
food safety concerns	food safety incidents

Number of non-conformities identified as potential food safety concerns and actual food safety incidents.

Non-conformities

Given the fast, dynamic, and volatile industry in which Interfood operates, we encourage our customers and suppliers to report any concerns with respect to the products we supply. Non-conformities (NC) can relate to a variety of product attributes. In exceptional cases, NCs pose a food safety risk. We have a robust crisis management system in place to ensure timely identification of such threats. The NC notifier, an internal non-conformities notification tool, enables our dedicated teams to initiate a fast and efficient response and keep risks as low as possible. We perform recall tests to evaluate our crisis management system, and three of these were conducted in 2021.

In 2021, a total of 1,655 non-conformities were submitted. Only **eight NCs** have been identified as potential food safety concerns, all of which were addressed before they reached the market. As a result, **zero food safety incidents** have been recorded.

Overall, we have sound measures in place to ensure the quality and safety of the products we supply. In doing so, we commit to seven standards. Our management system is GFSI certified in our EMEA and APAC hubs and evaluated by means of internal and external audits. Since early 2022, we have been fully GFSI certified. We will continue to closely monitor progress and developments as well as further improve our crisis management system in line with our operational excellence strategy. Results and potential areas of improvement are discussed and reported internally.

Decarbonisation of up- and downstream supply chain

In addition to climate change mitigation on the farm level, we also aim to stimulate decarbonisation of up- and downstream supply chain activities such as warehousing and transport. Although the environmental impact of these activities is minimal compared to farm-level emissions, we believe that every little bit helps. Due to a limited direct influence, Interfood strives to work with suppliers and customers that demonstrate an intention to reduce the CO_2 footprint of the dairy supply chain. To improve data quality, we are exploring how we can calculate our scope 3 emissions starting with the environmental impact of road transport within Europe. Using Emission Factors (EF), we have integrated an automated calculation tool based on the distance in kilometres and the weight of the load into our transport planning system to understand the approximate CO_2 emissions generated on each planned route. These calculations are still in development. We are also investigating how to gain further insights into the carbon footprint of warehouses.

Aligning employee benefits

Sustainable employer

Our people are our most valuable asset. After all, without our colleagues, we cannot even begin to strive for our ambitions. That is why we attach great value to whether our employees enjoy their jobs and feel valued and treated equally. We want all of our colleagues, wherever they may be situated, to feel like they are part of one unified organisation.

A major contributor to this feeling of unity is equal treatment. In this light, we have begun addressing the differences we observed in terms of global employment conditions. We realise that primary labour conditions, such as remuneration, are dependent on local markets and cost of living, and therefore cannot be aligned. Employee benefits, however, can. Therefore, in late 2020, we have started minimising discrepancies in employee benefits within the Americas HUB:

Work phones: Whereas in Uruguay all employees received a phone for work-related matters, this was only the case for particular departments in Miami. Colleagues in Miami who previously did not have a phone, have now received one as well.

Health insurance: A vital aspect of our employee benefits in the U.S. is a health insurance covering employees and their families. In Uruguay, this service now includes coverage of family members for all employees, no matter their function.

Paid time off in Miami: Local law in the State of Florida does not oblige companies to provide their employees with paid time off (PTO). Although we do provide PTO to our colleagues in Miami, the exact number of days used to differ between functions. We are now aligning the number of free days regardless of function.

and between the Americas and EU HUB:

Referral bonus programme in the U.S.: In addition to the Netherlands, we have also implemented the Referral Bonus Programme in the U.S., meaning colleagues receive a bonus when their nominees for job positions are offered the job.

Travel insurance: As part of the Dutch employee benefits, we made sure that each and every employee is covered by a travel insurance beyond just business travel. This benefit has now been extended to all our US colleagues.

In 2022, we will continue to take our responsibility as a sustainable employer by further aligning global labour conditions. To the extent possible, we strive for all of our employees to be able to enjoy the same benefits, no matter where they are. This way, we hope to equally contribute to both our employees' personal and professional well-being and provide a great place to work.

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Sustainable employer

We believe that our people will take good care of our business, if we take good care of them. This entails recognising their strengths and talents and supporting them to realise their ambitions, while providing a work environment in which everyone feels equally valued, safe, and part of the Interfood team. Our sustainable employer pillar presents our approach to providing a comfortable environment, allowing our colleagues to excel both on a personal as well as a professional level.

Employee well-being

How we treat our employees affects their well-being and ultimately impacts our company. We are dependent on their performance and are therefore committed to providing every colleague a work environment in which they feel comfortable and part of the team, and allows them to excel both on a personal and professional level. Employee well-being, labour practices, talent management, and employee engagement rank very high on our coporate agenda.

We adhere to all applicable laws and regulations issued in our operating locations, and this is overseen locally, with each of our hubs managing their respective HR processes, tools and systems. Besides the local and regional HR approach, we are also moving towards a global approach, and, in 2021, took the first steps in doing so. One of the first achievements has been the global implementation of our Daywize management system, which represents a major step towards the uniformity of our global HR. Additionally, we have appointed a Chief HR Officer who is setting up a global HR team. As we begin to harmonise across the Group, we have also initiated the alignment of employee benefits, starting within each hub. Simultaneously, we strive for our colleagues to feel welcomed, valued, and part of the Interfood team, and employee engagement represents one of our key strategic priorities. Our global employee engagement survey has been conducted bi-annually the past years and allows us to reflect on whether our efforts have had the desired effect.

An undeniable and relevant development during the reporting year concerned the future of work after the pandemic. COVID-19 has changed the world and accelerated an existing trend towards more remote working, and we want to change with it. However, our business benefits greatly from physical interaction and continuous coordination. Therefore, we will continue to face the challenge of balancing the needs of our business with those of our colleagues: a challenge we happily embrace to make sure we provide a pleasant work environment for all.

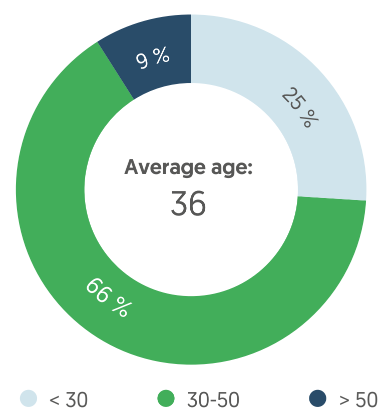
In 2022 we will continue to work on our global HR initiatives, address employee engagement and explore the future of work.

Representing our global footprint

As Interfood operates internationally, we believe that our workforce should represent our global footprint. We attach great value to cultural diversity and providing an inclusive work environment in which everyone feels respected and treated equally. Our teams have always been diverse. We have **28 nationalities** globally. The average age of our workforce is **36**, and **57%** of our employees are women. For our colleagues to reach their, and consequently Interfood's, full potential we provide an open and inclusive environment where everyone's voice is heard. This is also important because feedback from diverse backgrounds provides us with a wide and valuable spectrum of insights and skillsets, and enables us to make highly substantiated strategic decisions. Diversity is also valuable given our extensive contact with external partners all over the world. Our employees are in the perfect position to use their understanding of local markets, business cultures, and languages to provide the best deals and tailored services to our customers.

Over the course of the last few years, awareness with regards to diversity and inclusion has grown significantly among our stakeholders, as well as within our own organisation. As a consequence, we aim to professionalise our management approach to this topic and incorporate it in formal policies. We will explore how we can include aspects of diversity and inclusion in our global people strategy.

Composition of our workforce
by age group



Talent management and skills development

As Interfood we attach great value to our employees and spare no effort to develop their personal and professional skills. The current and future employability of our colleagues is highly valued, as are their personal aspirations. As such, talent management and skills development are regarded as a top priority, both in our business' and our employees' interests. In 2021, COVID-19 greatly complicated the way we could provide our colleagues with development opportunities. Although switching training programmes to an online environment posed relatively few difficulties, the degree of engagement and subsequent effectiveness of training sessions was significantly affected. Nevertheless, we committed to providing the most effective collective and individual learning opportunities possible.

Collective development opportunities

We present collective development opportunities through the Trader's Academy and the Mini Academy. The Trader's Academy is organised once a year, is face to face and specifically tailored to assist traders develop the required skills for their role. The Mini Academy is a two-week programme to introduce new colleagues to Interfood. It is organised by Interfood experts from various departments and takes place twice a year in a hybrid format so that colleagues from different locations and time zones can participate. Topics addressed may vary from compliance and business ethics to data security and legal cases.

Professional development

We encourage personal and professional development for all our employees. During the established twice-a-year performance review cycle, colleagues have the chance to determine their learning goals and career development opportunities. In 2021, **83%** of our employees received an annual performance review. Throughout the year, and in consultation with their direct manager, they can sign up for training sessions in line with their learning and development needs and personal ambitions.

Our main priorities for the coming years are two-fold. Firstly, we aim to implement a global learning and development approach. Secondly, in addition to mid and end-of-year reviews, we aim to include a goal-setting session at the beginning of the year for all our employees, to further facilitate their own personal development.

Health and well-being

We are committed to ensuring a secure, safe, and healthy place to work. This involves providing ergonomic workplaces and investing in employee safety and well-being. We strive to enable a work environment of trust, support and teamwork: together for better. Local anti-COVID-19 regulations and measures are followed in all of our offices.

We are proud to report that the sick leave rate remained low even during the pandemic. In 2021, the sick leave rate was **0.74%**.

In our supply chain, where the production and processing of our products take place, occupational health and safety (OHS) is more concerned with operational safety. Nonetheless, we take a proactive and preventive stance to continuously improve and move towards an optimal working environment and, where appropriate, we are actively increasing awareness. For example, in the Dairy Food Studio in Bladel (NL), where small scale innovative experiments are conducted to test product specifications and identify perfectly tailored solutions to buyers' needs, we offer training sessions during the academy periods, have H&S notification processes in place, and ensure an in-house emergency team is always present.

In the years to come, we aim to implement a global crisis management system, as well as further define the role we wish to play in addressing this topic in our supply chain.

Sustainable operations

We attach great value to practising what we preach. Our sustainable operations pillar frames how we approach business continuity and responsible leadership in economic, environmental, and social terms. We are determined to lead by example and set best-in-class standards with regards to business ethics, cyber security, taxation, and our own environmental impact.

Business ethics

Interfood is committed to doing business responsibly and acting with integrity towards all its stakeholders. We have set high ethical standards with regards to our global business practices and take our role as a trustworthy partner very seriously. These expectations are translated to all of our partners to make sure business is conducted ethically throughout the supply chain.

Business ethics requires compliance with our ethical standards with respect to issues such as bribery and corruption, anti-money laundering, economic and financial sanctions, and fair market competition. We have implemented multiple measures to manage compliance both internally and externally. As a first, all colleagues are required to sign our business Code of Conduct, which serves as a guideline on how we do business. To ensure we remain attentive regarding potential compliance issues, our Global Trader's Academy and Mini-Academy both include compliance training, complemented by an obligatory e-learning module for all employees who might face compliance risks in their daily tasks. Our partners, ranging from producers to agents, are required to go through an extensive onboarding in which business ethics plays a central role. In case any ethical violations are suspected, colleagues can draw upon our Whistle-blower Policy to anonymously report their concerns. Our executive board evaluates our approach towards responsible business practices twice-a-year. In 2021, there were **zero incidents or cases registered in relation to corruption and bribery**. There were three potential cases of money laundering, which are all under investigation.

A major improvement we worked on and will execute in 2022 is the switch to classroom-based compliance training for more interaction and impact.

In 2022, we are also aiming to revise our Code of Conduct and Speak-up Policy to be more tailored from an employees' perspective, and to better inform them on how they can ensure responsible business practices in their day-to-day operations. The revised Code of Conduct will elaborate more specifically on the high-risk compliance topics identified in the 2021 risk assessment.

Data, privacy, and cybersecurity

Data protection, privacy, and secure systems are a strategic priority, centrally managed by our data and security team. This team engages in a variety of activities, ranging from technical support and worldwide implementation of ERP systems to data analysis and data engineering to identify data-driven opportunities. Our progress towards becoming a data-driven organisation is evaluated on a quarterly basis in a meeting with the executive board, in order to continuously improve our data management.

In 2021 we made significant progress towards ensuring a safe cyber environment. We have switched to a cloud-based system provided by a renowned partner that we know has appropriate measures in place to detect and solve privacy issues. In addition, we have standardised global workplaces in order to centrally manage things like periodic software upgrades to ensure the latest and most effective security measures. A recurring challenge is the wide variety of privacy-related regulations we deal with across our global operations, which comes with many complexities. Although we aim to cover as much regulation as much as possible, our priority lies with regulation issued by countries where our employees are located. In 2021, we had **zero substantiated complaints concerning breaches of customer privacy**, and there were **zero leaks, thefts, or losses registered regarding customer data**.

Economic contribution and tax

Our business footprint directs our tax footprint. Given our global scope, we are subject to many different tax regulations. To make sure we meet these varying requirements, we have a dedicated control and finance team which plays an instrumental role in remaining compliant with tax legislation as well as maintaining good relations with our tax stakeholders.

Our global approach to tax is proactive, straightforward, and known to all our colleagues: there are no uncertainties on our balance sheet and there is full tax compliance. Tax risks are carefully managed via tax health checks and financial directors reach out immediately in the case of tax audits being announced, or uncertainties that have arisen regarding the tax implication of certain business transactions or potential unethical behaviour.

For instance, we may receive requests for payments which need to be made to another country other than from where the goods were delivered. Cases like this are discussed at board-level and without sufficient business rationale the payment will not be made. We highly value our relationship with the tax advisors, tax authorities, and semi-governmental institutes with which we are involved, and our dialogue with tax stakeholders is adapted to the each specific region. Generally, we may engage with tax authorities via tax audits, questions raised on filed returns, regular update meetings or ruling processes. While the former two are common globally, the latter two are not. In the Netherlands, for instance, update meetings with tax authorities take place once or twice a year, whereas in other jurisdictions they might be less common. Depending on local practice, where possible we aim to proactively engage with tax authorities to transparently share relevant and accurate information as well as discuss potential issues. Our approach to tax, and our relationship with tax authorities and other external stakeholders, is described in our tax strategy, which is reviewed on an annual basis and disclosed on our website.

The 2021 "One EU Hub" project (integration of our Dutch and Polish offices) demonstrates this proactive approach. An integration like this is complex and inevitably requires a robust tax analysis. As part of the execution of this project we proactively addressed our analysis with external advisors, Dutch and Polish tax authorities, ministries of finance and the other stakeholders.

Another achievement during the reporting year was our switch from smaller local advisory firms to a global engagement with one of the 'Big4' — or similarly respected and globally active — tax advisors able to cover all hubs. These international partners match our global footprint and enable us to reach out to our advisors from any of our hubs and, most importantly, allow for better controls.

In 2022, we will continue onboarding these global partners for any remaining tax (advisory) services currently undertaken by smaller firms. Finally, our priority will be to establish a formal evaluation process.

Reducing our direct environmental impact

As we do not have any production facilities, processing factories, or transportation vehicles, our impact on the environment is minimal. Nevertheless, we take responsibility for managing and reducing our direct environmental impact.

In this light, considerations of environmental sustainability have become equally if not more important than financial considerations with regards to facility management. A great example is the installation of additional solar panels at our office in Bladel. These did not qualify for any subsidies, as they cannot return surpluses to the grid. Consequently, the investment was associated with a long payback period, but was nevertheless accepted, driven by an intrinsic motivation to switch to renewable electricity. This example illustrates how our priorities have changed over recent years.

In 2021 we progressed in mapping our global carbon footprint based on the GHG protocol. At present, the use of Gold Standard CO_2 compensation certificates allows us to make this statement. Next year, we will focus on giving substance to our emission reduction plans. In addition, we intend to examine whether we can shed light on our global water usage and waste, despite the fact that this is complicated because we lease and share most of our facilities abroad. Overall, we aim to further develop our management processes and policies to facilitate more sustainable operations.

Carbon emissions – global (in tCO_2e)

Scope 1 - Direct emissions	2020	2021
Natural gas	29.5	33.3
Company cars	560.9	318.5
Total scope 1	**590.4**	**351.8**
Scope 2 – Indirect emissions		
District heating	2.0	19.1
Electricity – grey	508.0	454.3
Total scope 2	**510.0**	**473.4**
Scope 3 – Indirect emissions related to our people		
Business flights	339.1	256.5
Total scope 3	**339.1**	**256.5**
Total CO_2 emissions	1,439.5	1,081.7

Our Bladel office

Sustainable operations

As a trading company with no processing facilities, the environmental impact resulting directly from our operations is minimal. Nevertheless, we aim to minimise our impact with regards to waste, water, energy and emissions to the extent possible.

Waste – Managing our waste starts with procurement. When buying our office supplies, we focus on both recycled and recyclable products. Additionally, we make sure to carefully manage the amount of food we buy, and whenever we do have excess food leftover, we either aim to process it into other dishes (such as soup) or use it for the next day. On No Waste Friday, we base our menus on the week's leftovers. The little food waste we do have forms the basis for animal feed in our local communities (pre and post COVID-19), and any residual waste is separated and reused or recycled to the extent possible. We strive towards zero waste.

Water – With regards to water usage, a main method to regulate consumption is our so-called "Topbrewer". Topbrewer is a built-in beverage system which adjusts its water withdrawal to the size of our glasses, allowing us to draw just the amount of water that we need for our cup of tea, coffee or water. Topbrewer taps are made out of recycled steel and can be recycled again when they have fully depreciated. Moreover, by means of their impact trade project, Topbrewer stimulates and supports farmers in sustainably growing their coffee beans, prioritising enhanced biodiversity, efficient water (re)use and the use of solar energy.

Energy and emissions – A main intervention by which we aim to minimise our energy usage within our office is temperature regulation. We do so by treating our windows with Solar Gard. This shields our office from heat radiated by the sun, thereby limiting the need for air conditioning to regulate the temperature inside. On top of that, we also have a number of solar panels on the roof of our Bladel office. Our current energy mix is largely derived from Dutch Windmills, however we aim to increase the number of solar panels (by 158 in 2022) and thus the share of electricity we generate ourselves. Another impactful intervention refers to our revised lease policy, which states that the vehicle in question must meet the prescribed standards with regards to CO_2 emissions. This means that diesel-driven cars are prohibited and that transition towards an electric fleet is stimulated.

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our office in Bladel, The Netherlands, leads by example when it comes to sustainable operations.

Sustainable society

Our vision is for the world to enjoy food, responsibly—now and in the future. The impact of the dairy industry spreads far and wide, and so we must reflect on how we as an industry contribute to a society which is economically, environmentally, and socially sustainable. In previous years, we have contributed to projects and programmes on an ad-hoc basis. However, we came to the realisation that the significant challenges we face in the world, and within the dairy industry, require a more structured approach and began developing our fifth strategic sustainability pillar in 2021: Sustainable Society. We aim to contribute and allocate up to 5% of our annual net profit through this pillar, focused on:

Future proofness of the food sector

Corporate citizenship and philanthropy

Future proofness of the food sector

We have an ambition to contribute to a future in which food — being dairy, alternative proteins, or other food products — can be enjoyed responsibly. We aim to provide sustained support and to be actively involved with organisations addressing challenges, tackling issues, or supporting causes which align with our sustainability ambitions, while simultaneously promoting commercial interests. We regard these types of projects as investments which create value for us, as well as beneficiaries and stakeholders alike. In other words, they allow for a return on investment. The resources directed at enhancing the future proofness of the food sector are considered an enabler for our sustainable solutions. The activities central to this pillar are complex and large scale, aiming to lower the carbon footprint of the dairy sector through reduction programmes with supply chain partners. A major challenge in this area is the number of resources required to fund interventions, which this pillar, at least partly, aims to alleviate.

