



Integrated Report 2022

Together for better

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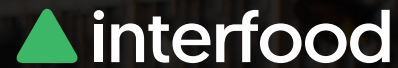
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Introduction



Interfood has been at the heart of the global dairy value chain connecting supply and demand for over 50 years, with our team of more than 300 colleagues dedicated to providing a portfolio of products that combine the optimum location and quality with the lowest environmental impact, contributing to a successful and sustainable sector.

Our corporate and sustainability strategies—and our purpose, ‘Together for better’—guide our role in a value chain that allows the world to enjoy food responsibly.

“In 2022, amidst extraordinary challenges such as global conflict, the pandemic, CO₂ emissions, and political instability, we made remarkable progress. Our team, committed to ‘Together for better’, stayed steadfast. Focused on our strategic pillars, we shaped our Company’s future, as reflected in our year-end figures. The relentless energy and commitment of our team and partners made this journey possible. Together, we’re building a sustainable future. To all stakeholders - our personnel, customers, suppliers, financiers, and other partners - thank you”

Frank van Stipdonk
Chief Executive Officer



Dear stakeholders,

I am both delighted and proud to introduce Interfood's Integrated Report for 2022, although it reflects on a year in which the world faced serious and mounting global challenges. While some regions were still battling against the pandemic and its aftermath others suffered under immense geopolitical uncertainty and pressure, causing supply disruptions and volatile prices.

On the topic of ongoing global issues, including the situation in Ukraine, our primary concern remains the well-being of affected populations. We hope for peace and stability in all regions. At the same time humanity's collective burden on the planet and its precious resources urgently demand a transformation in historic business models to achieve a standard of value creation in harmony with the natural world for our benefit and that of future generations.

Amid these enormous challenges, I am proud to report that Interfood has remained on course and continued to live its purpose as a business, 'Together for better', enabling responsible dairy consumption and enriching the lives of many. We are thrilled to share our strong results for the year, both on a non-financial and financial level.

Our performance

I would like to highlight how we are embedding sustainability into our DNA and positioning Interfood as a responsible leader among our business partners. To continuously raise the bar for ourselves, we dedicated 2022 to defining relevant and ambitious targets in line with our sustainability strategy. To substantiate our commitment to these ambitions, we converted our existing loan to a Sustainability Linked Loan meaning that our progress on three sustainability KPIs will have financial implications.

Our dedicated team has done an excellent job developing our [sustainability value proposition](#), facilitating customers and suppliers with the knowledge and network to work on their sustainability targets.

These developments represent real progress in tune with our vision of a responsible dairy industry, and we continue to step up and take an active role in working towards a more sustainable future.

Our HR organisation has grown from two into a professional network of global experts able to achieve a uniform performance cycle around the world, integrating our values—teamwork, commitment, continuous improvement, professionalism, and responsible leadership—and investing in our people. In line with our desire to be a data-driven organisation, we have also initiated a partnership with an external security specialist, increasing our progress towards an even more secure global digital environment.

We also continued to invest in our intellectual capital and business operation systems, allowing our team to excel through operational excellence. This year's extraordinary price volatility has brought our first-class risk management solutions into even sharper focus, and we have further refined our risk management capabilities accordingly.

Our Group net income reached a record €34.0 million in 2022. This has been fuelled by significant progress on our main strategic objectives, some which I have just highlighted, and marked some major achievements including the launch of Kalla, our own Interfood whole milk powder brand sourced exclusively from sustainable suppliers, building on five values: product safety and quality, greenhouse gas emissions, animal care, biodiversity, and soil. It is our ambition to extend [Kalla](#) to include other products in the years to come.

I find that our Interfood team is world-class, and we would not have been able to realise all of these achievements in 2022 without them.

A bright future ahead

After a successful 2022, we are looking forward to 2023. While dairy prices are expected to remain volatile, we will continue to provide our business partners with optimal solutions to manage these uncertainties. We will continue to invest in operational excellence, allowing continuous provision of services for our clients. Our role in a sustainable food industry will grow through the expansion of our Kalla brand, as well as working towards our newly defined KPIs. There are a multitude of exciting initiatives on the horizon, including an ambition to validate our commitments with certifications and external endorsements.