During 2021 we engaged in various projects which enhance the future proofness of the food sector. Besides funding sustainable solutions, we contributed to Africa Improved Foods and supported research into innovative solutions on sustainable farming practices, such as the Rabobank Carbon Bank.

MADE BLUE

Corporate citizenship and philanthropy

The second facet of our Sustainable Society pillar concerns our contribution to local communities. These include communities all over the globe close to where we are physically present with either an office or an agent. We feel responsible for contributing to the societies in which we work and live, and therefore set an annual regional budget for philanthropic activities. This budget is dedicated to projects which allow for a sustainable return on investment. These can be projects which address sustainable development (e.g., water, health, or education), but also causes that have a personal significance for stakeholders, whether they are our community, customers, suppliers or our own Interfood colleagues.

An example of a corporate citizenship and philanthropy project is our contribution to Doctors for Mozambique which aims to address two significant challenges in Africa, the lack of healthcare and the low accessibility of higher education. We support local students financially and enable them to enrol in higher healthcare education. Another project that we contribute to on an annual basis is Made Blue. Our ongoing support to Made Blue ensures that clean drinking water is provided to local communities, equivalent to the amount of water required to liquify the volume of skimmed milk powder we provide in the African market. This long-term partnership accurately illustrates the dual purpose of these investments: sustainable and with strategic impact.

A further example of a project is our annual Christmas donation to a good cause in Interfood's European hub, selected by our colleagues. In 2021, we donated €4,500 to Wens Ambulance Brabant, a non-profit organisation helping the terminally ill fulfil a last wish.

Financial performance

After a record year in 2020, Interfood has continued its strong financial performance. 2021 has proved to be a challenging year with the COVID-19 pandemic continuing to affect the world around us in an unpredictable manner. Nevertheless, we are proud to report a Group profit of €22.6 million.

General economic environment

The uncertainty brought on by the COVID-19 pandemic has influenced many commodity prices and dairy is among them. Throughout 2021 we saw dairy commodity prices rise, and they continue to do so, now fuelled by the effect of the Russia/Ukraine conflict. The high prices put pressure on the dairy value chain and increase the relevance of our (price) risk management solutions. We continue to work hard to offer the best solutions to our customers, as well as our suppliers who also require higher prices to cover the increases in their own costs. We have also seen increased supply chain difficulties throughout the year. Having become used to very low transport costs over the last few years, we are now witnessing continually rising rates for all types of transport. Aside from the high prices, supply chain dependability has also been precarious which has resulted in additional difficulties that impact our logistics. However, despite the difficulties, continued investments enabling us to optimise our routing solutions, in tandem with a strong logistics team and long-standing relationships with transport partners, have allowed us to perform at the level customers and suppliers have come to expect.

We forecast continued high dairy commodity prices and supply chain difficulties during 2022, if not an acceleration of these issues, driven by the uncertainty in our global society. We continue to put maximum effort into tackling these challenges and are convinced that our investments in further digitalisation will result in the smarter solutions required to deal with the tests that will face us in the future.

Financial analysis

Regardless of the challenges, we continued our strong performance in 2021 and achieved a net profit of €22.6 million for the Group. At the same time, rising commodity prices have resulted in an unprecedented growth of our balance sheet from €384.0 million at year end 2020 to €625.3 million at the end of 2021. We remain highly focused on maintaining healthy ratios with our solvency amounting to 26.8% (2020: 38.7%) despite the balance sheet growth. Our current ratio has also remained robust at 1.33 (2020: 1.59).

The balance sheet growth we have seen has been used to fuel a 18.0% increase in our revenues to a record €2,253.4 million, making 2021 a record year for Interfood in terms of turnover, both when measured in euros and in terms of the volumes sold. Our gross operating income has decreased to €65.7 million (2020: €75.8 million) now amounting to 2.9% of net turnover (2020: 3.9%). We have seen our focus on operational excellence starting to pay off with selling and general and administrative expenses amounting to €34.4 million (2020: €34.6 million). This decrease in selling and administrative expenses was achieved despite the FTE growth to 307 (2020: 295). We focus on attracting talented new colleagues in all areas, trade, logistics, finance, and support, and across all offices. The main growth offices are those located in the Asia Pacific and Americas regions.

We continue to invest in the digitalisation of the Group with investments in intangible assets amounting to €1.8 million. At the same time, we invest in providing inspiring state-of-the-art working locations and conditions for all our colleagues. To achieve this, we moved into new offices in Beijing, Miami, and Montevideo during 2021 and continued the refurbishment of our existing office in Warsaw. In total, we invested €0.9 million in moving and (re) furnishing our offices.

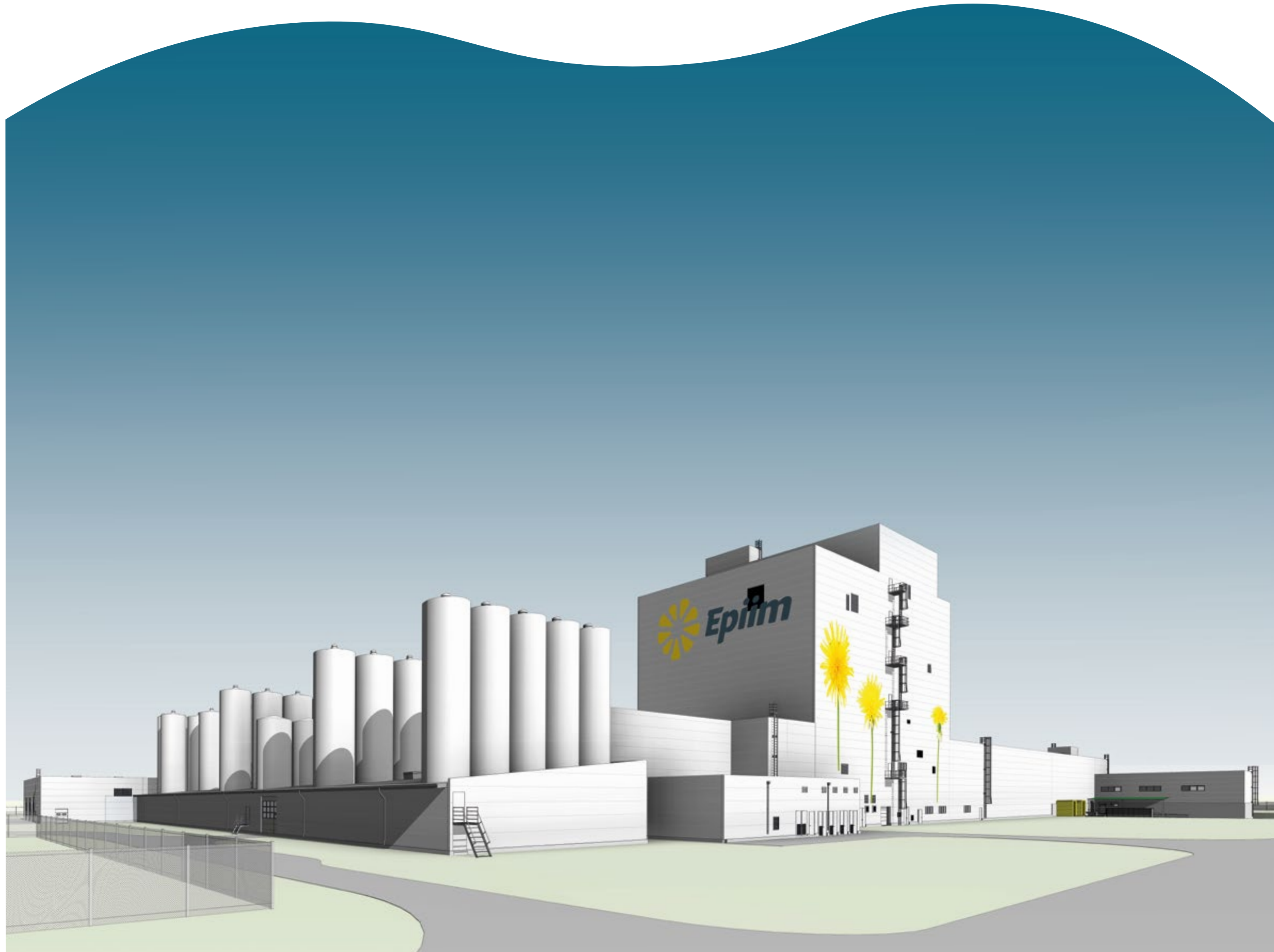
Another noteworthy development was the progress made in the building of the new E-Piim cheese and whey factory in Estonia. Interfood joined forces with Royal A-Ware to develop the most modern dairy facility in the country. This significantly upgrades the Estonian dairy industry's capacity and reinforces dairy farm-based development efforts in the region. Together with Royal A-Ware we signed a shareholders' and investment agreement. Meierei B.V., a joint venture owned by Royal A-Ware and Interfood Group, has consequently acquired 24.99% of the company AS E-Piim Tootmine in the first quarter of 2022, thereby converting €8.8 million of the debt financing by Interfood into an equity stake.

Cash flows and financing

The balance sheet growth is clearly showing in the Group's cash flow statement, with the cash flow used in operating activities amounting to €90.4 million (2020: cash flow from operating activities of €66.5 million). The cash flow from investment activities remained relatively small, amounting to €0.6 million, primarily due to the sale of the Harderwijk building (2020: cash flow used in investment activities of €1.7 million). To finance the increased operating activities, we have drawn larger amounts from our financing facility, totalling €219.3 million at year-end (2020: €108.9 million). Overall, we generated €99.9 million from financing activities (2020: cash flow used in financing activities of €64.0 million) resulting in a year-end cash balance of €14.5 million (2020: €5.7 million), up by €8.8 million.

The equity of the Group increased to €167.7 million (2020: €148.5 million) while €7.3 million was distributed in dividends during the year (2020: €9.3 million). €2.3 million of the dividends related to P-shares and the remaining €5.0 million was related to A-shares. The equity increase was driven by the Group's €22.6 million profit (2020: €31.9 million) as well as foreign exchange gain on non-euro denominated subsidiaries amounting to €4.2 million (2020: €4.7 million loss).

During 2021 ABN AMRO, previously a leading bank in our financing consortium, announced its retreat from the commodity financing market. We subsequently organised the onboarding of Société Générale SA into the existing financing facility. Our total revolving working capital facility amounts to €370 million, and we have a €50 million morality guarantee facility in place. The year-end drawdowns from the facility amounted to €219.3 million. During 2021 we have also attracted several local financing facilities for smaller offices to enable business growth in developing dairy markets. The company and its subsidiaries are in full compliance with all bank covenants present in the facilities.



Outlook

With our central role in the value chain, we are in a unique position to oversee market developments. We feel an obligation to share these insights with our business partners in a responsible manner and try to provide them with valuable insights. The most important trends and their (expected) impact on our business are summarised in the following paragraphs.

Market developments

As we continue to see rising dairy prices fuelled by uncertainties across the globe, we see increasing relevance for our role in the value chain. The impact of the conflict between Russia and Ukraine on the international market is clear, with Ukraine and Belarus being major exporters of dairy products and Russia a sizeable importer. It is our role to help both customers and suppliers find optimal solutions to deal with these challenges and the resulting (price) fluctuations.

In the long run we see that the global imbalance between supply and demand for dairy products will continue to grow, at least for another ten years. As more countries see their wealth grow, the demand for dairy will follow. Optimising these import/export imbalances is a key strength of Interfood and we therefore see significant opportunities for further growth. At the same time, we must not close our eyes to the development of dairy alternatives which are obtaining a larger market share year-by-year. We continue to push for more sustainable diary production, trying to leverage our role in the value chain and achieve compound effects through partnerships, but also to investigate the expansion of our product portfolio beyond (natural) dairy products as and when the right opportunities arise.

Interfood developments

Based on our strategic agenda we will continue investing in the further digitalisation of the Group with completion of the global roll-out of our new ERP-system planned for 2022. The year began with the successful go-live in Uruguay in February, and the US and Mexico offices are set to follow in the second half of 2022. Other digital investments are planned, including investments in our data analysis capabilities as well as strengthening of our cybersecurity.

We will also continue with our efforts to attract and retain the best staff and build a world-class team. Having strengthened our global HR-team in the second half of 2021, we are now seeing their impact. We do not have a goal to increase the number of staff. However, we aim reinforce all functions (trade, logistics, finance, and support) in strategic areas and ensure we have a strong pipeline of talent to counterbalance our natural wastage. We expect our financing consortium to remain stable during 2022 after having added Société Générale in 2021. We expect that the increased commodity prices will continue into most of 2022 and have therefore successfully completed an additional 'accordion' financing of €80 million on 1 May 2022, bringing our total secured multi-currency revolving working capital facility to €450 million. We are also looking to add sustainability-based lending (SBL) elements to our existing credit facilities and aim to implement sustainability-based KPI's to our facilities.

Though we have a strong quality assurance team that works together with our business partners to find optimal solutions for their dairy questions, Interfood does not invest in research and development of new products or technologies by itself, nor do we plan to do so in the future.

The forecast for 2022

Interfood will keep its focus on building relations with its suppliers and clients, increasing its service level through efficiency improvements, and decreasing relative costs by growing volumes with a stable organisational base. We expect to be able to realise another year of volume growth and to work towards achieving the goals set out in our strategic agenda despite the challenges caused by uncertainties in the world. We are confident that continuing on our existing course provides a robust and stable basis for sustainable and profitable growth in the years to come.

Employee health and welfare in Singapore

Sustainable employer

Since the start of the COVID-19 pandemic, Singapore has done a fantastic job in keeping infection rates low, thereby greatly reducing unnecessary casualties. This came with strict movement restrictions for its citizens. Being an essential business in the food supply chain globally, and in Asia Pacific in particular, Interfood managed to continue its operations despite the (semi) lockdowns in Singapore. We owe this to the amazing efforts of our employees as well as other stakeholders who gave it their all this year.

Taking the required safety measures into account, we continuously balanced our responsibility in meeting the needs of our community, suppliers, customers and employees in this challenging global situation. In order to ensure employee well-being, we have tried to take care of, and engage, our colleagues to the extent possible. Where desired, they could work from the office in a responsible manner to safeguard an uninterrupted food supply chain while adhering to government policies. Where possible under the applicable laws and regulations, colleagues met up to avoid isolation with positive impact on their well-being. Events were organised to be together while maintaining a safe distance and food and dinners were sent to employees' homes for them to enjoy with their families. However, our responsibility extends beyond just our own team, and as such we have shared care packages with employees, customers, and suppliers to ensure our stakeholders could manage through the COVID-19 pandemic.

COVID-19 has impacted our daily lives in many ways. These examples are just a few of the many ways in which we aim to give something back to those who work so hard to ensure the continuity of the food supply chain. We are grateful for being able to support our employees and other stakeholders in these challenging circumstances and fulfil our role in the global supply chain.

8 DECENT WORK AND ECONOMIC GROWTH

Governance

Corporate governance

Interfood Holding B.V. is incorporated and based in the Netherlands. Consequently, its governance structure is based on the requirements of Dutch legislation, alongside the Company's Articles of Association, and our internal policies and procedures. Given the worldwide exposure of Interfood's businesses, the international context is also of vital importance, and international developments are closely monitored.

Internal policies and procedures are designed in such a way that local regulatory requirements are incorporated for all of our global businesses.

Any substantial changes to internal policies and procedures are subject to approval by the Board of Directors, and any substantial changes to the corporate governance structure of the Group are subject to approval from the shareholders' Annual General Meeting.

Board of Directors

The task of the Board is to manage the Company, which includes responsibility for the performance of the Group as well as the implementation of the Company's role, objectives, and long-term strategy within the adopted risk profile, and considering aspects of corporate social responsibility that are relevant to the Company.

At present the board consists of the executive directors listed below. Edwin van Stipdonk is appointed as Chief Commercial Officer and executive director, but does not hold the position of third statutory director, which is held by John Cox (does not hold an executive director role).

Frank van Stipdonk
Chief Executive Officer

Executive director since 1993.
Nationality: Dutch

Supervisory directorships and other positions held: Supervisory board member of AS E-Piim Tootmine, President of the Eucolait European Association of Dairy Trade, Board member of GemZu.

Constantijn Sweep
Chief Financial Officer

Executive director since 2014.
Nationality: Dutch

Supervisory directorships and other positions held: Supervisory board member of AS E-Piim Tootmine.

Edwin van Stipdonk
Chief Commercial Officer

Executive director since 2020.
Nationality: Dutch

Supervisory directorships and other positions held: None.

The Board is responsible for the operational running of the Group as well as structural and constitutional matters, corporate governance, and the approval of the following: dividend proposals, the overall strategy for the Company, and significant transactions or arrangements in relation to mergers, acquisitions, joint ventures and disposals, capital expenditure, contracts, litigation, financing, and pensions.

Any substantial matters, including the approval of dividends, are also put to the shareholders in the Annual General Meeting or at separately organised shareholder meetings. This ensures that the owners of the Company have oversight over any substantial decisions made by the Board, whether they are majority or minority shareholders. The Board only has joint authorisation to bind Interfood to external contracts or delegate Powers of Attorney. This measure has been put in place to ensure the application of the 'four eyes principle'.

According to the Dutch Act on Management and Supervision ('Wet bestuur en toezicht'), a proper composition of the Board ideally requires that at least 30% of the seats are held by women, and at least 30% by men. Currently all members of the Board are men. Interfood values diversity and inclusion highly (including gender diversity) and intends to include this in the profiling of potential new directors in future. We have not defined an explicit target on gender diversity due to the size of the Board and the Company, as it is not feasible considering the other criteria set for executive functions within the Board.

Board meetings

The Board of Directors holds scheduled meetings at least once per month. Decisions made and actions approved are documented in the Minutes of meetings. In addition to the scheduled monthly meetings, the Board meets as and when required, and also engages in informal discussions.

Annual General Meeting of Shareholders

Interfood's shareholders meet at least once a year at the Annual General Meeting, which generally takes place in Eindhoven, the Netherlands. When deemed necessary in the interests of the Company, an Extraordinary General Meeting may be convened by resolution of the Board. Important matters that require the approval of the Annual General Meeting of Shareholders are:

- Adoption of the annual accounts.
- Adoption of profit appropriation and additions to reserves.
- Adoption of the proposed dividends.
- Discharge from liability of the executive directors of the Board for their management.
- Appointment of the external auditor.
- Appointment, suspension, or dismissal of the members of the Board.
- Adoption of amendments to the Articles of Association on a proposal by the Board.

The Minutes and the Resolutions of the Annual General Meeting are recorded in writing, and made available to the shareholders no later than three months after the meeting.
During 2021 two General Meetings were held, the Annual General Meeting of shareholders on 4 May 2021 and an Extraordinary General Meeting on 26 January 2021 for the approval of dividends over 2020.

Voting rights

Each of Interfood's Preferred and Ordinary shares is entitled to one vote, and there are no voting restrictions. A number of Ordinary shares have been certified. The economic rights derived from the certificates are used in the long-term incentive plans for employees, and the voting rights of these certified shares reside with the majority shareholder. Shareholders may vote by proxy. The voting rights attached to any company shares held by the Company are suspended as long as they are held in treasury. Resolutions of the Annual General Meeting are adopted by an absolute majority of votes cast, except where Dutch law, or Interfood's Articles of Association, provide for a special majority.

Risk management

Risk management and control within Interfood is managed according to the internal policies and procedures that have been approved by the Board. Our overall risk management focuses on the following main risk categories:

Strategic risk	Risk relating to prospective earnings and capital arising from strategic changes in the business environment, and from adverse strategic business decisions.
Operational risk	Risk relating to current operational and financial performance, and capital arising from inadequate or failed internal processes, people and systems or external events.
Financial risk	Risk relating to liquidity, cash flows, and financial instruments of the business, which may impair its ability to provide an adequate return.
Compliance risk	Risk of non-compliance with relevant laws and regulations—including food safety—internal policies and procedures.

Our operating companies are primarily responsible for identifying, quantifying, and managing risks. The Board and the operating companies' management apply procedures that cover specific risk areas including commodity price risks, exchange rate risks related to foreign currency, interest rate and credit risk exposure, liquidity management, and the use of financial instruments such as derivatives.

The most important risks arising from the Group's trading activities and our risk management and control systems are described in this Annual Report. However, this description is not exhaustive and risk management and control systems do not offer an absolute guarantee against future losses.

To the extent that any of these risks materialise, among other matters they may affect the Group's current and future business and prospects, financial position, liquidity, asset values, growth potential, reputation, and sustainable development (including the impact on food safety, the environment, and aspects of social responsibility). Interfood seeks to mitigate these risks through a well-diversified portfolio of dairy products, in terms of types of products, geographic distribution, and concentration levels of suppliers and customers. Furthermore, the governance processes implemented throughout the Group, in combination with a proactive management approach, seek to mitigate the impact of risks.

There were no major failings in the internal risk management and control systems in the 2021 financial year. Interfood continually seeks to enhance its internal risk management and control systems, and a number of initiatives were undertaken during 2021:

- Implementation of new (bank independent) cash management tooling.
- Implementation of a Group-wide risk and control matrix.
- Upgrades to the Group's 'Value At Risk' and 'Liquidity Value At Risk' (models).

In 2022 Interfood aims to roll-out new a new business Code of Conduct as well as policies and training regarding 'doing business responsibly'. We are also working on continuously improving our way of working with agents and expect to further develop the onboarding and monitoring of agents in 2022. Since 2018, Interfood has also been working on the 'Unite' ERP project with the goal to implement a uniform ERP-system for our major offices around the world. After successfully onboarding the Netherlands, Poland, Singapore and Australia, our Uruguayan office was onboarded in February 2022, and our US and Mexico offices will follow in Q2. This means that, by the end of 2022, all major offices will be using the new uniform ERP-system giving Interfood a strong basis for continued digitalisation and improvement of our internal risk management and control systems.

In addition to the above, the Russian invasion of Ukraine immediately prompted us to increase our risk management focus on any business conducted with Russian, Belarusian, and Ukrainian counterparties. As we are a supplier of food products, we feel that we have an obligation to keep the best interests of the populations of these countries in mind. They should not be denied access to basic requirements such as food, warmth, and water as a result of the actions of their governing regimes. However, Interfood is highly cautious in doing any business in these countries and applies strict risk management measures in advance of even voicing an intention to conduct a deal. In relation to our business with Russian and Belarusian counterparties we apply strict KYC procedures to be executed on a deal-by-deal basis and that includes screening for sanctions as well as other liquidity, counterparty, currency, and reputation risks involved with conducting such a deal. In effect this means we have suspended all new purchases from Russian and Belarusian counterparties and are extremely cautious of selling and shipping products.

Our policy regarding Ukrainian suppliers and customers is based on our intention to fully support the Ukrainian population. This means that we seek to purchase as many as possible of those regular products we source from Ukraine, and also, wherever possible, try to meet requests for our products from Ukrainian customers. However, we must conduct this business in a manner that does not expose Interfood and its stakeholders to undue and irresponsible risks (including physical inventory, counterparty/credit, liquidity, and currency risks). The difficulties of managing these risks in a warzone means that we are severely limited in our options, but we aim to do what we can.

Risk appetite

Our willingness to assume risks and uncertainties (the risk appetite) is different for each risk category. The risk overview table below shows the risk appetite and the expected impact on the Group's achievement of its strategic, financial, and operational objectives if one or more of the main risks and uncertainties were to materialise.

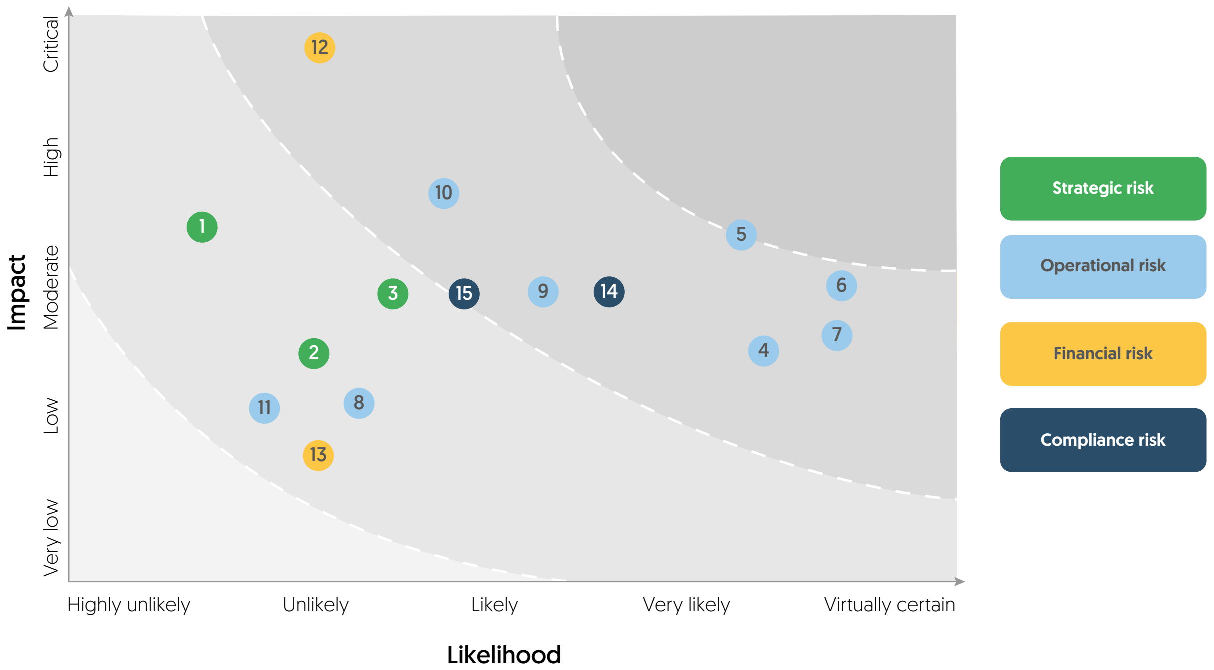
- Strategic risk: Moderate
- Operational risk: Low
- Financial risk: Low
- Compliance risk: Low

Risk profile

The overview shows the risks that are most relevant to the achievement of our strategy. The sequence of risks does not reflect an order of importance, vulnerability, or materiality. This overview is not exhaustive and should be considered in connection with forward looking statements. There may be unknown risks which are currently not deemed to be material. Nor can it be guaranteed that the activities will not be (materially) affected by one or more of the risk factors described on the following pages.

Please note that the risk matrix illustrates our current best estimate of the likelihood and impact of the identified risk without taking any mitigating factors implemented by Interfood into account.

Furthermore, we note that some of the situations described in this paragraph as being risks for the Group may also present opportunities. However, this aspect is not explored in this section of the report.



Risk description	*Mitigating factors*
Strategic risk	
1. Strategy development The dairy market is subject to current and expected developments, including increased trade imbalances and dairy alternatives. If our mid- to long-term strategy does not correspond with the market developments, it could lead to diminishing (financial) performance and a poorer overall financial position.	• Maintaining good relations with a diversified portfolio of suppliers and customers. • Researching market developments, including dairy alternatives, in order to identify new product/market combinations. • Periodic assessments of the strategy defined by the Board and making adjustments when necessary. • Having a meaningful presence in the most important growth markets.
2. Changes in competitive environment New market-entrants, new trading business models, and vertical integration of customers/suppliers could result in increased pressure on market share, as well as volumes and prices.	• Assessing possibilities for vertical integration and acting on them when deemed a good fit for the Interfood business. • Continuously working to improve our value-adding business propositions (as described in our value creation model).
3. Macro-economic developments Macro-economic developments such as trade wars, imposed sanctions, and import/export restrictions can result in limitations on trade routes which could impact profitability.	• Continuous monitoring of developments by both centralised and de-centralised functions and adjusting the way of doing business and related policies/instructions when required.
Operational risk	
4. Climate change & agricultural developments Climate change and agricultural developments, including weather conditions, greenhouse gas emission restrictions, and animal welfare requirements, for example, may affect the availability of products.	• Diversification of purchases across a large number of reliable suppliers globally. • Investing in sustainability initiatives and working towards scope 3 mapping of the dairy value chain.
5. Market developments (supply, demand and volatility of prices) Shifting trade imbalances and events with market impact (such as the COVID-19 pandemic) can result in volatile prices and large swings in the supply/demand balance. Long-term or short-term price volatility has a direct impact on the value of product positions (long or short). Counterparty risk and price fluctuations also affect the behaviour of contract counterparties, particularly with regards to the correct execution of signed, but as yet undelivered contracts.	• Application and monitoring of Interfood's trade 'golden rules' which include office-by-office (directional) limits on position taking as well as various other parameters. • Diversification of purchases across a large number of reliable suppliers globally. • Diversification of sales across reliable customers globally with a focus on multinationals and local stars. • Investing in our global derivatives capabilities. • Maintaining a diversified portfolio of dairy products and investing in under-represented products. • Continuous monitoring of both supplier and customer (credit) risks. • Maintaining a range of adequate insurance policies, including credit and marine cargo insurances.

Risk description	*Mitigating factors*
Operational risk	
6. Supply chain dependability & stability Logistical factors relating to the availability and cost of transport and storage capacity impact our operations. Increases in the costs of freight, storage, and logistics support, or limitations or interruptions in the supply chain (including any disruptions, refusals, or inabilities to supply), may adversely affect our business.	• Long-term contracts and relationships with suppliers, customers, and logistics partners. • Maintaining and monitoring adherence to our supplier Code of Conduct. • Investments in data-driven automation of supply chain solutions.
7. Geopolitical developments We operate in a number of geographic regions and countries, some of which are categorised as developing, complex, or having unstable political or social climates. As a result, we are exposed to a wide range of political, economic, regulatory, and tax environments. Also, some countries with more stable political environments may nevertheless change policies and laws, which can affect both the availability of products and the reliability of supply. We have no control over changes in policies, laws, and taxes.	• Maintaining a proactive dialogue with authorities in all countries in which we have offices, as well as open lines of communications with authorities in countries where we do business. • Implementation of, and training on, the Group-wide business Code of Conduct (doing business responsibly) as well as maintaining an internal and external speak-up policy. • Ensuring we are informed of any relevant developments though information platforms, attending (digital) seminars, and regular updates with relevant business partners.
8. Food safety and recalls A major hygiene factor concerns the food safety aspects with regards to the products bought and sold. Our operations are subject to food safety and environmental laws, along with compliance with our Corporate Sustainability framework. Food safety laws may result in increased costs or, in the event of non-compliance or incidents, in significant losses, including those arising from (1) litigation and imposition of penalties and sanctions, and (2) having licences and permits withdrawn or suspended.	• Following strict food and safety procedures and obtaining the highest possible accreditations in relation to food safety. • Continuous screening of our suppliers in relation to hygiene, food safety, and production standards. • Maintaining and monitoring adherence to our supplier Code of Conduct. • Maintaining a quality assurance team with a global presence which includes our own laboratory testing capabilities.
9. Inability to attract and retain qualified staff The labour market in the Netherlands and abroad is becoming increasingly tight and competitive. The availability of experienced and sufficiently qualified staff is decreasing. If we are unable to attract, develop, and retain the right people, our ability to operate our business successfully may be significantly impaired.	• Investing in an HR team which has extensive global knowledge and experience and operates internationally. • Roll out of our new purposes, including extensive messaging to give additional purpose and meaning to the work performed by all our colleagues. • Maintaining a remuneration policy aimed at rewarding talent and responsibility. • Investing in our offices, including onsite facilities, such as a gym, to ensure good working conditions. • Investing in training and development of employees. • Working together with a number of universities globally.

Risk description	*Mitigating factors*
Operational risk	
10. Cybersecurity Cyber security breaches, incidents, or failures of our IT systems could disrupt our business, result in the disclosure of confidential information, damage our reputation, and create significant financial and legal exposures.	• Continuous investment in our IT infrastructure, both front- and back-end. • Investing in a skilled and knowledgeable IT team which covers Interfood's global operations. • Creating continuous awareness of cyber risks among all colleagues through training and messaging. • Working together with an IT security partner specialised in optimising the safety of global IT environments (including human factors).
11. Fraud, bribery and corruption Fraud is a deception that is deliberately enacted to secure unfair or unlawful gain and includes deceit, concealment, skimming, forgery, or alteration of (electronic) documents. We maintain a zero-tolerance approach for all Group companies, employees, and business partners with regards to fraud. Bribery is illegal, and it can cripple our long-standing reputation for conducting business with integrity.	• Our business Code of Conduct (doing business responsibly) outlines our shared ethical standards for conducting business throughout the world. Prevention of fraud, corruption, and bribery are an integral part of the Code. The standards and principles apply to all employees and contractors of Interfood worldwide. • Repetitive training and awareness messaging regarding fraud, bribery, and corruption for all employees and contractors. • Continuously improving our policies and standards regarding higher risk transactions, including working with agents. • Active follow-up of any 'speak-up' reports through an independent panel of colleagues. • Screening of customers, suppliers, and other business partners (KYC/S procedures) which includes risk-weighted levels of depth. • Application of the four- (and sometimes six-) eyes principle in key processes, as well as maintaining a clearly defined internal control environment.
Financial risk	
12. Liquidity Availability of financing is an important facilitator for our business. Failure to access funds (liquidity) would severely limit our ability to engage in business opportunities. While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions, this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in commodity prices, or an operational problem that affects our suppliers, customers, or ourselves.	• Maintaining a borrowing base facility that includes a larger number of borrowers (currently five) and provides sufficient headroom for future growth. • Maintaining a higher than strictly necessary internal minimum solvency ratio. • Daily monitoring of cash usage under our borrowing base facility. • Application and monitoring of Interfood's trade 'golden rules' which include limits regarding business impacting the liquidity of the Group (such as prepayments). • Daily monitoring of our derivative positions, and consequent exposure to cash calls, using VAR and liquidity-VAR modelling, which is continuously developed by our central risk management team using input from third-party specialists.

Risk description	Mitigating factors
Financial risk	
13. Supply chain dependability & stability We conduct business in multiple currencies, while the majority of the Group's companies are either € or $ denominated (and the Group as a whole is € denominated). As such, transactions conducted in currencies other than the functional currency of the Group/a Group Company expose us to currency risks which fall outside the risk appetite of the Group.	• Continuous monitoring of our currency exposure and centralised FX hedging performed by our Treasury Department. • Application and monitoring of Interfood's trade 'golden rules' which include limits on the maximum unhedged currency exposure allowed.
Compliance risk	
14. Sanctions and embargoes Government measures, both local and foreign, could include regulations on sanctioned countries, persons, or other types of embargoes. These may have a major impact on our business and financial position and can present a threat to activities within a relatively short time frame.	• Ensuring we are informed of any relevant developments through information platforms, attending (digital) seminars and regular updates with relevant business partners. • Maintaining and adhering to a central black and grey list for counterparties which is reviewed and updated continuously. • Maintaining and adhering to a central sanctions list which is reviewed and updated continuously. • Screening of customers, suppliers, and other business partners (KYC/S procedures) which includes risk-weighted levels of depth.
15. Export controls and anti-competition Besides sanctions and embargoes, continuous export and anti-competition regulations present a risk of non-compliance (fines) and could, if breached, negatively impact Interfood's reputation.	• Ensuring we are informed of any relevant developments through information platforms, attending (digital) seminars and regular updates with relevant business partners. • Our business Code of Conduct (doing business responsibly) outlines our shared ethical standards for conducting business throughout the world. Compliance with laws and regulations, including export controls and anti-competition laws, are an integral part of the Code. The standards and principles apply to all employees and contractors of Interfood worldwide. • Repetitive training and awareness messaging regarding compliance with laws and regulations.

Continuous monitoring

We continuously monitor our risk profile, risk appetite, and the risk management framework implemented to match-up the first two. As this is the first Integrated Annual Report published by Interfood we have illustrated this as our first assessment so that it may be used as a benchmark for the future. We periodically review our risks, and responses to those risks, with input from all areas of expertise available within Interfood, as well as using input from our business partners, including our auditors, insurers and insurance agents, lawyers, and others with a relevant advisory capacity. In the future we will investigate the possibility of integrating sustainability risk into our risk management process.

Eindhoven, May 10, 2022
Board of Directors of Interfood Holding B.V.

Sgd. F.C.G.M. van Stipdonk   Sgd. J.H.G.J. Cox   Sgd. C.J.J. Sweep

Financial statements

Consolidated financial statements

The consolidated financial statements comprise:

- Consolidated balance sheet as at 31 December 2021
- Consolidated profit and loss account for the year ended 31 December 2021
- Consolidated cash flow statement for the year ended 31 December 2021
- Consolidated statement of comprehensive income for the year ended 31 December 2021
- Notes to the consolidated financial statements

Consolidated balance sheet at 31 December 2021

After appropriation of result

(amounts in thousands of euros)		31 December 2021		31 December 2020	
Assets					
Fixed assets					
Intangible fixed assets:					
Software	[1]	5,553		5,092	
			5,553		5,092
Tangible fixed assets:					
Land and buildings	[2]	9,167		10,509	
Plant and equipment	[2]	1,522		1,581	
			10,689		12,090
Financial fixed assets:					
Long term receivables	[3]	3,132		2,634	
Deferred tax asset	[4]	2,163		2,599	
Participating interests	[5]	1		-	
			5,296		5,233
Current assets					
Inventory	[6]		222,229		147,832
Receivables:					
Accounts receivable	[7]	260,329		182,606	
Taxes and social security contributions	[8]	12,879		8,069	
Other receivables	[9]	41,420		12,174	
Prepayments and accrued income	[10]	52,413		5,232	
			367,041		208,081
Cash and cash equivalents	[11]		14,504		5,655
			625,312		**383,983**

[..] Refers to the notes on the balance sheet and profit and loss account

(amounts in thousands of euros)		31 December 2021		31 December 2020	
Group equity and liabilities					
Group equity					
Shareholders' equity	[12]	167,455		147,959	
Third-party share in group equity	[13]	292		522	
			167,747		148,481
Provisions					
Deferred tax liabilities	[14]	146		436	
Other provisions	[15]	2,140		1,151	
			2,286		1,587
Non-current liabilities					
Mortgage loans	[16]	-		2,734	
Financial lease obligations	[17]	3,005		3,152	
			3,005		5,886
Current liabilities					
Credit institutions	[18]	219,334		108,947	
Current portion of loans	[16]	-		338	
Current portion of financial lease obligations	[17]	147		126	
Suppliers and trade creditors		179,470		102,478	
Taxes and social security contributions	[20]	4,317		4,046	
Other liabilities	[21]	12,042		10,823	
Accruals and deferred income	[22]	36,964		1,271	
			452,274		228,029
			625,312		**383,983**

Consolidated profit and loss account for the year ended 31 December 2021

(amounts in thousands of euros)			2021		2020*
Net turnover	[24]		2,253,385		1,909,760
Cost of sales	[25]		(2,187,652)		(1,833,946)
Gross operating income			65,733		75,814
Selling expenses	[26]	(9,589)		(10,083)	
General and administrative expenses	[27]	(24,833)		(24,534)	
Total expenses		(34,422)		(34,617)	
Net operating result			31,311		41,197
Other operating income	[31]		1,492		2,050
Financial income	[32]		2,959		2,695
Financial expenses	[32]		(6,928)		(6,801)
Consolidated result before taxation			28,834		39,141
Taxation	[33]		(6,096)		(7,129)
Consolidated result after taxation			22,738		32,012
Third-party share in result	[13]		(130)		(125)
Net result			**22,608**		**31,887**

*Adjusted for comparison purposes, refer to page 83 for the correction of errors note.