We will also keep a watchful eye on dairy alternative solutions, and closely monitor the construction of the [state-of-the-art cheese and whey factory in Estonia](#) in which we are investing. With the easing of COVID-19 restrictions, I was thrilled that I could get most of our colleagues together for our regional team events, but saddened that our team in China was unable to participate. In 2023, I hope to welcome them all to our necessarily delayed, but no less momentous, 50th anniversary celebrations.

In closing

On reflection, it was a very challenging—but ultimately successful—2022 for Interfood. We only continued to thrive thanks to our close collaboration and long-term ties with business partners, and by constantly developing our skills to provide the best solutions, services, and insights, striving for better, every single day. But our goals go well 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.

I am honoured to present this in-depth report of what the Interfood team has achieved this year together with all our stakeholders. Enjoy reading and, 'Together for better'.

Frank van Stipdonk, CEO

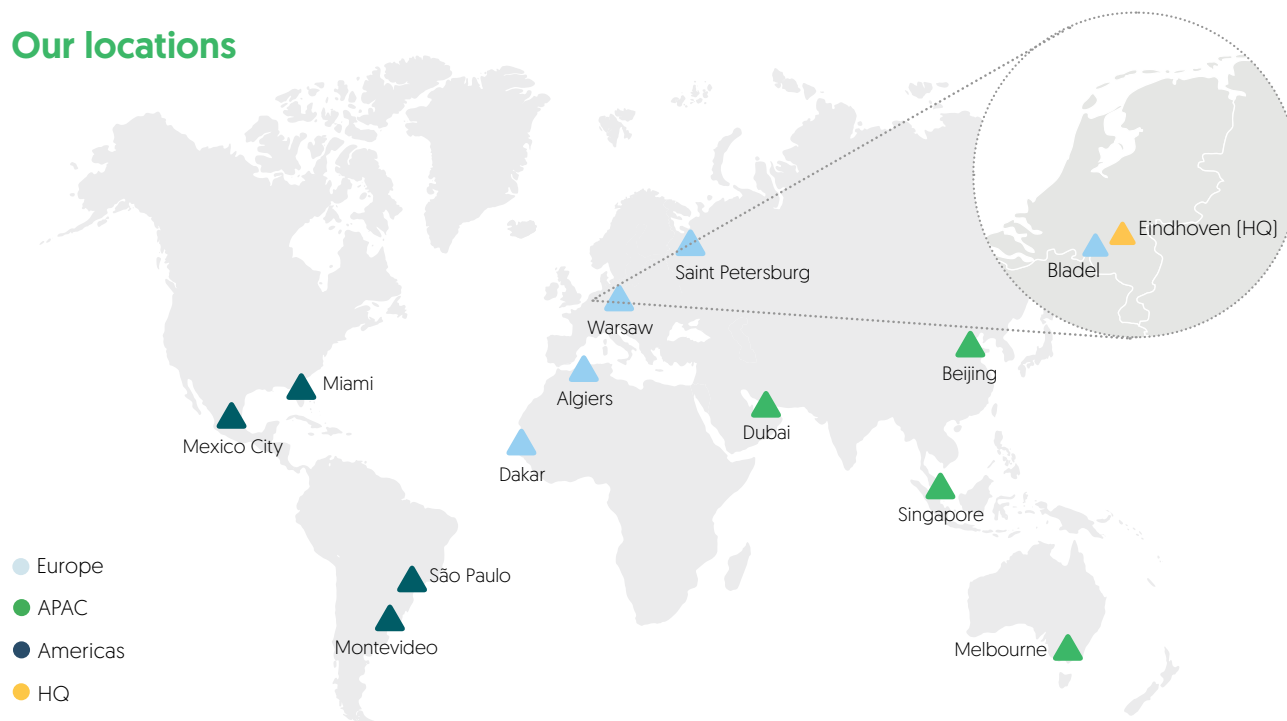
2022 at a glance

We thrive on collaboration, constantly supporting each other to improve daily. This philosophy lies at the core of our operations and is deeply ingrained in our DNA. It shapes our way of life and influences the lives of our people. Our people-centric approach is one of the most crucial elements 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.