Consolidated cash flow statement for the year ended 31 December 2021

(amounts in thousands of euros)			2021		2020
Net operating result			31,311		41,197
Depreciation / amortisation	[30]		2,578		2,520
Adjustments for movements in:					
• Provisions	[14][15]	989		(2,341)	
• Inventory	[6]	(74,397)		13,065	
• Current receivables (excluding CIT receivables)		(153,393)		68,321	
• Current liabilities (excluding debts to credit institutions and CIT liabilities)		113,610		(43,203)	
			(113,191)		35,842
Interest paid			(5,604)		(7,078)
Interest received			154		114
Corporate income tax paid			(5,678)		(6,059)
Cash flow from (used in) operating activities			(90,430)		66,536
Investments intangible / tangible fixed assets	[1][2]	(2,657)		(2,201)	
Divestments intangible / tangible fixed assets	[1][2]	2,748		623	
Cash outflow financial fixed assets		(499)		(95)	
Investments in participations	[13]	(230)		8	
Cash flow from (used in) investment activities			(638)		(1,665)
Repayments on (subordinated) loans and financial lease obligations	[16][17]	(3,198)		(2,445)	
Drawdown/(repayment) of liability credit institutions	[18]	110,387		(54,379)	
Gain on repurchase of shares	[31]	-		2,050	
Dividends paid out		(7,272)		(9,272)	
Cash flow from (used in) financing activities			99,917		(64,046)
Changes in cash and cash equivalents			8,849		825
Cash (equivalents) at December 31	[11]	14,504		5,655	
Cash (equivalents) at January 1	[11]	5,655		4,830	
Changes in cash and cash equivalents			**8,849**		**825**

Consolidated statement of comprehensive income for the year ended 31 December 2021

(amounts in thousands of euros)		2021		2020
Consolidated net result after taxation accruing to the legal entity		22,608		31,887
Change in translation differences of subsidiaries	4,187		(4,667)	
Revaluation tangible fixed assets	(1)		(102)	
Other changes	-		8	
Total amount of the direct equity movements of the legal entity as part of the group equity		4,188		(4,761)
Total result of the legal entity		**26,796**		**27,126**

Notes to the consolidated financial statements

General

Activities

Interfood Holding B.V. is located at Parklaan 54 in Eindhoven and legally registered in Eindhoven (the Netherlands), under Chamber of Commerce number 17079506. The activities of Interfood Holding B.V. and its Group companies primarily consist of international wholesale businesses in dairy products. The most important products in its assortment are cheese, powdered milks, butter (oil), liquids, and ingredients.

Financial reporting period

These financial statements cover the year 2021, which ended at the balance sheet date of 31 December 2021.

Basis of preparation

The consolidated financial statements of the Company are part of the statutory financial statements of the Company and have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.
The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption. Management has performed an assessment and concluded that there are no events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

General accounting principles for the preparation of the consolidated financial statements

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. However, in circumstances where the transaction does not significantly change the economic reality of an asset or liability, this asset or liability remains recognised on the balance sheet. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact will be disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer. References are made to applicable notes in the balance sheet, income statement and the cash flow statement.

Functional and presentation currency

The financial statements are presented in euros ('EUR'), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless stated otherwise.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Correction of errors

Interfood recognised net turnover and cost of sales for transfers of products towards external parties that provide blending and tolldrying services for the Company. However, the revenue recognition criteria were not met for these transactions and consequently no net turnover nor cost of sales should have been recognised.

In addition, wages and salaries and other personnel costs were all presented as general and administrative expenses. As Interfood applies the functional model, these expenses should be allocated to the applicable items in the profit and loss account, including cost of sales and selling expenses.

The errors do not have an impact on the net result, nor on the balance sheet. The errors have been corrected by adjusting the comparative figures as follows:

Consolidated profit and loss account for the year ended 31 December 2020

(amounts in thousands of euros)	As previously reported	Adjustment	As restated
Net turnover	1,949,076	(37,266)	1,911,810
Cost of sales	(1,859,300)	25,354	(1,833,946)
Gross operating income	89,776	(11,912)	77,864
Selling expenses	(1,542)	(8,541)	(10,083)
General and administrative expenses	(44,987)	20,453	(24,534)
Total expenses	(46,529)	11,912	(34,617)
Net operating result	43,247	-	43,247
Net result			
	31,887	**-**	**31,887**

Further prior year balances besides the above adjustments have been reclassified to align with current year classification and presentation if needed.

Use of estimates

In drawing up the annual accounts, the management of the Company makes certain estimates and assumptions, in accordance with generally accepted principles, which partly determine the amounts included. The actual results may differ from these estimates. If it is necessary, the nature of these estimates and judgements, including related assumptions, is disclosed in the notes to the relevant financial statement item, in order to provide the transparency required under Book 2, article 362, paragraph 1.

Group structure
Interfood Holding B.V. (hereinafter also referred to as "the Company" or "Interfood") is the head of the Group of legal entities.

For a summary of the information required by articles 2:379 and 414 of the Netherlands Civil Code we refer to note [2] of the notes on the Company financial statements of Interfood Holding B.V..

Consolidation principles
Financial information relating to the Group's companies and other legal entities which are controlled by Interfood Holding B.V., or where central management is conducted, has been consolidated in the financial statements of Interfood Holding B.V.. Group companies are entities in which Interfood Holding B.V. exercises direct or indirect control based on a shareholding of more than half of the voting rights, or of which it has the authority to otherwise govern their financial and operating policies. The consolidated financial statements have been prepared in accordance with the accounting principles of Interfood Holding B.V..

The financial information relating to Interfood Holding B.V. is presented in the consolidated financial statements. Accordingly, in accordance with article 2:402 of the Netherlands Civil Code, the Company financial statements only contain an abridged profit and loss account.

Financial information relating to Group companies and the other legal entities and companies included in the consolidation are included in the consolidated financial statements, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of Group companies are disclosed separately in the consolidated financial statements. The accounting policies of Group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing Group accounting policies.

Related parties
All legal entities that can be controlled, jointly controlled, or significantly influenced, are considered a related party. Also, entities which can control the Company are considered a related party. In addition, statutory directors, other key management of Interfood Holding B.V., or the shareholders and close relatives are also regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary to provide the required insight.

Acquisition and disposal of Group companies
Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment in time that control can be exercised over the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. Goodwill is amortised based on the estimated useful life. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e., negative goodwill) is recognised and disclosed under accruals and deferred income.

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that decisive control is ceased.

Translation of foreign currency
The consolidated financial statements are presented in euros, which is the functional and presentation currency of Interfood Holding B.V..

Receivables, liabilities, and obligations denominated in foreign currency are translated at the exchange rates prevailing at the balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at the transaction date. The exchange differences resulting from the translation as at balance sheet date, taking account of possible hedge transactions, are recorded in the profit and loss account.
Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Foreign Group companies and non-consolidated participations outside the Netherlands qualify as continuing business operations in a foreign country, with a functional currency different from that of the Company. For the translation of the financial statements of these foreign entities, the balance sheet items are translated at the exchange rate at balance sheet date and the profit and loss account items at the exchange rate at transaction date. The translation differences that arise are directly deducted from or added to Group equity.

Financial leasing
The Company leases some of the tangible fixed assets, whereby it substantially retains all the risks and rewards of ownership of these assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset, or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method.

The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the income statement for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operational leasing
The Company may have lease contracts whereby a large part of the risks and rewards associated with ownership are either not for the benefit of, or not incurred by the Company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, and take into account reimbursements received from the lessor in the income statement for the duration of the contract.

Financial instruments
Financial instruments are both primary financial instruments, such as receivables and payables, and also financial derivatives.

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the 'Contingent rights and obligations'.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components, or of a comparable financial instrument, or by approximating fair value using valuation models and techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

For the principles of primary financial instruments, reference is made to the treatment per balance sheet item.

Derivatives are initially recognised in the balance sheet at fair value. The subsequent valuation of derivative financial instruments depends on whether, or not, the instrument is quoted in an open market, and whether, or not, the instrument is designated as a hedging instrument to which hedge accounting is applied. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value, unless hedge accounting is applied to the instrument, in which case it is valued at cost. If the object is not quoted in an open market, it will be stated at cost or current value, if lower. Recognition of changes in the value of a derivative financial instrument is also dependent on whether, or not, the instrument is designated as a hedging instrument to which hedge accounting is applied.

Interfood Holding B.V. and its subsidiaries apply cost price hedge accounting for certain derivatives. The Company documents the relationship between hedging instruments and hedged items at the inception of the transaction. The Company also tests its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. This is done by comparing the critical characteristics of the hedge instrument with those of the hedged position. In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- If the hedged item is recognised at cost in the balance sheet, the derivative instrument is also stated at cost.
- As long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions.
- If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date.
- If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted, and the forward rate at which it will be settled, is spread over the maturity of the derivative instrument.

The ineffective part is accounted for directly in the income statement.

Changes in fair value of financial instruments to which no cost price hedge accounting is applied are also accounted for directly in the income statement.

Commodity derivatives held for trading are measured at fair value. Upon initial recognition, the fair value of these derivatives is zero: any changes in fair value are recognised in the profit and loss statement in the period when they occur.

Principles of valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year. Allowance is made for any impairment losses expected on the balance sheet date. Goodwill resulting from acquisitions and calculated in accordance with the section "Consolidation principles" is capitalised and amortised on a straight-line basis over the estimated economic life.

Tangible fixed assets

Tangible fixed assets, with the exceptions of land, are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking account of any residual value. Depreciation is recorded from the date an asset comes into use. Allowance is made for any impairment losses expected on the balance sheet date.

The assets not used in the operation are valued at net realisable value. No depreciation is considered.

Costs for periodical major maintenance are added to the carrying amount of the related asset at the moment they arise.

Financial fixed assets

Where significant influence is exercised, participations in non-consolidated Group companies are valued under the net asset value method, but not lower than a nil value. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence. The net asset value is based on the same accounting principles as applied by Interfood Holding B.V..

Participations with a negative net equity value are valued at nil. If the Company fully or partly guarantees the liabilities of the participation concerned, or has the constructive obligation respectively, to enable the participation to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the participation are taken into account.

Where no significant influence is exercised, participations are valued at cost and, if applicable, less impairments in value.

Upon initial recognition, the receivables on and loans to participations, participants, and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after the deduction of any provisions.

Participating interests where the Company exercises control along with other participants, such as in joint ventures, are valued according to the equity method on the basis of net asset value.

In case of contribution in, or sale of, assets by the Company to a joint venture, the Company recognises the part of the result in the profit and loss account that corresponds to the relative share of the other participants in the joint venture. No result is recognised if the non-monetary assets contributed by the participants approximately equal each other in terms of type, use (same business activity), and fair value. Any unrecognised results are charged to the net asset value of the joint venture. Any losses on current assets or impairments of fixed assets are recognised immediately, and in full.

In case of sale of assets by the joint venture to the Company, the Company recognises its share in the profit or loss of the joint venture on that sale in its profit and loss account only when the asset is (re)sold to a third party. However, the Company immediately recognises its share in losses on any current assets or impairments of fixed assets.

Deferred tax assets are stated under the financial fixed assets if, and to the extent it is probable that, the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

Impairment of non-current assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the realisable value: the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced. The realisable value is initially based on a binding sale agreement. If there is no such agreement, the realisable value is determined based on the active market, whereby the prevailing bid price is usually taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset/cash-generating unit. These cash flows are discounted.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount, and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

If it is established that an impairment recognised in the past no longer exists, or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment had been reported for the asset concerned.

The amount of the reversal is recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

Inventory

Inventories of finished goods for resale, and raw materials and consumables, are valued at the lowest of the acquisition price or net realisable value. The acquisition price consists of the purchase price increased by e.g., the cost of transport, customs clearance, handling, and insurance. The valuation of inventories of finished goods for resale and raw materials and consumables is based on FIFO. The lower net realisable value is determined by individual assessment of the inventories at the balance sheet date. Net realisable value is based on estimated selling price, less any future costs to be incurred for completion and disposal.

Receivables

Upon initial recognition, the receivables are included at fair value and then valued at amortised cost, which equals the face value, less any provision for doubtful accounts. These provisions for doubtful accounts are determined by individual assessment of the receivables.

Cash

The cash is measured at face value. If cash equivalents are not freely disposable, then this has been taken into account upon measurement, and disclosed in the notes.

Shareholders' equity

Issued financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Issued financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income, and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Revaluation reserve

If revaluations have been recognised in the revaluation reserve, after the deduction of relevant (deferred) tax liabilities, the gross result of the realised revaluations is recognised in the income statement. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax on the result from the ordinary business activities.

Provisions

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required, and a reliable estimate can be made. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation at the balance sheet date. If the time value of money is material, and the period over which the cash outflows are discounted is more than one year, provisions are measured at the present value of the best estimate of the cash outflows that are expected to be required to settle the liabilities and losses. The provisions are measured at nominal value if the time value of money is not material, or if the period over which the cash outflows are discounted is no longer than one year. If obligations are expected to be reimbursed by a third party, the reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is fully settled.

Provisions for employee benefits

The Company mainly operates defined benefit plans, the assets of which are held in external funds. In the Netherlands, the Company operates defined benefit pension plans based on employee pensionable remuneration and length of service. These plans are career average plans and operate on a funded basis. Benefits are determined by the plan rules and are linked to inflation.

The pension plans are financed through contributions to the pension provider. The pension obligations are valued according to the "liability approach". This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the Company and are included in a provision on the balance sheet.

The valuation of the obligation is the best estimate of the amounts required to settle this at balance sheet date. If the effect on the time value of money is material, the obligation is valued at the present value. Discounting is based on interest rates of high-quality corporate bonds.

Additions to, and release of, the obligation are recognised in the profit and loss account.

At year end 2021 (and 2020) no pension receivables and no obligations existed for the Group in addition to the payment of the annual contribution due to the pension provider. At year-end 2021 a regular pension contribution payable of €0 (2020: €0) existed for Interfood B.V. and Interfood Holding B.V..

Deferred tax liabilities

Deferred tax liabilities are recognised for temporary differences between the value of the assets and liabilities under tax regulations on the one hand, and the book values applied in these financial statements on the other. The computation of the deferred tax liabilities is based on the tax rates prevailing at the end of the reporting year, or the rates applicable in future years, to the extent that they have already been enacted by law.

Long-term liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition, long-term debts are recognised at the amortised cost price, being the amount received taking account of premiums or discounts and minus transaction costs.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking account of premiums or discounts, less transaction costs. Usually this is the nominal value. All current liabilities fall due within one year after the balance sheet date.

Principles for the determination of results

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Profit or loss is determined taking into account the recognition of unrealised changes in fair value of derivative financial instruments not designated as hedging instruments.

Net turnover

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, and value added tax. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of dairy products, transfer usually occurs when the product is shipped to the customers' warehouse. However, for some international shipments, transfer occurs upon receipt by the customer. Cost price of the goods is allocated to the same period as the related turnover.

The cumulative results (both realised and unrealised) of derivative transactions conducted during the year are presented as a separate item under net turnover.

Cost of sales

The cost of sales consists of the cost of the goods sold and relates to costs that are directly attributable to the goods supplied.

Selling expenses and general and administrative expenses

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods sold.

Employee expenses

Employee expenses (wages, salaries, social security contributions, etc.) are not presented as a separate item in the income statement. These costs are included in the cost of sales, selling expenses and general and administrative expenses. For a specification, reference is made to note [28].

Share based payments

The Company operates a share-based payment arrangement under which the entity has a choice of settlement. Depositary Receipts received under the share-based payment arrangement are intended to be transferred to existing shareholders upon termination of employment, or for interim transfers permitted under the share-based payment arrangement. Based on the Company's preferred settlement the arrangement is currently reported as an equity-settled share-based payment plan, under which services are received from eligible selected employees as consideration for the value of equity instruments of the Company.

The total amount to be expensed for services received is determined by reference to the fair value of equity instruments granted.

Service conditions and non-market performance conditions are taken into account in the number of awards expected to vest. At reporting date, the Company estimates the number of awards that are expected to vest. The impact of the vesting estimates, if any, is recognised in the income statement for the period.

Pensions

Interfood Holding B.V. applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. Changes in the pension provision are also charged to the result. Please also refer to the valuation principles for assets and liabilities, under Provision for Employee Benefits.

Amortisation of intangible fixed assets and depreciation of tangible fixed assets

Intangible assets, including goodwill, are amortised and tangible fixed assets are depreciated over their estimated useful lives as from the moment they are ready for use. Land is not depreciated.

Future depreciation and amortisation are adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant, or equipment are included in depreciation.

Financial income and expenses

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised unless hedge accounting is applied.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account losses available for set-off from previous financial years (to the extent that they have not already been included in deferred tax assets), permanent and temporary differences between profit calculated according to the financial statements and profit calculated for taxation purposes, profit exempt components and non-deductible expenses and with deferred tax assets which are only valued insofar their realisation is considered probable.

Share in result of non-consolidated associated companies

Where significant influence is exercised over participations, the Group's share in the participations' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by Interfood Holding B.V..

Where no significant influence is exercised over participations, the dividend income is accounted for in the profit and loss as financial income.

Principles for preparation of the consolidated cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand.

Cash flows denominated in foreign currencies have been translated at average estimated exchange rates.

Interest paid and received, dividends received, and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for acquired Group companies has been recognised as cash used in investing activities where it was settled in cash.

Any cash at banks, and in hand, in acquired Group companies has been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

Fixed assets

[1] Intangible fixed assets

	Software	Goodwill	Total 2021	Total 2020
Balance at January 1				
Cost	6,628	6,016	12,644	11,066
Accumulated amortisation	(1,536)	(6,016)	(7,552)	(6,509)
Book value at January 1	**5,092**	**-**	**5,092**	**4,557**
Investments	1,801	-	1,801	1,578
Book value of disposals	(188)		(188)	
Amortisations	(1,152)	-	(1,152)	(1,043)
Changes in book value	**461**	**-**	**461**	**535**
Balance at December 31				
Cost	8,209	6,016	14,225	12,644
Accumulated amortisation	(2,656)	(6,016)	(8,672)	(7,552)
Book value at December 31	**5,553**	**-**	**5,553**	**5,092**
Amortisation percentages	*12.5 - 20%*	*20%*		*12.5 - 20%*

Intangible fixed assets consist of software and goodwill. Goodwill relates to the acquisition of the minority shares of subsidiaries in 2009, 2012 and 2015. The goodwill from these acquisitions has been fully amortised.