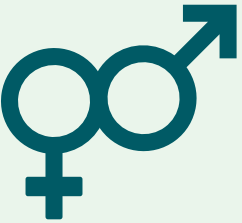
We work to the same standards globally, focusing on providing our services to customers in the best way possible.

Our locations



Key metrics


48%/52%
Male/Female ratio



30 ^{+7%} ▲
Nationalities employed




36 ^{+/-0%} ▶
Average age




58% ^{+61%} ▲
Suppliers that were screened on environmental/social criteria



1,119 ^{+35%} ▲
Scope 1, 2 and 3 business flights (tCO₂e)




97% ^{+/-0%} ▶
suppliers compliant with Supplier Data Request (SDR)

CO₂ neutral
using Gold Standard CO₂ compensation certificates



2.89% ^{+236%*} ▲
Employee sick leave
*Increase explained by change in KPI definition and methodology

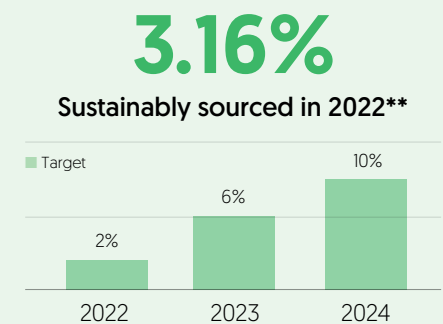
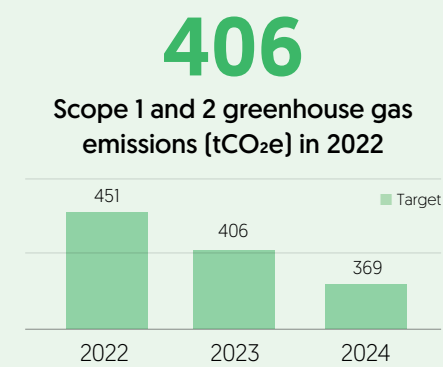
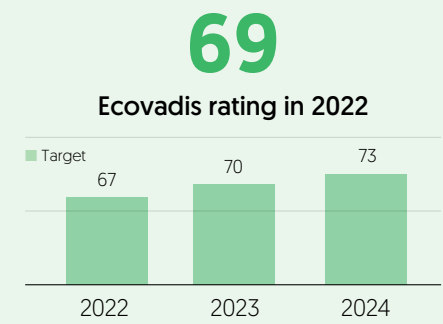
88% ^{+6%} ▲
Employees receiving regular performance and development reviews



96% ^{+96%} ▲
of employees that have received training on anti-corruption

1.50% ^{-150%} ▲
of prior year net income spent on sustainable society

Sustainability linked loan (SLL) KPIs



All targets have been agreed on with the sustainability coordinators of our sustainability linked loan.

**Sustainable sourcing refers to the % of volume sourced from suppliers with a Sustainable Dairy Partnership (SDP) materiality assessment in place.

Key metrics

202,729 ^{+20.9%} ▲
 Total equity
 (in € thousands)

34,002 ^{+49.5%} ▲
 Net income
 (in € thousands)

251,818 ^{+14.8%} ▲
 Total external debt (in € thousands)

1,171,681 ^{+16.3%} ▲
 Metric Tonnes sold

23.6% ^{-/-11.9%} ▼
 Solvency

On average
306 ^{-/-0.3%} ▲
 FTE were employed

3,610,246 ^{+61.5%} ▲
 Total revenues (in € thousands)

112
 No. of countries in which we sold our products

18
 The number of top 20 dairy companies we do business with

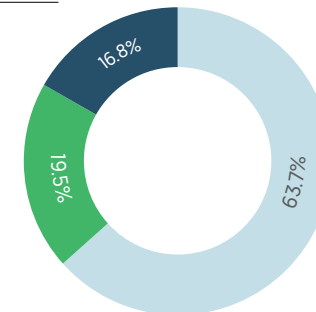
1,243 ^{+11.3%} ▲
 Individual customers

424 ^{+4.2%} ▲
 Unique suppliers

35,343 ^{+2.6%} ▲
 Deals/transactions done

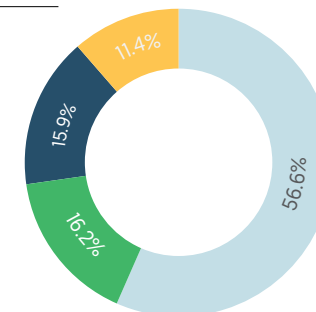
Revenues generated

per region



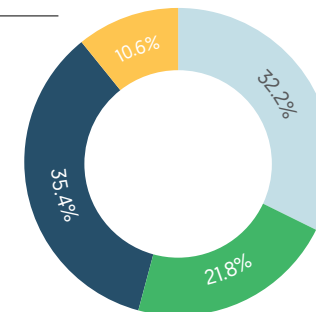
FTEs employed

per region



Income generated

per region



● Europe ● APAC ● Americas ● HQ



Our past, present and future

Our history

▲
1970

Seeing the opportunity

Born into a farming family in Weert in the Netherlands, it was Jules Joosten who saw the potential of trading in condensed milk. His entrepreneurial spirit and drive led to the formation of Interfood, together with his friend Jan Beelen.



▲
1970-1980

Opening up the European market

During this period Interfood specialised in exporting condensed milk to Greece, and high nutrient milk to Italy.

It was a challenging decade but, within five years, Interfood had expanded its portfolio to include milk and whey powder, opening up the European market. However, the expansion required logistics expertise, and that was provided by our current CEO Frank van Stipdonk.

1990-2000

Frank van Stipdonk steps in and transitions Interfood into a global player

In the early nineties, Interfood suffered the pain of losing our founder and inspiration, Jules Joosten, more than just a colleague, part of our team.

Frank van Stipdonk agreed to take over the company as CEO and, in under a decade, it was Frank who transitioned Interfood into a global player, and one adding value to the entire dairy supply chain. Jules Joosten would be a proud man.

We celebrated our first successful bid on milk powder tenders from Algeria and Brazil in 1992 and began trading in eastern Europe soon after, opening an office in Ukraine. This was followed by expansion in Poland, America, and New Zealand, in each case working hand-in-hand with local shareholders.

In 1995, we celebrated our 25th anniversary in style, hosting a party in Orlando.



▲
2000-2010
Becoming more than a trader

Expansion continued apace in the first decade of the 21st century, with new offices established in Australia, Miami, and Singapore.

To maintain our competitive advantage, we had to become more than a traditional trader, so we extended our professional service portfolio to include supply chain, technical, financial, and dairy risk management services.

We also set up our own research and development programme and the Interfood Academy to be able to offer a more tailor-made approach to customers.

▲
1980-1990
Scaling up

Interfood grew into a team of 15 by 1990 and, by that time, our portfolio included condensed milk, high nutrient milk, milk, and whey powder.

We began trading outside Europe, in Egypt and Cyprus, and working with local agents in Uruguay and Oceania.





2010-2021
Partner of choice

In 2015, we restructured the Group for more optimal global cooperation. At this time, all shareholders were placed on an equal level to enhance team spirit and Group collaboration.

Our strategic value propositions were also revised to focus on market insight, risk management, supply chain solutions, and technical service, and to recognise and acknowledge our wider role in fostering sustainability in the dairy sector.

In 2020, we celebrated our 50th anniversary. Although the pandemic prevented an in-person celebration, the alternative festivities were a

Our year

2022

Adapting to the changing world

2022 was a challenging year for everyone including Interfood. The shock of the Russian invasion followed by the energy crisis accompanied by huge price rises in virtually all commodities, including dairy, created multiple challenges just as the world was trying to recover from the COVID-19 pandemic which disrupted supply chains. These events are symptomatic of the

increasing uncertainty in our world, so Interfood took the opportunity to re-double our efforts to be as flexible as possible and to maximise adaptability to respond to rapidly changing factors in our environment. By doing this we managed to make 2022 yet another successful year thanks to all of our colleagues contributing to the Interfood purpose, 'Together for better'.



great success and a fitting way in which to recognise our achievements since 1970.