The amounts presented as software mainly relate to the JD Edwards ERP project which began in 2018. Additional investments of software during the year mainly relate to the onboarding of other Interfood entities onto the JDE system.

[2] Tangible fixed assets

	Land and buildings	Plant and equipment	Total 2021	Total 2020
Balance at January 1				
Cost	20,063	4,697	24,760	25,067
Accumulated depreciation	(9,554)	(3,116)	(12,670)	(11,500)
Book value at January 1	**10,509**	**1,581**	**12,090**	**13,567**
Investments	333	523	856	623
Book value of disposals	(1,068)	-	(1,068)	(237)
Depreciations	(812)	(614)	(1,426)	(1,477)
Exchange rate differences	205	32	237	(386)
Changes in book value	(1,342)	(59)	(1,401)	(1,477)
Balance at December 31				
Cost	15,479	4,815	20,294	24,760
Accumulated depreciation	(6,312)	(3,293)	(9,605)	(12,670)
Book value	**9,167**	**1,522**	**10,689**	**12,090**

The expected useful lives as of 31 December 2021 are as follows:

- Buildings: from 15 to 40 years
- Plant and equipment: from 3 to 10 years

At the end of 2021, land and buildings include an amount of €871 (2020: €871) relating to land which is not depreciated.
Disposals include our land and buildings located in Harderwijk and various plant and equipment that was already fully depreciated.

The Company pledged multiple company buildings in the Netherlands as collateral for mortgage loans (reference is made to note [16] (mortgage loans)). These pledges (2020: €2,743) have been removed with the full repayment of the mortgage loan.

When using the cost method for the valuation of the tangible fixed assets, consideration should be given as to whether it is necessary to include disclosures with respect to fair value, in order for the financial statements to give a true and fair view. If this is not the case, then providing this disclosure is not mandatory (RJ212.707).
The carrying amounts of assets under financial leasing, included in the tangible fixed assets above, are held without legal title by Interfood B.V., and are as follows:

	31-12-2021	31-12-2020
Land and buildings	2,612	2,849
Plant and equipment	23	91
	2,635	**2,940**

Land and buildings concern the building in Bladel, which is leased from a related party for a term of 15 years. The value is based on external valuation reports using a discount rate of 9%.

[3] Long term receivables

	2021	2020
Balance at January 1	2,634	2,539
Additions	1,005	993
Repayments	(507)	(794)
Movement to short-term (incl. in other receivables)	-	(104)
Balance at December 31	**3,132**	**2,634**

The long term receivables primarily concern loans to LTIP participants. The maturity date of each loan is 20 years and interest rates are variable based on Euribor. Participants have pledged their depositary receipts of shares. The fair value of the receivables approximates the book value.

[4] Deferred tax asset

	2021	2020
Balance at January 1	2,599	2,648
Additions / reclassifications	17	433
Utilisation	(277)	(204)
Release	(205)	(90)
Exchange rate differences	29	(188)
Balance at December 31	**2,163**	**2,599**

From the book value at December 31 it is expected that an amount of approximately €94 (2020: €363) will be realised within one year.

[5] Participating interests

The participating interest of 50% in Meierei B.V. classifies as a joint venture on the basis of the cooperation agreement the Company has entered into with the other shareholder of Meierei B.V.. The Group is entitled to 50% of the profits of the joint venture.

The recoverable amount of participating interest was estimated based on both its net realisable value and its value in use. Based on the assessment in 2021, the recoverable amount of participating interest was determined to be equal to or higher than its carrying amount.

Current assets

All current assets are due within one year unless stated otherwise. The fair value approximates the nominal value unless stated otherwise.

[6] Inventory

All inventories relate to finished goods for resale.

Inventories with a value of €21 (2020: €1,122) are carried at market value. The effect of the depreciation to lower market value amounts to €1,137 (2020: €1,122).

Inventories with a book value of €211,832 (2020: €148,615) are encumbered with an undisclosed pledge as security interest for the credit provision by the lenders. See also note [18] "Credit institutions".

[7] Accounts receivable

At the end of 2021 the accounts receivable included an amount of €483 for doubtful debts (2020: €550).

Accounts receivable with a book value of €257,710 (2020: €148,615) are encumbered with an undisclosed pledge as security interest for the credit provision by the lender. See also note [18] "Credit institutions".

[8] Taxes and social security contributions

	31-12-2021	31-12-2020
Corporate income tax	177	30
Value added tax	12,575	6,784
Other foreign taxes	127	1,255
	12,879	**8,069**

[9] Other receivables

	31-12-2021	31-12-2020
Broker accounts	27,360	10,484
Receivables from participating interests	10,554	-
Receivables from shareholders	337	802
Other receivables	3,169	888
	41,420	**12,174**

Receivables from participating interests

Receivables from participating interests primarily relate to a subordinated loan that has been issued to Meierei B.V. with a principal amount of €10,450 and a term of one year. The principal amount will be repaid in full on the specified repayment date. The current portion is reclassified to current receivables.

[10] Prepayments and accrued income

	31-12-2021	31-12-2020
Prepayments	26,337	1,463
Deferred derivative results under hedge accounting	24,458	150
Accrued income	1,618	3,619
	52,413	**5,232**

The prepayments relate to goods paid for, but not yet delivered.

[11] Cash and cash equivalents

Cash and cash equivalents are at free disposal of the Group and include an amount of €14,000 related to cash in transit (2020: €0).

Group equity

[12] Share of the legal entity in the Group equity
Reference is made to the notes on shareholders' equity in the Company financial statements for a detailed note on the share of the legal entity in the Group equity.

[13] Third-party share in Group equity
The movements during the financial year are as follows:

	2021	2020
Balance at January 1	522	530
Third-party share in result	130	125
Shares sold/(purchased)	(227)	-
Dividend paid to minority shareholders	(155)	-
Change in translation differences	22	(133)
Balance at December 31	**292**	**522**

Interfood obtained a further 15% of shares in OOO Rusmol bringing the total shares held to 80%.

Provisions

[14] Deferred tax liabilities
The changes in the financial year 2021 are as follows:

	2021	2020
Balance at January 1	436	778
Additions	5	-
Utilisations	(111)	(342)
Release	(184)	-
Balance at December 31	**146**	**436**

The deferred tax liability for temporary differences primarily relates to the deferred taxes on timing differences of Company-owned buildings and premises. The used tax rates vary according to the country in which the buildings and premises were revalued. As of 2021 only the Dutch tax rate of 25.8% (applicable as of 1 January 2022) was applied. The provision for deferred tax liabilities is predominantly long-term.

[15] Other provisions
This refers to provisions included in connection with possible repayment obligations relating to export restitutions, payment obligations relating to levies, provisions for disputes about supplies of goods, provisions for possible warranty claims, and claims for damages and uncertain tax positions, arising from transactions effected before the date of the balance sheet.

	2021	2020
Balance at January 1	1,151	3,492
Additions	1,449	409
Release	(299)	(750)
Utilisations	(163)	(2,000)
Exchange rate differences	2	-
Balance at December 31	**2,140**	**1,151**

An amount of €2,140 (2020: €1,151) is expected to be settled within one year.

Non-current liabilities

[16] Mortgage loans
This refers to mortgage loans for certain company buildings in the Netherlands. The movements in mortgage loans are as follows:

	2021	2020
Balance at January 1	3,072	3,410
Additions	-	-
Repayments financial year	3,072	(338)
Balance at December 31	**-**	**3,072**
Repayment obligations within 1 year (included in current liabilities)	-	(338)
Balance of long-term liabilities	**-**	**2,734**
Terms of more than five years	-	*1,438*

The buildings in Harderwijk and Ittervoort acted as a security for these mortgages until full repayment in 2021 resulting from the sale of the Harderwijk building. The book value of the Ittervoort building at 31 December 2021 was €1,487 (both buildings in 2020: €2,743). Three months Euribor plus 2.05% was charged on the mortgage loans (2020: Three months Euribor plus 2.05%).

[17] Financial lease obligations
This refers to assets which are leased by and Interfood B.V.. The financial lease obligations are as follows:

	2021	2020
Balance at January 1	3,278	3,388
Newly acquired assets	-	-
Repayments financial year	(126)	(110)
Balance at December 31	**3,152**	**3,278**
Repayment obligations within 1 year (included in current liabilities)	(147)	(126)
Balance of long-term liabilities	**3,005**	**3,152**
Terms of more than five years	*2,193*	*2,435*

In 2018, Interfood Group has concluded a sale-and-leaseback transaction of the building in Bladel, whereby the land and building were sold at market value to a related party and consequently leased back for a term of 15 years. The discounted financial lease obligation outstanding at 31 December 2021 has an effective interest rate of 9%.

The minimum lease payments due over the remaining contract term amount to €4,976 (2020: €5,225).

The carrying amount of the financial lease obligations corresponds to a reasonable approximation of their fair value.

Current liabilities
All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

[18] Credit institutions
This refers to a banking current account balance under the facility agreement.

The fair value of the liabilities to credit institutions approximates the book value due to the short-term character. In 2021 Interfood Group renewed its facility agreement following the departure of ABN AMRO Bank N.V. from the consortium. Société Générale SA was onboarded into the consortium of lenders which also comprises Coöperatieve Rabobank U.A., Deutsche Bank AG, ING Bank N.V., and HSBC Bank plc.

The following Group companies take part in the facility as borrower and guarantor:
- Interfood Holding B.V.
- Interfood B.V.
- Interfood Inc.
- Interfood Americas S.A.
- Interfood Singapore Pte Ltd.

The following Group companies take part in the facility as a guarantor only:
- Twedpa B.V.
- Tepco B.V.
- Interfood Polska sp. z.o.o.

The facility consists of the following:
- A secured multi-currency revolving working capital facility of an aggregate principal amount of up to €370 million for overdrafts in current account and short term loans.
- A guarantee facility for the issuing of performance guarantees, the opening of letters of credit aimed t financing normal trading activities and for the issuance of morality guarantees towards "EU Dairy Boards" in relation to import/export licences or to any EU customs authorities of an aggregate principal amount of up to €50 million.

The interest rate is variable and based on short-term market reference rates. The facility is without a fixed tenor.

The following securities are given to the lenders:
- First ranking security in respect of inventories, receivables, title documents, and accounts in most relevant jurisdictions.
- Lien on rights arising from the credit insurance policy.
- Lien on rights arising from the transport and storage insurance policy.

[19] Financial instruments and risk management
During the normal course of business, the Group companies use various financial instruments that expose the Company to market and/or credit risks. These relate to financial instruments that are included in the balance sheet and currency forward contracts and -options, as well as commodity derivatives for hedging future transactions and cash flows. As per the balance sheet date, all hedges are effective. The Company does not trade in these financial derivatives and follows procedures and lines of conduct to limit the size of the credit risk with each counterparty and market. If a counterparty fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instruments in question. The contract value of the financial instruments serves only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Financial assets and liabilities
The financial instruments include cash and cash equivalents, forward exchange contracts, commodity futures, accounts receivable and payable, and short-term debts to credit institutions. The estimated market value of these financial assets and liabilities, except for the forward exchange contracts and commodity futures which qualify for cost price hedge accounting, does not vary significantly from the book value at the end of the financial year. As per the end of 2021, the Company has concluded forward exchange contracts to cover the financial risks of future transactions in foreign currencies. Furthermore, commodity futures were concluded to cover commodity price risk on future variable priced physical contracts.

At 31 December 2021 the estimated fair value of forward exchange contracts amounts to €-14 (2020: €959); consisting of an asset of €6,532 and a liability of €6,546. The total amount includes €418 (2020: €189) related to goods transactions in the financial year and is recognised in the balance sheet at year end. The nominal value of the forward exchange contracts amounted to €483 million (2020: €527 million).

	Assets	Liabilities	Total
			31-12-2021
EUR / USD	3,505	(3,518)	(13)
EUR / GBP	517	(931)	(414)
EUR / PLN	29	(99)	(70)
AUD / NZD	-	(16)	(16)
USD / AUD	763	(203)	560
USD / NZD	1,655	(1,543)	112
USD / SGD	-	(4)	(4)
USD / CNH	11	(187)	(176)
USD / RUB	21	-	21
USD / BRL	-	(13)	(13)
	6,501	**6,514**	**(13)**

	Assets	Liabilities	Total
			31-12-2020
EUR / USD	6,075	(3,714)	2,361
EUR / GBP	440	(47)	393
EUR / SEK	5	-	5
EUR / NZD	292	(294)	(2)
EUR / PLN	94	(3)	91
USD / AUD	325	(7,469)	(7,144)
USD / NZD	8,774	(1,603)	7,171
USD / SGD	101	-	101
USD / CNH	173	(1,739)	(1,566)
USD / RUB	17	-	17
USD / BRL	62	(530)	(468)
	16,358	**(15,399)**	**959**

Commodity futures and options are used to hedge pricing risk and manage the overall position. Upon initial recognition, the market value of the futures, options and swaps is (close to) zero; any future results are recognised in the profit and loss statement in the period when they occur unless hedge accounting is applied. The cumulative result on commodity futures and options in the P&L is €22,718 (2020: €22,898) of which the unrealised result amounts to €-4,097 (2020: €-1,448). These results are included in other revenues.

Part of the commodity futures are OTC commodity swaps which are used by Interfood to hedge pricing risk and manage the overall position. These OTC swaps are agreed between a counterparty (customer or supplier) and Interfood and are typically governed by an ISDA. Interfood can engage directly with a third party or request an intermediate bank to set up the transaction and the accompanying settlements. Upon initial recognition, the market value of the swaps is zero: any future results are recognised in the profit and loss statement in the period when they occur. The OTC contracts are linked to an underlying dairy index or publicly available dairy product quotation.

At 31 December 2021 the estimated fair value of open commodity futures and options contracts amounted to € 46,769 (2020: €5,783), consisting of an asset of € 96,209 (2020: €9,545) and a liability of €49,440 (2020: €3,762). €442 (2020: €-757) of this fair value has been recognised in the balance sheet.

Occasionally, Interfood will face a certain basis risk in an OTC swap since there are no dairy futures available that can perfectly offset future settlements. In an instance such as this, Interfood utilises a discounted cash flow valuation model based on a forward EEX price curve for SMP and Butter, and a sensitivity analysis, to estimate the fair value of a swap. These amounts are charged to the P&L or recorded in the balance sheet per 31 December 2021.

Currency risk management
The operating results are influenced by currency fluctuations, which are mainly caused by sales and purchases in US Dollars, New Zealand Dollars, British Pounds, and Brazilian Real. Currency risks related to these transactions are periodically assessed. Any significant currency risk is covered by means of forward exchange contracts.

Credit risk management
Credit risks vary according to country and category of customers. These risks are monitored by means of an information and reporting system. Apart from strictly applied dunning procedures, various instruments are used to contain these risks. The most important one of these is the accounts receivable insurance and, as such, Interfood Holding B.V. does not have significant concentrations of credit risk.

Liquidity risk management
To finance our operational activities, we make use of a credit facility, inventory funding programmes, and finance programmes offered by our key customers.

Interest risk management
Interfood Holding B.V. is exposed to interest rate risk on its current liabilities with credit institutions and the mortgage loans. The outstanding balance with the credit institutions and the mortgage loans are charged with an interest based on Euribor/Libor plus a risk premium. We periodically assess the interest risks. In view of these assessments no interest instruments are being used.

Commodity price risk management
When the commodity price risk on committed future transactions cannot be covered by an opposite physical transaction, commodity future contracts can be concluded, depending on the outcome of periodic assessments.

Performance risk management
Performance risk reflects the costs incurred in case a contract is not fulfilled and must be replaced in the open market under prevailing market conditions. Risk management procedures are implemented to minimise the non-performance of counterparties. These procedures include customer and supplier due diligence, prepayments, letters of credit, and other guarantees.

[20] Taxes and social security contributions

	31-12-2021	31-12-2020
Wage tax and social security contributions	761	755
Corporate income tax	3,383	2,818
Other taxes	173	473
	4,317	**4,046**

[21] Other liabilities

	31-12-2021	31-12-2020
Personnel related liabilities	5,073	5,855
Loans from shareholders	4,312	752
Pension payables	773	508
Other payables	1,884	3,708
	12,042	**10,823**

The loans received from shareholders are due within one year.

[22] Accruals and deferred income

	31-12-2021	31-12-2020
Deferred derivative results under hedge accounting	19,975	-
Accrued expenses	13,805	1,057
Deferred income	3,184	214
	36,964	**1,271**

The accrued expenses primarily consist of customs costs yet to be invoiced.

[23] Contingent liabilities
The contingent liabilities at the end of the reporting period are as follows:

	Operational lease	Rent	Other	Total 2021	Total 2020
Obligations to pay:					
Within one year	441	729	599	1,769	3,055
Between one and five years	645	847	33	1,525	2,120
After five years	0	190	0	190	72
	1,086	**1,766**	**632**	**3,484**	**5,247**

During the year under review the following amounts were recognised in the income statement:

	2021	2020
Operational lease, rent and other payments	2,353	1,989
	2,353	**1,989**

The operational leases primarily relate to offices and lease cars.

If the reported lease payments include payments relating to other components of the agreement, the payments including these other components are reported separately.

Interfood Holding B.V. forms part of the fiscal entity for corporate income tax and value added tax purposes with Interfood B.V., Verenk B.V., and its subsidiaries, Mian B.V., Ereg Holding B.V., and its subsidiaries, Tepco B.V. and Twedpa B.V. and Interfood Shared Activities Centre B.V.. Based on this, the Company and its subsidiaries are severally and jointly liable for the corporate income tax and value added tax debts of the fiscal entity as a whole.

As at year-end the Group has issued bank guarantees amounting to €8,442.

[24] Net turnover

	2021	2020
Revenues from sale of goods	2,230,667	1,886,862
Other revenues	22,718	22,898
	2,253,385	**1,909,760**

Other revenues consist of the results on the sale and purchase of derivative contracts.

The net turnover can be specified to the following destinations:

	2021	2020
EMEA	1,458,819	1,235,006
Asia Pacific	478,040	376,602
Americas	316,526	298,152
	2,253,385	**1,909,760**

The overall result (realised and unrealised) on commodity future contracts and swaps amounted to €22,718 (2020: €22,898) and has been recorded in the sales of the applicable regions.

[25] Cost of sales
The cost of sales include all expenses directly attributable to goods sold by the Group including purchase costs, freight costs, insurance fees and logistics employees.

[26] Selling expenses
The selling expenses include expenses relating to trade employees, travelling and representation expenses, fair expenses, and other publicity expenses and write-offs on receivables.

[27] General and administrative expenses
The general and administrative expenses include expenses related to housing, depreciation and amortisation, finance and support employees and other general expenses.

[28] Wages and salaries
Wages and salaries included in cost of sales, selling expenses and general and administrative expenses amount to €23,301 (2020: €24,906).

Board remuneration
The remuneration for members of the Board of Directors in 2021 amounted to €1,174 (2020: €1,167) including pension charges.

Staffing level
On average, during 2021, 307 employees were employed on a full-time basis (2020: 295). Of these employees, 147 employees were employed outside of the Netherlands (2020: 136). At year-end the regional split is:

	2021	2020
EMEA	215	213
Asia Pacific	48	44
Americas	44	38
	307	**295**

The split of employees between departments is as follows:

	2021	2020
Trade	80	76
Logistics	107	106
Finance	63	65
Support	57	48
	307	**295**

Share based payments

In 2016, the Company implemented a Long-Term Incentive Plan (LTIP) under which the Company offers depositary receipts of shares in the capital of the Company to eligible employees. Participants may be granted depositary receipts in four subsequent years subject to the employee's continued employment with the Company, and good performance evaluations by management. The number of depositary receipts granted is determined with reference to each individual's gross annual salary and bonus payments over the last few years. After a lock-up period the depositary receipts entitle participants to the fair market value upon offering these for sale to the main shareholder, a related party thereof or, as a last alternative, the Company. Under the LTIP a claw back clause is applicable.