In 2021, we redefined our purpose supported by new corporate values: teamwork, commitment, professionalism, continuous improvement, and responsible leadership, values that are now embedded in Interfood.



Our future

2023-2025

Accelerating our development

In 2022 we realised record volumes, up by 16.3% year-on-year. We believe we will be able to continue this growth in an increasingly sustainable manner. Our focus for the period 2023–2025 will be on accelerating efforts to realise the current strategic

agenda and double down on sustainability efforts as we believe this will make us fit for the future. Our goal is to have completed our strategic objectives by the end of 2025 to ensure we have a solid basis for sustainable future success.



Beyond 2025

Ready for the future

We are already thinking ahead, and beyond our current strategic agenda, to determine what comes next. The future is coming into focus with the increasing importance of sustainability and transparency, noteworthy technological developments in dairy proteins, and the rise of plant-based proteins among many other opportunities.



We will continue to closely monitor these developments, and are already thinking of the possible implications for Interfood to ensure we can take any timely strategic decisions in readiness.



Our global Company today

The Interfood team of more than 300 professionals operating from 14 offices around the globe thrives on the long-term relationships and close collaborations we have with our business partners.

Whether for our suppliers or customers, our goal has always been clear: to deliver better products, better services, and informed insights about the industry.

Beyond our core offerings and business aspirations, we are dedicated to contributing to a sustainable dairy sector, now and in the future, and living up to our purpose, **“Together for better”**.

A tangible example of our purpose in action was the swift move of our headquarters in December. The Interfood Holding B.V. headquarters office is now located in the Kennedy Tower in Eindhoven. This modern and sustainable building gave us the space necessary to be able to house more of our colleagues, allowing us to place all global functions, HR, IT, Data, Finance, Risk, Legal and Sustainability together in the same location. The effects of the move are already visible as the first of our five core values, teamwork, is now put into practice more easily at the global level.



“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. Working towards the same goals gives us a great sense of belonging. Together we can achieve great things and shape a better future with, and for, our stakeholders.



Commitment

We take ownership for long-term success, that’s why we treat the business as if it were our own. We are action-oriented 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 us personally, alongside Interfood, and staying true to our values.



Professionalism

We challenge the status quo to drive progress, that’s why we embrace new ideas and fresh perspectives. We know what is expected from us, and how to respond. We believe in personal development, and know that the ability and willingness to learn and grow is key to our success. This means we keep strengthening our skills to demonstrate our professionalism.



Continuous improvement

We are competent, 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 current norms and strive to continuously improve ourselves, our relationships with partners, our products, and our services.