No members of the Board of Directors were active participants in LTIP plans during 2021.

The share-based payment expenses recognised in 2021, with a corresponding entry in accrued liabilities, amount to €889 (2020: €809).

[29] Social security and pension charges

Social security charges included in cost of sales, selling expenses and general and administrative expenses amount to €4,720 (2020: €4,255). This includes an amount of €2,481 (2020: €2,163) for pension charges.

[30] Depreciation of tangible and amortisation of intangible fixed assets

The following depreciation and amortisation charges are included in general and administrative expenses:

	2021	2020
Software	1,152	745
Goodwill	-	298
Land and buildings	812	813
Plant and equipment	614	664
	2,578	**2,520**

[31] Other operating income

The 2021 other operating income consists of the gain on sale of assets. The 2020 other operating income relates to a gain on the repurchase of shares.

[32] Financial income and expenses

In the financial income and expenses, interest paid to shareholders for an amount of €83 (2020: €16) and gains on foreign exchange differences for an amount of €2,095 (2020 gain of: €2,693) are included.

[33] Taxation

Since January 1996, Interfood Holding B.V., Twedpa B.V., Tepco B.V., and Interfood B.V. have formed a fiscal entity for corporate income tax purposes. As from 1 January 2000, Mian B.V. joined this fiscal entity and, from 1 January 2002, Ereg Holding B.V. and its subsidiaries also joined. During 2008, Verenk B.V. and its subsidiaries joined the fiscal entity. Interfood Shared Activities Centre B.V (formerly Interfood Products B.V.) was included in the fiscal entity as per 1 January 2016. The corporate income tax is attributed to each of the individual companies as if these companies were independent taxpayers.

The other companies are independent taxpayers.

The company tax item in the consolidated profit and loss account can be specified as follows:

	2021	2020
Fiscal entity Interfood Holding B.V.:		
Corporate income tax current financial year	(3,812)	(3,703)
Corporate income tax previous financial year	(162)	-
Movement in deferred tax claim / provision	93	(33)
Corporate income tax fiscal entity Interfood Holding B.V.	(3,881)	(3,736)
Corporate income tax other subsidiaries	(2,215)	(3,174)
Movement in deferred tax claim / provision	-	(219)
	(6,096)	**(7,129)**
Effective tax rate	*21.1%*	*18.2%*
Applicable tax rate	*20.6%*	*18.1%*

The applicable tax rate is based on the proportion of the contribution to the result by the Group entities and the tax rate applicable in the respective countries.

The effective tax rate is lower than the Dutch statutory tax rate primarily due to the geographic mix of earnings generally being taxed at lower tax rates in the jurisdictions in which our foreign subsidiaries operate. The effective tax rate can be specified as follows:

	2021	2020
Profit before tax	28,834	39,141
Tax charge at applicable tax rate (see above)	(5,940)	(7,067)
Non-deductible tax expenses	(16)	424
Effect of deferred tax movements	93	(252)
Effect of PY tax adjustments	(162)	(312)
Other	(71)	78
Effective taxation	**(6,096)**	**(7,129)**

Tax risks
Because of its international footprint, Interfood is exposed to global tax risks. With regard to these tax risks a liability is recognised if, as a result of a past event, Interfood has an obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. These uncertain positions, if any, are presented under Other Provisions (reference is made to note [15] and may include, among others, the following:

Transfer pricing risks
Interfood operates a transfer pricing model, which is in accordance with international guidelines such as those of the Organisation of Economic Co-operation and Development. In order to reduce transfer pricing uncertainties, monitoring procedures are carried out to safeguard the correct implementation of the transfer pricing model. Tax authorities may review and (partly) reject the implemented transfer pricing model.

Tax risks on general and specific service agreements
Due to the centralisation of certain activities (such as IT and Group functions), costs are also centralised. As a consequence, these costs must be allocated to the beneficiaries, i.e., the various Interfood entities, in line with international guidelines such as those of the Organisation of Economic Co-operation and Development. For that purpose, service contracts such as intra-Group service agreements are signed with a large number of the Group entities. Tax authorities review these intra-Group service agreements and may reject the charges implemented .

Tax risks due to permanent establishments
A permanent establishment may arise when operations in a country involve an Interfood organisation in another country. There is a risk that tax claims will arise in the former country as well as in the latter country.

[34] Transactions with related parties
Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

There have been no transactions with related parties that were not on a commercial basis.

[35] Auditor's fees
The general and administrative expenses include audit fees for the 2021 audit and other fees from the independent auditor and other audit firms.

2021	KPMG Accountants N.V.	Other KPMG network	Other audit firms	Total
Audit of the financial statements	218	133	112	463
Other audit services	-	-	14	14
Tax services	10	59	-	69
Other non-audit services	13	-	-	13
	241	**192**	**126**	**559**

2020	PWC Accountants N.V.	Other PWC network	Other audit firms	Total
Audit of the financial statements	218	138	122	478
Other audit services	-	-	12	12
Tax services	5	-	-	5
Other non-audit services	9	16	-	25
	232	**154**	**134**	**520**

The fees listed above relate to the procedures applied to the Company and its consolidated Group entities by accounting firms and the external independent auditor as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2021 financial statements, regardless of whether the work was performed during the financial year.

[36] Transactions with related parties
There are no transactions with related parties to be disclosed, as all transactions with related parties occurred under normal market conditions.

Company financial statements

The Company financial statements comprise:

- Company balance sheet at 31 December 2021
- Company profit and loss account for the year ended 31 December 2021
- Notes to the company financial statements

Company balance sheet at 31 December 2021

After appropriation of result

(amounts in thousands of euros)			31 December 2021		31 December 2020
Assets					
Fixed assets					
Intangible fixed assets:					
Software	[1]		-		4,838
Tangible fixed assets:					
Plant and equipment			-		20
Financial fixed assets:					
Participations in Group companies	[2]	148,366		133,384	
Long term receivables		3,126		2,412	
Deferred tax asset	[3]	77		90	
			151,569		135,886
Current assets					
Receivables from Group companies	[4]	62,069		43,194	
Receivables from shareholders		-		798	
Taxes and social security contributions		136		343	
Other receivables	[5]	11,931		771	
			74,136		45,106
Cash and cash equivalents			18		14
			225,723		**185,864**

[..] Refers to the notes on the balance sheet and profit and loss account

(amounts in thousands of euros)		31 December 2021		31 December 2020	
Shareholders' equity and Liabilities					
Shareholders' equity					
Issued share capital	[6]	18		18	
Revaluation reserve	[7]	1,485		2,009	
Legal reserve for translation differences on subsidiaries	[8]	1,316		(2,872)	
Other reserves	[9]	162,364		141,532	
Dividend to be paid	[10]	2,272		7,272	
			167,455		147,959
Non-current liabilities					
Mortgage loans		-		2,734	
			-		2,734
Current liabilities					
Credit institutions	[12]	32,164		15,816	
Current portion of long-term liabilities		-		338	
Suppliers and trade creditors		545		385	
Debts to Group companies	[3]	17,376		16,287	
Debts to shareholders		4,312		752	
Taxes and social security contributions		1,534		209	
Other liabilities'		2,337		1,384	
			58,268		35,171
			225,723		**185,864**

Company profit and loss account for the year ended 31 December 2021

(amounts in thousands of euros)	2021	2020
Share in result of participations	24,510	31,342
Other income and expense after taxation	(1,902)	545
Net income	**22,608**	**31,887**

Notes to the company financial statements

General accounting principles for the preparation of the financial statements

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

Financial fixed assets

Participations in Group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Interfood Holding B.V..

Participations with a negative net equity value are valued at nil. If the Company fully or partly guarantees the liabilities of the participation concerned, or has the effective obligation respectively, to enable the participation to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the participation are taken into account.

[1] Intangible fixed assets

	Software	Total 2021	Total 2020
Balance at January 1			
Cost	6,363	6,363	5,043
Accumulated amortisation	(1,525)	(1,525)	(787)
Book value at January 1	**4,838**	**4,838**	**4,256**
Acquisitions	-	-	1,320
Amortisations	-	-	(738)
Transfer to Group companies	(4,838)	(4,838)	-
Changes in book value	**(4,838)**	**(4,838)**	**582**
Balance at December 31			
Cost	-	-	6,363
Accumulated amortisation	-	-	(1,525)
Book value at December 31	**-**	**-**	**4,838**
Amortisation percentages	*12.5 - 20%*	*12.5 - 20%*	*12.5 - 20%*

[2] Participations in Group companies

This item refers to the investments in subsidiaries of Interfood Holding B.V.. Movements during 2021 were as follows:

	2021	2020
Balance at January 1	133,384	131,296
Results of subsidiaries	24,510	31,342
Dividends	(13,688)	(34,734)
Translation differences	4,187	(4,667)
Equity injections	591	330
Movements in consolidation	-	10,653
Other changes	(618)	(836)
Balance at December 31	**148,366**	**133,384**

Interfood Holding B.V. has the following (in)direct interests in participations:

	%	Branch	Consolidated
Twedpa B.V.	100%	Bladel, Netherlands	Yes
Tepco B.V.	100%	Bladel, Netherlands	Yes
ISAC (Interfood Shared Activities Centre) B.V.	100%	Bladel, Netherlands	Yes
Interfood Polska Holding Sp.z o.o.	100%	Warsaw, Poland	Yes
Interfood B.V.	100%	Bladel, Netherlands	Yes
Mian B.V.	100%	Bladel, Netherlands	Yes
Ereg Holding B.V. including its 50 100% participating interests A- to Yereg and A- to Yetrade	100%	Bladel, Netherlands	Yes
Verenk B.V.	100%	Ittervoort, Netherlands	Yes
Vonk Food International B.V.	100%	Ittervoort, Netherlands	Yes
Dairy Beheer B.V.	100%	Ittervoort, Netherlands	Yes
Interfood Vonk B.V.	100%	Ittervoort, Netherlands	Yes
Vonk Dairy Products I B.V. t/m Vonk Dairy Products XX B.V.	100%	Ittervoort, Netherlands	Yes
Branskamp International B.V.	100%	Ittervoort, Netherlands	Yes

	%	Branch	Consolidated
Conmarcel Dairy B.V.	100%	Ittervoort, Netherlands	Yes
Hentru Dairies B.V.	100%	Ittervoort, Netherlands	Yes
Holl-Bell Dairy B.V.	100%	Ittervoort, Netherlands	Yes
Ittervoort Dairy Trade B.V.	100%	Ittervoort, Netherlands	Yes
International Dairy Specialties B.V.	100%	Ittervoort, Netherlands	Yes
Monmari Dairies B.V.	100%	Ittervoort, Netherlands	Yes
Sjacsan Dairies B.V.	100%	Ittervoort, Netherlands	Yes
Interfood Ingredients B.V.	100%	Bladel, Netherlands	Yes
Foodmex B.V.	100%	Bladel, Netherlands	Yes
Meierei B.V.	50%	Bladel, Netherlands	No
Dairy Food Holdings Pty Ltd.	100%	Melbourne, Australia	Yes
International Food Ingredients Ltd.	100%	Wellington, New Zealand	Yes
Dairy Foods Pty Ltd.	100%	Melbourne, Australia	Yes
Interfood Australia Pty Ltd.	100%	Melbourne, Australia	Yes
Interfood Inc.	100%	Miami, USA	Yes
Interfood Singapore Pte Ltd.	100%	Singapore, Singapore	Yes
Sunny International Food Comercio de Alimentos Ltda.	100%	São Paulo, Brazil	Yes
Interfood Americas S.A.	100%	Montevideo, Uruguay	Yes
Interfood Uruguay Falmery Co. S.A.	100%	Montevideo, Uruguay	Yes
OOO Rusmol	80%	St. Petersburg, Russia	Yes
Interfood Africa S.a.r.l.	100%	Dakar, Senegal	Yes
Condit International Ltd.	100%	Limassol, Cyprus	Yes
Inter (Beijing) Food Trade Co. Ltd.	100%	Beijing, China	Yes
PT Interfood Dairy Brands Indonesia	100%	Jakarta, Indonesia	Yes
Interfood Milk Products S.A. de CV	100%	Mexico City, Mexico	Yes
Interfood Polska Sp.z o.o.	100%	Warsaw, Poland	Yes

[3] Deferred tax asset

It is expected that from the book value at 31 December 2021 an amount of approximately €77 (2020: €90) will be realised within one year.

[4] Accounts receivable from Group companies

An interest rate of 0% (2020: 0%) per annum applies to the average inter-company balances. In respect of repayment and securities provided, no agreements have been made. All receivables are due within one year.

[5] Other receivables

Other receivables primarily consist of a subordinated loan that has been issued to Meierei B.V. with a principal amount of €10,450 and a term of one year. The principal amount will be repaid in full on the specified repayment date.

Shareholders' equity

[6] Issued share capital

(number of shares)	Preference shares	Ordinary shares	Total 2021	Total 2020
Number at January 1	441,369	132,998	574,367	574,367
Revoked	-	-	-	-
Issued and paid up	-	-	-	-
Number at December 31	441,369	132,998	574,367	574,367
Nominal value per share (€)	€ 0.01	€ 0.10	€ 0.01 / € 0.10	€ 0.01 / € 0.10
Balance at December 31 (amounts in euros)	**4,414**	**13,299**	**17,713**	**17,713**

With reference to Sections 178c sub 1 / 67 c sub 1 of Book 2 of the Dutch Civil Code, Interfood states that the authorised share capital amounts to 1,000,000 Preference shares with a par value of €0.01 each and 500,000 Ordinary shares with a par value of €0.10 each with a preferred yield of 9%.

[7] Revaluation reserve

This reserve refers to the former revaluations of buildings, which are included in the tangible fixed assets of the Group. The reserve is calculated for the revaluation of €1,605 (2020: €3,147), less the expected tax deferral, which is included as provision in the financial statements of the subsidiaries and less the share in the revaluation which can be attributed to minority shareholders. The calculation of this tax deferral is based on the most recent prevailing rates for company tax in the country to which the revaluation is related.

	2021	2020
Balance at 1 January	2,009	2,312
Revaluations through profit and loss account	(29)	(201)
Releases to other reserves	(496)	-
Change in translation differences	1	(102)
Balance at December 31	**1,485**	**2,009**

The changes in the net revaluation reserve are as follows:

[8] Legal reserve for translation differences on subsidiaries

	2021	2020
Balance at January 1	(2,872)	1,795
Change in translation differences of subsidiaries	4,187	(4,667)
Balance at December 31	**1,315**	**(2,872)**

[9] Other reserves

	Reserve P	Reserve A	Total 2021
Balance at January 1	25,242	116,290	141,532
Share transactions	-	-	-
Other direct changes in equity	4	(4)	-
Interim dividend	-	-	-
Profit appropriation	2,272	20,336	22,608
Dividend to be paid over current year	(2,272)	-	(2,272)
Releases from revaluation reserve	-	496	496
Balance at December 31	**25,246**	**137,118**	**162,364**

	Reserve P	Reserve A	Total 2020
Balance at January 1	25,242	95,679	120,921
Share transactions	-	-	-
Other direct changes in equity	-	(4)	(4)
Interim dividend	-	(4,000)	(4,000)
Profit appropriation	2,272	29,615	31,887
Dividend to be paid over current year	(2,272)	(5,000)	(7,272)
Balance as at December 31	**25,242**	**116,290**	**141,532**

[10] Dividend to be paid

	2021	2020
Balance at January 1	7,272	5,272
Dividend paid	(7,272)	(5,272)
Dividend to be paid over current year	2,272	7,272
Balance at December 31	**2,272**	**7,272**

The dividend to be paid is related to Preference shares for an amount of €2,272 (2020: €2,272) is to be and to Ordinary shares for an amount of €0 (2020: €5,000).

[11] Unappropriated profit

	2021	2020
Balance at January 1	-	-
Profit in financial year	22,608	31,887
Profit appropriation	(22,608)	(31,887)
Balance at December 31	**-**	**-**

The shareholders approved the result for the financial year 2021. €2,272 (2020: €7,272) is to be paid as dividend on the Preference shares, and on Ordinary shares an amount of €0 (2020: €5,000) and transferred to Reserve A (Ordinary Shares) for an amount of €20,336 (2020: €24,615). The financial statements have been adjusted to reflect this approval.

[12] Credit institutions
This refers to a banking current account balance under the facility agreement, also refer to note [18] in the Group financial statements.

[13] Debts to Group companies
An interest rate of 0% (2020: 0%) per annum applies to the average inter-company balances. In respect of repayment and securities provided, no agreements have been made.

[14] Contingent liabilities
The Company is part of the fiscal entity for corporate income tax and value added tax purposes of Interfood Holding B.V.. Based on this, the Company is jointly and severally liable for the Company tax debt of the fiscal entity as a whole.

The Company issued declarations of joint and several liability for debts arising from the legal acts of Dutch consolidated participating interests, which amounted to €10,590 (2020: €10,401).

[15] Personnel expenses
During the financial year, on average 14 employees were employed by Interfood Holding B.V. on a full-time basis (2020: 26). Two employees employed by Interfood Holding B.V. held Board functions. The remainder were all employed in finance functions. No employees were employed outside the Netherlands (2020: 1). The remuneration for members of the Board of Directors in 2021 amounted to €1,174 (2020: €1.167) including pension charges.

[16] Subsequent events

Interim dividend

In February 2022 the Company paid dividends of € 2,272 on Preference shares related to 2021.

Shareholder loan

During 2022, the Company has received a short-term loan from its main shareholder for an amount of €1,943.

Russia/Ukraine conflict

The ongoing conflict between Russia and Ukraine, and the related sanctions on doing business with Belarusian and Russian counterparties, has impacted our European operations. Our sourcing from Ukraine, Russia, and Belarus has been disrupted, as have our deliveries to (mainly) Russia. The impact for the Group as a whole is limited as we have managed to mitigate the risks related to business that was ongoing/contracted before the start of the conflict and have not contracted any new business in Russia or Belarus. We do not contract any new business in Ukraine without introducing upfront safeguards to mitigate associated risks.

At this stage, the negative impact on our business and results remains limited, and our buffers are sufficient to sustain potential losses going forward. We will continue to closely follow the ongoing developments and amend our internal policies regarding doing business in Ukraine, Russia, and Belarus accordingly. As such, we continue to believe that the impact of the Russia/Ukraine conflict will not have a material adverse effect on our financial condition or liquidity.

COVID-19

The COVID-19 outbreak continues in 2022 with a significant number of infections, but with notably less impact on the healthcare systems of (western) countries. Measures taken by various governments to contain the virus continue to affect economic activity, with international travel still being subject to restrictions. We continue to take a number of measures to monitor and prevent the effects of the COVID-19 virus, such as health and safety measures for our employees (including the possibility to work from home), and we stay in close contact with our business partners to ensure the supply chain remains operational.

At this stage, the negative impact on our business and results remains limited, and our buffers are sufficient to sustain potential losses going forward. We will continue to follow the various national institutes' policies and advice and, in parallel, will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our staff. As such, and although uncertain, we continue to believe that the impact of the COVID-19 virus will not have a material adverse effect on our financial condition or liquidity.

Eindhoven, May 10, 2022
Board of Directors of Interfood Holding B.V.