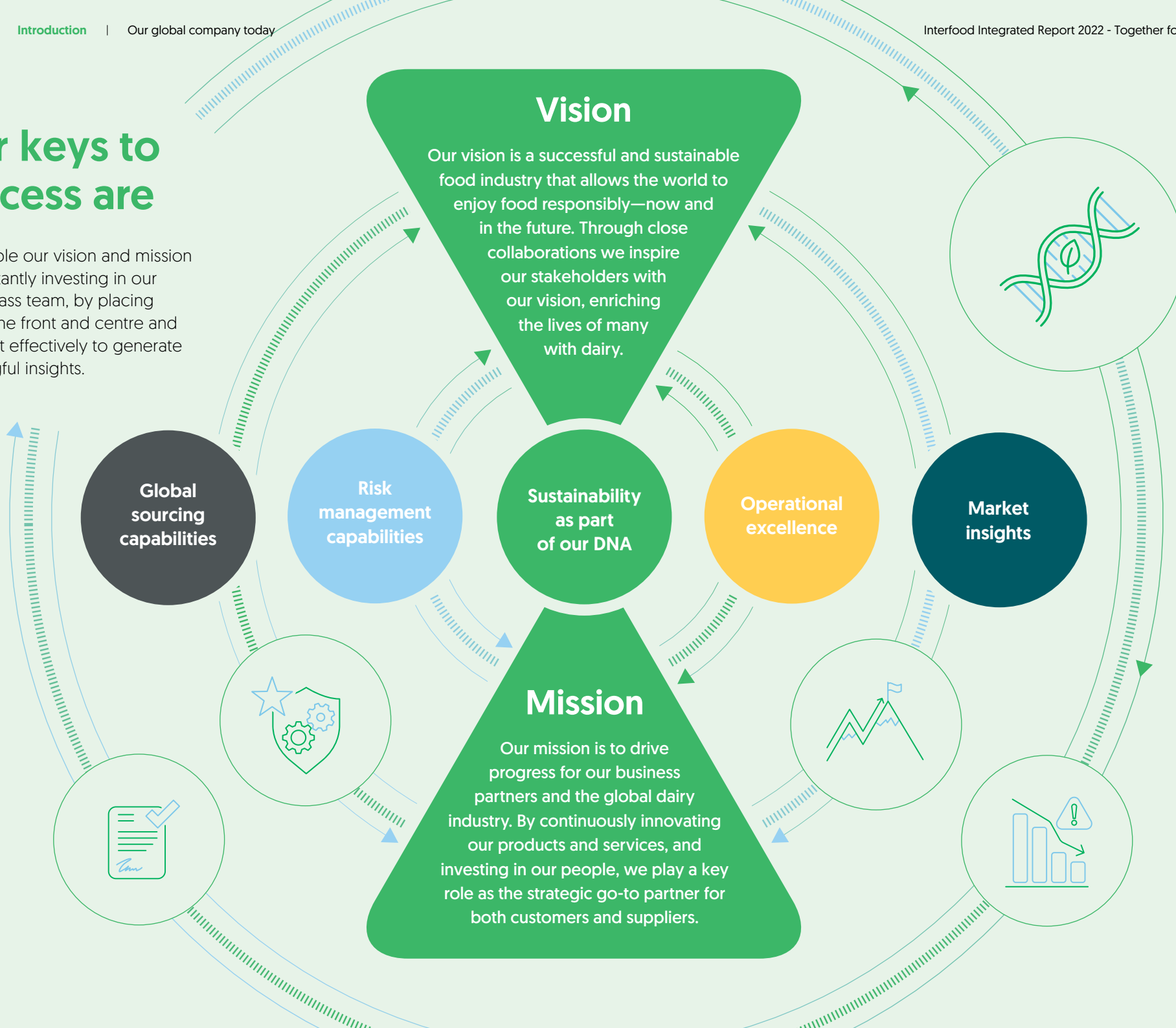
Responsible leadership

We lead for the future, that’s why—and how—we deliver lasting value.

Being responsible starts with bringing our best selves to work. Building on this solid foundation we seek to build a responsible and sustainable long-term business that positively impacts ourselves, our stakeholders, and future generations. At every level, Interfood is focused on the need to bring supply and demand together. We envision ourselves as durable connectors in the food industry.

Our keys to success are

We enable our vision and mission by constantly investing in our world-class team, by placing data at the front and centre and utilising it effectively to generate meaningful insights.



Our product portfolio

We have a large portfolio of products that we supply. For all products, we carefully select the partners with which we work, in search of the optimum combination of product specifications, location and quality for the client.

Liquid milk and concentrates



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

Milk powders



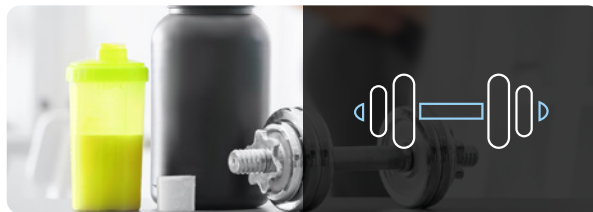
- Skimmed milk powder
- [Instant] Full cream milk powder
- Butter milk powder
- Fat filled milk powder
- Infant grade

Whey powders and lactose



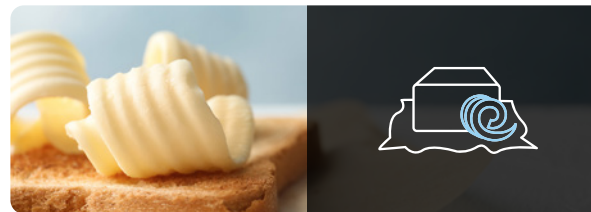
- Sweet whey powder
- Demineralised whey powder
- Delactosed whey powder
- Acid whey powder
- Permeate
- Lactose