Sgd. F.C.G.M. van Stipdonk   Sgd. J.H.G.J. Cox   Sgd. C.J.J. Sweep

Other information

Statutory rules concerning appropriation of result

In accordance with the amendment to the Articles of Association of 12 July 2017

Article VIII.5

1. The Company acknowledges next to any legal reserve at least a reserve P, to which holders of Preference shares are entitled to, and a reserve A, to which holders of Ordinary shares are entitled.

4. As far as the result as shown in the annual accounts enables, a dividend of 9% on the nominal value as at the end of the financial year of issued preference capital and reserve P will be paid out to the holders of Preference shares. The remainder of the result can be appropriated by the General Meeting of shareholders.

Additional information

About this report

This is Interfood's first Integrated Annual Report. The report looks back on our activities and results alongside our financial, operational, environmental, social and governance (ESG) performance during 2021. This report is intended for various stakeholders including our employees, suppliers, customers, LSPs, governments, institutions, and business partners.

Reporting scope

Interfood's Integrated Annual Report covers the 2021 calendar year and, in future, the report will be published on an annual basis. The report applies to the 13 geographical markets where we maintained offices and active operations until December 31, 2021. Our scope of reporting does not include markets where products were sold where Interfood does not have active operations.

Stakeholders and materiality

All our stakeholders have expectations about how Interfood operates and creates value. We strive to build and maintain strong relationships, because we want our stakeholders to be up-to-date on our business developments, and to ensure we address their interests, needs and concerns. Our priorities are determined based on a materiality assessment that involves all stakeholders. This allows for a broader context than just traditional measures of financial materiality and guides us in the right direction. The materiality assessment and its outcomes are applicable to all entities within the reporting scope. Our approach to stakeholder engagement is illustrated in chapter Stakeholder dialogue.

Reporting guidelines

This report has been prepared in accordance with the GRI Standards: Core option. Moreover, our approach to the value creation model is guided by the framework of the International Integrated Reporting Council (IIRC) and attempts to demonstrate the impact of our business operations and social initiatives in a clear and integrated manner.

Independent assurance

Interfood's stakeholders need to be able to rely on sustainability information to make informed decisions. Reliable information strengthens confidence in the Company and our capabilities to generate long-term value. Considering this is Interfood's first Integrated Annual Report, no external assurance was sought with respect to non-financial information. Interfood believes that its ESG policy and reporting of non-financial information needs to be more mature before seeking independent third-party assurance. The assurance statement for the financial information can be found in the Assurance report of the independent auditor.

Data quality

The report uses qualitative descriptions and, where possible, quantitative metrics to report on Interfood's performance. The information was provided and justified by the staff members responsible for the various topics. The data was checked and consolidated at group level. The reported data was generated with the highest level of reliability possible, but we note that uncertainties are inherent in measuring methods and data collection. In addition, given the complexity of carbon footprint calculations and the lack of available data, calculations are fuelled by estimates. We work with a wide range of partners, each with their own expertise, to maximise the accuracy of these calculations.

Invitation to stakeholders and readers

Interfood is keen to engage in ongoing conversation with stakeholders about our sustainability practices to ensure continuous progress. We invite readers of our Integrated Annual Report who wish to discuss any topics, including the path to a future-proof dairy sector, or who have any questions or suggestions, to contact us at info@interfood.com.

Materiality assessment
The following methodology was followed in performing the materiality assessment.

- **Media and peer analysis**
  The first step entailed identification of sustainability topics relevant to our business. We analysed various public sources (media publications, reports by industry peers, and sustainability reporting guidelines), as well as company documents (such as supplier questionnaires, and transcripts of meetings with stakeholders) and selected all topics with even the slightest relevance. This resulted in an extensive list of sustainability issues relevant to our context.

- **Selection of the relevant topics**
  After consultation with internal stakeholders, this comprehensive list was shortened to 20 topics. It is important to note that topics tend to be interdependent. In other words, topics may link to various themes. For instance, the topic "human rights" is closely related to the theme "Labour practices and human rights", but is also connected to "Sustainable Supply Chain and Procurement" as well as "Business Ethics". We have tried to make the list of themes as specific as possible. Nevertheless, some topics may be addressed in multiple themes and thus in multiple sections of this report.

- **Stakeholder survey**
  Respondents were asked to rate each of the 20 topics on two dimensions:
  - *Stakeholder relevance*: "How important is it for you as our stakeholder that Interfood acts and reports on this topic?"
  - *Business impact*: "To what extent do you believe that Interfood, as a dairy ingredients supplier, has an impact on this topic from an economic, environmental, and social perspective?"

  Additionally, stakeholders were asked to state their top three for each aspect.

  In total, 73 respondents provided input. For each stakeholder group, at least 50% of those invited responded to our request. The stakeholder groups with the highest overall representation were our employees, suppliers, and financial institutions.

- **Double materiality**
  The last step was to make sure our materiality assessment reflects the concept of 'double materiality'. This concept states that materiality must be understood as 1) The degree to which the Company's activities impact people and the environment, and 2) The degree to which the topic impacts the Company's performance, position, and development. To incorporate the second requirement, we organised a validation session with our Board. In this session, we checked whether we felt like the provided score accurately reflects the extent to which the topic impacts our Company. As a result, three themes were moved up in terms of business impact: "Data, Privacy and Cybersecurity", "Sustainable Products and Solutions", and "Talent Management and Skills Development".

Having defined a baseline, the materiality assessment will be repeated on a regular basis to remain well-informed regarding stakeholders' priorities. Future materiality assessments will also incorporate topics associated with our Sustainable Society pillar once it is fully developed as well as further integrate the double materiality principle.

List of material topics

Topic	Definition
Animal Welfare	Safeguarding animal well-being in the dairy supply chain by defining policies and clear expectations with our suppliers and supporting and contributing to the work of the Sustainable Dairy Partnership (SDP).
Biodiversity	Maintaining and enhancing biodiversity in our supply chain by defining policies and clear expectations with our suppliers and supporting and contributing to the work of the Sustainable Dairy Partnership (SDP).
Business Ethics	Ensuring employees live Company values in their own work and according to the Code of Conduct and are vigilant in identifying potential concerns of fair business practices in our operations, including but not limited to, corruption, bribery, conflicts of interest, and anti-competitive practices.
Climate Change	Reducing and minimising energy consumption and greenhouse gas emissions resulting from Interfood's direct operations (scope 1 & 2), as well as mapping and supporting reduction of indirect CO_2 impacts in the supply chain (scope 3).
Deforestation	Minimising and avoiding deforestation in our supply chain by defining policies and clear expectations with our suppliers and supporting and contributing to the work of the Sustainable Dairy Partnership (SDP).
Data, Privacy and Cybersecurity	Recognising our exposure to risks and opportunities associated with our reliance on information technology. Securing Company, customer, and others' data from malicious attack and improper use.
Diversity, Inclusion and Equal Opportunity	Ensuring that all our employees are treated fairly and equally in recruitment, compensation and benefits, and career development. Safeguarding a diverse work environment and promoting equal opportunities.
Labour Practices and Human Rights	Providing our employees with a safe and fair working environment, where their labour and human rights are respected, and they can feel part of the Interfood Team.
Land and Soil Use	Ensuring appropriate land and soil use in our supply chain by defining policies and clear expectations with our suppliers, and supporting and contributing to the work of the Sustainable Dairy Partnership (SDP).
Occupational Health and Safety	Creating a secure, safe, and healthy working environment for our employees, committed to preventing physical and mental harm and promoting workers' health.
Product Quality and Safety	Making sure that the dairy ingredients we supply meet international, our buyers, and our own food safety and quality requirements.
Risk Management	Ensuring business continuity by managing our financial and non-financial risks and mitigating impacts of unforseen events. Risk management allows us to remain a reliable business partner.
Sustainable Solutions	Providing our buyers with solutions to manage sustainable targets (e.g., farm-level CO_2-reduction) and presenting more sustainable product portfolios.
Sustainable Packaging	Our efforts in supplying sustainably packaged products and stimulating our suppliers to minimise packaging and increase the use of sustainable materials.
Sustainable Supply Chain and Procurement	Identifying and recognising the most prominent sustainability risks in our supply chain and implementing procurement policies addressing these topics to stimulate positive environmental and social impacts. Embedding sustainable dairy solutions for our partners to add value in the full supply chain.

Topic	Definition
Talent Management and Skills Development	Facilitating talent and skills development by assisting our employees in career advancement and providing training, education, and support.
Taxation and Economic Contribution	Our contribution to the economic system at local, national, and global level. This includes meeting all requirements of our internal and external stakeholders which, in respect to taxes, can be both 'hard' (being compliant with law and regulations in terms of tax payments and tax fillings) and 'soft' (being compliant with prevailing tax ethics).
Traceability and Transparency	Improving traceability and transparency with regards to the commodities we supply. This includes knowing by who, where, and under which social and environmental conditions products are produced in the entire supply chain.
Waste	Properly managing our (solid) waste, giving priority to waste prevention and minimisation, reuse, and recycling.
Water Consumption	Effective water management and identification of water-related impacts resulting from our operations.

Assurance report of the independent auditor

Independent auditor's report

To: the General Meeting of Shareholders of Interfood Holding B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2021 of Interfood Holding B.V., based in Eindhoven.
In our opinion the accompanying financial statements give a true and fair view of the financial position of Interfood Holding B.V. as at 31 December 2021 and of its result for the year ended on 31 December 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.
The financial statements comprise:

1 the consolidated and company balance sheet as at 31 December 2021;
2 the consolidated and company profit and loss account for the year ended on 31 December 2021;
3 the consolidated cash flow statement for the year ended on 31 December 2021;
4 the consolidated statement of comprehensive income for the year ended on 31 December 2021; and
5 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Interfood Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, 'Audit firms supervision act'), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, 'Code of Ethics for Professional Accountants, a regulation with respect to independence') and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, 'Dutch Code of Ethics').

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern and fraud and non-compliance with laws and regulations should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit response to going concern – no significant going concern risks identified

The Board of Directors has performed its going concern assessment and has not identified any significant going concern risks. In order to corroborate this, we have performed, inter alia, the following procedures:

1 We considered whether the assessment of the going concern risks by the Board of Directors includes all relevant information of which we are aware as a result of our audit.
2 We inspected the financing agreement in terms of conditions that could lead to significant going concern risks, including the term of the agreement and any covenants. This also includes an assessment of whether the available facility is sufficient considering the increased commodity prices.
3 We analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations
In the chapters entitled Business ethics and Risk management in the integrated report, the Board of Directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and assessed the design and implementation of the Company's risk assessment in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of business conduct, whistleblowing policy, and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management and other relevant functions, such as traders, and the compliance and quality departments. As part of our audit procedures, we:

1 Assessed other positions held by members of the Board of Directors and paid special attention to procedures and governance in view of possible conflicts of interest;
2 Evaluated investigations of indications of possible non-conformities in the sustainable value chain.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company, and identified the following areas as those most likely to have a material effect on the financial statements:

1 Bribery and corruption and anti-money laundering laws and legislation.
2 Export control, sanction and anti-competition regulations.
3 Food safety and product quality regulations.
4 Employment and data privacy laws.

Together with our forensics specialists, we evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)
Risk:
Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:
We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries.

We performed a data analysis of high-risk journal entries, amongst others, related to unexpected revenue journal entry combinations. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Revenue recognition (a presumed risk)
Risk:
The operations of Interfood can be characterised as a high volume, low margin business, resulting in a relatively high number of revenue transactions. We identified a fraud risk in relation to the overstatement of revenues to meet forecasted amounts, which we consider mainly applicable in the cut-off period.

Responses:
In addition to the procedures already mentioned above, we performed substantive audit procedures on the revenues of the Company, amongst others:
1 Via data analytics procedures we performed a goods movement analysis in quantities and values, in which we reconciled the opening and closing inventories to the quantities counted and the inventory subledger, and in which we reconciled the sales revenues to the three-way match testing we performed on the revenues. We performed a test of details on the exceptions identified in this analysis.
2 Via data analytics procedures we further performed a three-way match on all revenues in which we reconciled the sales transaction with the order, invoice, and the goods delivery. We performed a test of details on the exceptions identified in this analysis.
3 We performed specific procedures on recognising transactions during the cut-off period in the correct financial year, amongst others by testing transactions back to source information.
4 We performed specific procedures on credit notes issued in 2022, amongst others by testing transactions back to source information.

We incorporated elements of unpredictability in our audit, including the data analytics procedures as mentioned in procedure 1.

Bribery and corruption risk
Risk:
Interfood conducts business in high-risk countries and makes use of agents, resulting in a bribery and corruption risk.

Responses:
Together with our forensic specialists we performed the following procedures:
1 We evaluated Interfood policies and procedures in relation to working with agents.
2 We performed specific procedures on commissions and payments to agents, amongst others, by testing transactions back to source information.
3 We used our bank transactions analysis tool providing insights in payments to, or from, high-risk countries and payments to, or from, counterparties that are not the contract parties of Interfood.

We incorporated elements of unpredictability in our audit, including the use of the bank transaction analysis tool as mentioned in procedure 3.

We communicated our risk assessment, audit responses, and results to management. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Report on the other information included in the annual report
In addition to the financial statements and our auditor's report thereon, the integrated report contains other information.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the report of the Board of Directors and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the report of the Board of Directors, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the Group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for Group entities. Decisive were the size and/or the risk profile of the Group entities. On this basis, we selected Group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Eindhoven, 10 May 2022
KPMG Accountants N.V.
M.H.C.J. Regouw RA

Value creation process

Our value creation model adheres to the principles of the International <IR> Framework. It explains how Interfood steers on strategic priorities and uses input capitals to create value for its stakeholders through outputs, outcomes, and impact.

In- and output key capitals

Interfood relies on resources — human, intellectual, financial, natural, and social and relationships capitals — that bring the greatest value for our business model, influence the performance of our core activities and short-term value creation.

- **Human capital**
  Our people are the most important aspect of our business and the key asset for the execution of our customer-focused strategy and our service delivery. Everything we do is based on the expertise, knowledge, motivation, and conduct of our employees. In return we help our people to grow, while providing fair compensation, training, and a healthy, young, and dynamic work environment.

- **Intellectual capital**
  Developed over the course of more than 50 years, the organisational data-driven knowledge and experience of Interfood is one of our greatest assets. We develop innovative solutions and functionalities in food applications, processes, and products that makes us a qualified partner for our clients and suppliers.

- **Financial capital**
  Our aim is to ensure a solid financial basis, to limit financial risks, and to operate and grow our business. Our stakeholders benefit from the generated review and paid taxes. In addition, our success enables us to maintain good relationships with the banks and to offer our business relations a full package of financial services.

- **Natural capital**
  We use energy to run our operations. We attach immense value to reducing our environmental impact and are currently looking at ways to minimise the carbon footprint of our own operations. These include carbon offsets, solar panels, and waste streams optimisation.

- **Social and relationship capital**
  Our ability to bring customers, suppliers, and logistic partners together are crucial to our licence to operate and our reputation. We strive to build strong relationships with industry associations and non-profit organisations, and to accelerate the transition to a more future-proof global food sector with increasing positive and direct impact on local societies.

Our business model

Interfood serves as the essential link between global dairy industry customers, suppliers, and financial institutions by continuously responding to the needs of our value chain and managing market risks. Our ambition is to become a leader in sustainable dairy commodities by delivering a wide portfolio of high-quality dairy products and value propositions.

Resource allocation, based on the identified input capitals, plays an essential role in our strategic decision-making and execution. This helps us optimise and further develop our core business activities to generate the outputs.

Outcome

Our business activities, continuous interaction, and transformation between the capitals form outcomes that affect Interfood's ability to create value for our stakeholders and the environment in the medium and long-term. The outcomes are directly linked to our five sustainability strategic pillars, and illustrate the result of our continued efforts to mature and develop our organisation as a responsible value chain partner, and an employer that contributes to a sustainable society.

Impact on Sustainable Development Goals

The impact of our strategic ambitions, as shown in the Value Creation Model, is translated into Sustainable Development Goals set by the United Nations.

We identified SDGs 8, 12, 13 and 17 as the goals where Interfood can create the most impact. We will continue to focus on making progress in these areas across the Company. Please read about our contribution to the UN Sustainable Development Goals on pages 39 and 40.

Definitions

Abbreviation	Definition
UN	United Nations.
SDGs	Sustainable Development Goals.
GRI	Global Reporting Initiative. Global organisation that issues guidelines for CSR reporting.
IR	Integrated reporting.
KYC	Know Your Customer. Guidelines that require professionals to make an effort to verify the identity, suitability, and risks involved with maintaining a business relationship.
KYS	Know Your Supplier. Guidelines that require professionals to assess suppliers on key risk and compliance parameters, and enable suppliers to stay relevant to their client's business needs.
CoC	Code of Conduct.
KPI	Key Performance Indicator.
SDR	Supplier Data Request.
NC	Non-conformity.
LSP	Logistics Service Provider.
GHG	Greenhouse Gas.
LCA	Life Cycle Assessment.
IDF	International Dairy Federation.
CO_2	Carbon dioxide.
SCoC	Supplier Code of Conduct.
SDP	Sustainable Dairy Partnership.
Opex	Operational Expenditures. Ongoing costs for running a product, business, or system.
Capex	Capital Expenditures. Purchases of property and equipment and intangible assets excluding licences, goodwill, and right-of-use assets.
ESG	Environmental, Social and Governance.
IIRC	International Integrated Reporting Council. Global organisation that issues guidelines for CSR reporting.
R&D	Research and Development.
EMEA	Europe, Middle East, and Africa. One of the three hubs in which Interfood operates.
APAC	Asia-Pacific. One of the three hubs in which Interfood operates.
Americas	North and South America. One of the three hubs in which Interfood operates.
FTE	Full-time equivalent. Equivalent of the number of employees with a full working week.
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. A measure of a company's profitability of the operating business only, thus before any effects of indebtedness, state-mandated payments, and costs.
LTIP	Long-term incentive plan.
FIFO	First in, first out. A method of accounting which assumes that the oldest stock is sold first.
OTC	Over-the-counter. Meaning derivatives sold/bought between two parties outside an exchange.
GFSI	Global Food Safety Initiative.
NGO	Non-governmental organisation.
SAI	Sustainable Agriculture Initiative.
DSF	Dairy Sustainability Framework.
CSR	Corporate Social Responsibility.
PTO	Paid Time Off.
EF	Emission Factors.
MT	Metric Tonnes. A metric unit of mass, one metric tonne is equal to 1,000 kilograms.
D&I	Diversity and Inclusion.
OHS	Occupational Health and Safety.

Carbon sequestration
Carbon sequestration is the process of storing carbon in a carbon "pool". CO_2 is naturally captured from the atmosphere through biological, chemical, and physical processes, but these processes can be accelerated through e.g., changes in land use and agricultural practices. Artificial processes have also been devised to accelerate carbon storage, including the large-scale capture of industrially produced CO_2 using underground reservoirs such as old gas fields.

CO_2
Carbon dioxide. This is mainly released during the burning of fossil fuels, such as natural gas and coal, and contributes to the greenhouse effect.

CSR
Corporate Social Responsibility. A concept whereby businesses take responsibility for the impact of their activities.

ESG
Environmental, Social and Corporate Governance. An evaluation of a firm's collective conscientiousness for social and environmental factors. The concept is often used from an investment perspective, where it is defined as the consideration of environmental, social, and governance factors alongside financial factors in the investment decision-making process.

Eutrophication
Eutrophication is the process by which a body of water becomes progressively enriched with minerals and nutrients, where these excess nutrients cause an increase in algal and aquatic plant growth. This excess growth of aquatic plants leads to stronger competition for sunlight, space, and oxygen, which can cause potential disruption to entire ecosystems and food webs, as well as a loss of habitat and biodiversity.

GHG
Greenhouse Gas. The most important GHGs covered by the Kyoto Protocol are carbon dioxide (CO_2), methane (NH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).

GHG Protocol
Greenhouse Gas Protocol. A global accounting and reporting standard that establishes comprehensive global standardised frameworks to measure and manage greenhouse gas emissions from private and public sector operations, value chains, and mitigation actions.

Gold Standard
This standard enables initiatives to quantify, certify and maximise their impacts toward the Paris Agreement and the Sustainable Development Goals, with enhanced safeguards, holistic project design, management of trade-offs and local stakeholder engagement ensuring the highest levels of environmental and social integrity.

Grey electricity/energy
Electricity or energy produced from non-renewable resources, mainly fossil fuels. The opposite is green or renewable energy.

Insetting
Insetting refers to a company offsetting its emissions through a carbon offset project within its own value chain. In contrast to a typical carbon offset project, emissions are avoided, reduced, or sequestered upstream or downstream within the company's own value chain.

IR
Integrated reporting. Concise communication about how an organisation's strategy, governance, performance, and prospects lead to value creation over the short, medium, and long term.

LCA
Life Cycle Assessment. An acknowledged methodology for assessing environmental impacts associated with all the stages of the life cycle of a commercial product, process, or service. The LCA method systematically analyses systems to account for all inputs and outputs. It can include stages such as material production, manufacture, distribution, use and end of life, depending on the specified system boundaries.

Materiality
A concept that is used within auditing and accounting relating to the importance or significance of an amount, transaction, or subject. Materiality is a concept that defines why and how certain issues are important. A material topic can have a major impact on the financial, reputational, and/or legal aspects of a company and their internal and external stakeholders.

Non-conformity
A non-conformity (NC) is a product or process related concern expressed by supply chain partners when products deviate from a specification, standard, or requirement.

Offsetting
A carbon offset is a reduction or removal of emissions of carbon dioxide or other greenhouse gases made to compensate for emissions made elsewhere.

Plant-based dairy
Plant milk is used as an alternative for cows' or goats' milk for consumers who want to avoid consumption of animal products. Examples include soy milk, almond milk, coconut milk, and oat milk.

Stakeholders
Stakeholders are individuals and groups that have any form of interest in Interfood. These include employees, shareholders, customers, suppliers, and public authorities.

Sustainability
A broad policy concept that knows many definitions. In 1987, the United Nations Brundtland Commission defined sustainability as *"meeting the needs of the present without compromising the ability of future generations to meet their own needs"*.

Sustainability data performance

EMEA: Netherlands, Poland, Russia, Algeria, Senegal
APAC: United Arab Emirates, China, Singapore, Australia
Americas : United States of America, Mexico, Brazil, Uruguay
No data available for the following countries: Algeria and Senegal.

Topic	Indicator	2021	2020
Susainable value chain			
Sustainable supply chain and procurement			
	New suppliers that were screened using environmental criteria (%)	100%	n/a
	Producers	100%	n/a
	Transporters	100%	n/a
	Warehouses	100%	n/a
	Other (commissioners, brokers etc.)	n/a	n/a
	New suppliers that were screened using social criteria (%)	0%	n/a
	Producers	0%	n/a
	Transporters	0%	n/a
	Warehouses	0%	n/a
	Other (commissioners, brokers etc.)	0%	n/a
	Average supplier score (%)	84%	n/a
	Producers	83%	n/a
	Transporters	85%	n/a
	Warehouses	81%	n/a
	Other (commissioners, brokers etc.)	88%	n/a
	Proportion of total spend and volume from audited and compliant suppliers (%)*	97%	n/a
	Producers	98%	n/a
	Transporters	95%	n/a
	Warehouses	97%	n/a
	Other (commissioners, brokers etc.)	n/a	n/a
Product quality and safety			
	Number of non-conformities reports concerning health and safety impacts of products and services, per supply chain partner category	1,655	n/a
	Producers	1,598	n/a
	Transporters	41	n/a
	Warehouses	16	n/a
	Other (commissioners, brokers etc.)	0	n/a
	Number of non-conformities reports concerning health and safety impacts of products and services, per incident category	24	n/a
	Safety, security or fraud issue	7	n/a
	Spill / environment	14	n/a
	Recall / crisis / EWS	3	n/a
	Potential food safety risk incidents	8	n/a
	Incidents of non-compliance concerning health and safety impacts of products and services	0	n/a

Topic	Indicator	2021	2020
Traceability and transparency			
	Proportion of all products/product categories traceable to first tier (%)**	100%	n/a
	Producers	100%	n/a
	Transporters	100%	n/a
	Warehouses	100%	n/a
	Other (commissioners, brokers etc.)	100%	n/a
Sustainable employer			
Diversity, inclusion and equal opportunity			
	Total number of employees *** per region	350	n/a
	EMEA	242	n/a
	Americas	56	n/a
	APAC	52	n/a
	Total number of employees *** per contract type	344	n/a
	Permanent	295	n/a
	Temporary	49	n/a
	Total number of workers who are not employees	6	n/a
	Total number of employees *** per employment type	344	n/a
	Full-time	279	n/a
	Part-time	65	n/a
	Female governance body members (%)	35%	n/a
	Proportion of governance body members per age group (%)	100%	n/a
	< 30	0%	n/a
	30 – 50	81%	n/a
	> 50	19%	n/a
	Female employees (%)	57%	n/a
	EMEA	57%	n/a
	Americas	52%	n/a
	APAC	56%	n/a
	Proportion of employees per age group (%)	100%	n/a
	< 30	25%	n/a
	30 – 50	66%	n/a
	> 50	9%	n/a
	Proportion of employees per employee category (%)	100%	n/a
	Senior management (governance body members)	8%	n/a
	Traders	20%	n/a
	Other employees	72%	n/a
	Average age	36	n/a
	Number of nationalities	28	n/a
Labour practices and human rights			
	Ratio of entry level wage compared to local minimum wage****	353%	n/a
	Male	405%	n/a
	Female	191%	n/a
	Proportion of senior management hired from the local community (%)	82%	n/a
	EMEA	100%	n/a
	Americas	67%	n/a
	APAC	33%	n/a
	Proportion of entitled employees that took parental leave (%)	34%	n/a

Topic	Indicator	2021	2020
	Male	33%	n/a
	Female	36%	n/a
	Proportion of employees covered by collective bargaining agreements (%)	9%	n/a
Talent management and skills development			
	Proportion of employees receiving regular performance and career development reviews (%)	83%	n/a
	EMEA	76%	n/a
	Americas	100%	n/a
	APAC	100%	n/a
	Employee turnover (%)	13%	n/a
	EMEA	9%	n/a
	Americas	14%	n/a
	APAC	15%	n/a
	New employee hires (%)	27%	n/a
	EMEA	11%	n/a
	Americas	43%	n/a
	APAC	27%	n/a
Occupational health & safety			
	Sick leave rate	0.86	n/a
	EMEA	1.19	n/a
	Americas	n/a	n/a
	APAC	0.53	n/a
Sustainable operations			
Business ethics			
	Proportion of employees that have received training on anti-corruption (%)	100%	n/a
	Governance body members*****	100%	n/a
	Employees	100%	n/a
	Number of identified potential cases of	3	n/a
	Corruption	0	n/a
	Of which confirmed	0	n/a
	Bribery	0	n/a
	Of which confirmed	0	n/a
	Money laundering	3	n/a
	Of which confirmed	0	n/a
Data, privacy and cybersecurity			
	Number of substantiated complaints received concerning breaches of customer privacy	0	n/a
	Complaints received by outside parties	0	n/a
	Complaints received by regulatory bodies	0	n/a
	Number of identified leaks, thefts, or losses of customer data	0	n/a
Climate change			
	Electricity consumption within the organisation (MWh)	1,138	1,096
	Non-renewable electricity consumption (MWh)	1,006	1,064
	Renewable electricity consumption (MWh)	20	20
	District heating consumption (MWh)	112	12
	Natural gas consumption (Nm^3)	16,490	16,534
	Fuel consumption within the organisation (L)	133,517	224,015

Topic	Indicator	2021	2020
	Diesel consumption (L)	45,500	100,399
	Petrol consumption (L)	88,017	123,616
	Total CO_2 emissions (in tCO_2e)	1,082	1,440
	Scope 1 emissions (in tCO_2e)	352	590
	Natural gas	33	29
	Company cars	319	561
	Scope 2 emissions (in tCO_2e)	473	510
	District heating	19	2
	Electricity	454	508
	Scope 3 – related to our people (in tCO_2e)	256	339
	Business flights	256	339

* Refers to paper-based audits in supplier approval process. Suppliers not audited and compliant are from USA, Australia and New Zealand due to a different audit system.
** Based on traceability tests in 2021.
*** Headcount as per December 31, 2021.
**** No statutory minimum wages in UAE, China and Singapore.
***** Governance body members - Board of Directors and/or Hub management team and/or office management team.

GRI content index

This report has been prepared in accordance with the GRI Standards: Core option.

GRI Reference		Description	Disclosure annual report	Page nr	Comment / reason for omission
General disclosures					
GRI 102: General Disclosures 2016	**Organisational profile**				
	102-1	Name of the organisation	Governance - Corporate Governance	65	
	102-2	Activities, brands, products, and services	Introduction - Business model	20	
	102-3	Location of headquarters	Introduction - 2021 at a glance	14	
	102-4	Location of operations	Introduction - 2021 at a glance	14	
	102-5	Ownership and legal form	Governance - Corporate Governance	65	
	102-6	Markets served	Introduction - Business model	20	
	102-7	Scale of the organisation	Introduction - 2021 at a glance	14	
	102-8	Information on employees and other workers	Sustainable employer - Representing our global footprint Sustainability data performance	51 137	
	102-9	Supply chain	Introduction - Business model	20	
	102-10	Significant changes to the organisation and its supply chain	Not applicable	-	Not applicable: this is the first annual report.
	102-11	Precautionary Principle or approach	Governance - Risk management	67	
	102-12	External initiatives	Sustainable Dairy Partnership (case study) Stakeholder dialogue - Contributing to sustainable society	34 36	
	102-13	Membership of associations	Sustainable Dairy Partnership (case study) Stakeholder dialogue - Contributing to sustainable society	34 36	
	Strategy				
	102-14	Statement from senior decision-maker	Introduction - CEO's message	9	
	Ethics and integrity				
	102-16	Values, principles, standards, and norms of behaviour	Introduction - Purpose, values, vision, mission	18	
	Governance				
	102-18	Governance structure	Governance - Corporate governance	65	
	Stakeholder engagement				
	102-40	List of stakeholder groups	How we create value - Stakeholder dialogue	35	
	102-41	Collective bargaining agreements	Additional information - Sustainability performance data	137	
	102-42	Identifying and selecting stakeholders	How we create value - Stakeholder dialogue	35	
	102-43	Approach to stakeholder engagement	How we create value - Stakeholder dialogue	35	
	102-44	Key topics and concerns raised	How we create value - Stakeholder dialogue	35	
	Reporting practice				
	102-45	Entities included in the consolidated financial statements	Additional information - About this report	123	
	102-46	Defining report content and topic Boundaries	Stakeholder dialogue Additional information - About this report	35 123	
	102-47	List of material topics	Additional information - About this report	123	
	102-48	Restatements of information	Not applicable	-	Not applicable: this is the first annual report.
	102-49	Changes in reporting	Not applicable	-	Not applicable: this is the first annual report.
	102-50	Reporting period	Additional information - About this report	123	
	102-51	Date of most recent report	Not applicable	-	Not applicable: this is the first annual report.
	102-52	Reporting cycle	Additional information - About this report	123	
	102-53	Contact point for questions regarding the report	Additional information - About this report	123	
	102-54	Claims of reporting in accordance with the GRI Standards	Additional information - About this report	123	
	102-55	GRI content index	Additional information - GRI Content Index	141	
	102-56	External assurance	Additional information - About this report Additional information - Assurance report of the independent auditor	123 127	

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Topic-specific disclosures					
Risk Management					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Governance - Risk management	67	
	103-2	The management approach and its components	Governance - Risk management	67	
	103-3	Evaluation of the management approach	Governance - Risk management	67	
Sustainable solutions					
Sustainable Solutions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable solutions - Contributing to sustainable dairy	45	
	103-2	The management approach and its components	Sustainable solutions - Contributing to sustainable dairy	45	
	103-3	Evaluation of the management approach	Sustainable solutions - Contributing to sustainable dairy	45	
Sustainable value chain					
Sustainable Supply Chain and Procurement					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable value chain - Safeguarding sustainable business practices in the supply chain	47	
	103-2	The management approach and its components	Sustainable value chain - Safeguarding sustainable business practices in the supply chain	47	
	103-3	Evaluation of the management approach	Sustainable value chain - Safeguarding sustainable business practices in the supply chain	47	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainable value chain - Safeguarding sustainable business practices in the supply chain Additional information - Sustainability performance data	47 137	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Sustainable value chain - Safeguarding sustainable business practices in the supply chain Additional information - Sustainability performance data	47 137	
Own indicator	IF-3	Average supplier score	Sustainable value chain - Safeguarding sustainable business practices in the supply chain Additional information - Sustainability performance data	47 137	
Own indicator	IF-2	Proportion of total spend and volume sourced from audited and compliant suppliers	Sustainable value chain - Safeguarding sustainable business practices in the supply chain Additional information - Sustainability performance data	47 137	
Traceability and Transparency					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable value chain - Traceability and transparency	48	
	103-2	The management approach and its components	Sustainable value chain - Traceability and transparency	48	
	103-3	Evaluation of the management approach	Sustainable value chain - Traceability and transparency	48	
Own indicator	IF-1	% of all products/product categories traceable to first tier (supplier-level)	Sustainable value chain - Traceability and transparency Additional information - Sustainability performance data	48 137	

GRI Reference		Description	Disclosure annual report	Page nr	Comment / reason for omission
Product quality and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable value chain - Product quality and safety	48	
	103-2	The management approach and its components	Sustainable value chain - Product quality and safety	48	
	103-3	Evaluation of the management approach	Sustainable value chain - Product quality and safety	48	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Not applicable		Interfood facilitates the distribution of dairy products and does not have direct impact on product quality in the production process. However, to enable safe products of high quality, Interfood focuses on tracebility and transparency of the products by proactively assessing and mitigating health and safety risks in the supply chain.
	416-2	Incidents of non-compliance concerning health and safety impacts of products and services	Sustainable value chain - Product quality and safety Additional information - Sustainability performance data	48 137	
Own indicator	IF-4	Non-conformities reports concerning health and safety impacts per sustainability-related incident category	Sustainable value chain - Product quality and safety Additional information - Sustainability performance data	48 137	
Own indicator	IF-5	Non-conformities reports concerning health and safety impacts per supply chain partner category	Sustainable value chain - Product quality and safety Additional information - Sustainability performance data	48 137	
Own indicator	IF-9	Number of potential food safety incidents	Sustainable value chain - Product quality and safety Additional information - Sustainability performance data	48 137	
Sustainable employer					
Labour Practises and Human Rights					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable employer - Employee wellbeing	51	
	103-2	The management approach and its components	Sustainable employer - Employee wellbeing	51	
	103-3	Evaluation of the management approach	Sustainable employer - Employee wellbeing	51	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Additional information - Sustainability performance data	137	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not applicable	-	There is no difference in benefits between temporary and permanent employees.
	401-3	Parental leave	Additional information - Sustainability performance data	137	
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable employer - Representing our global footprint	51	
	103-2	The management approach and its components	Sustainable employer - Representing our global footprint	51	
	103-3	Evaluation of the management approach	Sustainable employer - Representing our global footprint	51	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Additional information - Sustainability performance data	137	
	202-2	Proportion of senior management hired from the local community	Additional information - Sustainability performance data	137	
GRI 405: Divesity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Sustainable employer - Representing our global footprint Additional information - Sustainability performance data	51 137	
Own indicator	IF-6	Number of nationalities	Sustainable employer - Representing our global footprint Additional information - Sustainability performance data	51 137	
Own indicator	IF-7	Average age	Sustainable employer - Representing our global footprint Additional information - Sustainability performance data	51 137	

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Talent Management and Skills Development					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable employer - Talent management and skills development	52	
	103-2	The management approach and its components	Sustainable employer - Talent management and skills development	52	
	103-3	Evaluation of the management approach	Sustainable employer - Talent management and skills development	52	
GRI 404: Training and Education 2016	404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainable employer - Talent management and skills development	52	
	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainable employer - Talent management and skills development Additional information - Sustainability performance data	52 137	
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable employer - Health and well-being	52	
	103-2	The management approach and its components	Sustainable employer - Health and well-being	52	
	103-3	Evaluation of the management approach	Sustainable employer - Health and well-being	52	
Own indicator	IF-8	Employee sick leave rate	Sustainable employer - Health and well-being Additional information - Sustainability performance data	52 137	
Sustainable operations					
Business Ethics					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable operations - Business ethics	53	
	103-2	The management approach and its components	Sustainable operations - Business ethics	53	
	103-3	Evaluation of the management approach	Sustainable operations - Business ethics	53	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Sustainable operations - Business ethics	53	Our approach towards responsible business practices including corruption risks in all operations is evaluated by our Executive Board twice a year.
	205-2	Communication and training about anti-corruption policies and procedures	Sustainable operations - Business ethics Additional information - Sustainability performance data	53 137	
	205-3	Confirmed incidents of corruption and actions taken	Sustainable operations - Business ethics Additional information - Sustainability performance data	53 137	
Data, Privacy and Cybersecurity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable operations - Data, Privacy and Cybersecurity	53	
	103-2	The management approach and its components	Sustainable operations - Data, Privacy and Cybersecurity	53	
	103-3	Evaluation of the management approach	Sustainable operations - Data, Privacy and Cybersecurity	53	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable operations - Data, Privacy and Cybersecurity Additional information - Sustainability performance data	53 137	
Economic contribution and tax					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable operations - Economic contribution and tax	53	
	103-2	The management approach and its components	Sustainable operations - Economic contribution and tax	53	
	103-3	Evaluation of the management approach	Sustainable operations - Economic contribution and tax	53	

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Climate Change					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainable solutions - Contributing to sustainable dairy Sustainable value chain - Decarbonisation of up- and downstream supply chain Sustainable operations - Reducing our direct environmental footprint	45 49 54	
	103-2	The management approach and its components	Sustainable solutions - Contributing to sustainable dairy Sustainable value chain - Decarbonisation of up- and downstream supply chain Sustainable operations - Reducing our direct environmental footprint	45 49 54	
	103-3	Evaluation of the management approach	Sustainable solutions - Contributing to sustainable dairy Sustainable value chain - Decarbonisation of up- and downstream supply chain Sustainable operations - Reducing our direct environmental footprint	45 49 54	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Additional information - Sustainability performance data	137	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Sustainable operations - Reducing our direct environmental footprint Additional information - Sustainability performance data	54 137	
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainable operations - Reducing our direct environmental footprint Additional information - Sustainability performance data	54 137	
	305-3	Other indirect (Scope 3) GHG emissions	Sustainable operations - Reducing our direct environmental footprint Additional information - Sustainability performance data	54 137	Our Scope 3 GHG emissions are limited to Business travel at the moment.