Dairy proteins



- WPC's [35/80]
- WPI [90]
- MPC's
- Rennet casein
- Sodium caseinate
- Calcium caseinate

Butter and AMF



- Butter
- AMF
- Butter oil

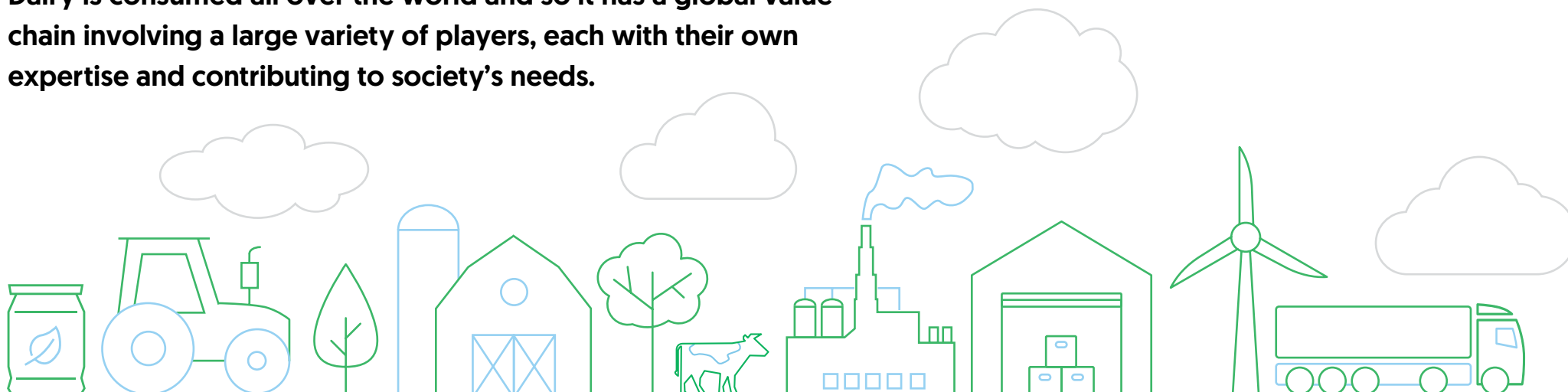
Cheese



- Cheddar
- Mozzarella
- Gouda
- Edam
- Emmentaler
- Cheese alternatives

Our value chain

Dairy is consumed all over the world and so it has a global value chain involving a large variety of players, each with their own expertise and contributing to society's needs.



Feed and ingredients

We work with many business partners in the dairy value chain. It all starts with the feed and ingredients suppliers that work hard to develop the most nutritious feed for the cows, and to reduce farm-level GHG emissions.

Farms

The raw milk produced at farm level is the basis of the products in which we trade. Mapping the emissions at this level is a big challenge for the entire industry but, using our data and knowledge of the value chain, we are actively contributing to the solution. At the same time, we engage with partners regarding all farm-level conditions, such as animal welfare and deforestation.

Processing and warehousing

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



Interfood

We are the essential link between global dairy industry suppliers and customers, continuously creating innovative services and products. We work proactively to ensure our reach goes beyond first-tier partners, so that we are able to generate the biggest possible impact from our unique position in the value chain. Our commercial managers work tirelessly matching supply and demand across the globe. We use our multi-national presence to source the best fit products for our customers — even more so with the launch of our own whole milk powder brand, Kalla — while simultaneously creating robust distribution channels for our suppliers.

Transport

As a key organiser of logistics 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, while encouraging 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 to help optimise the production of end-products and minimise 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 contribute to making that product more sustainable for everyone.

The services we provide

We build meaningful relationships with our value chain while focusing on the growth of our business. This allows us to excel at our five main value propositions and provide the best solutions to our clients.



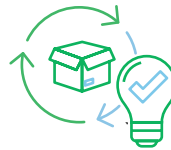
Global market insights

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 minimal 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.



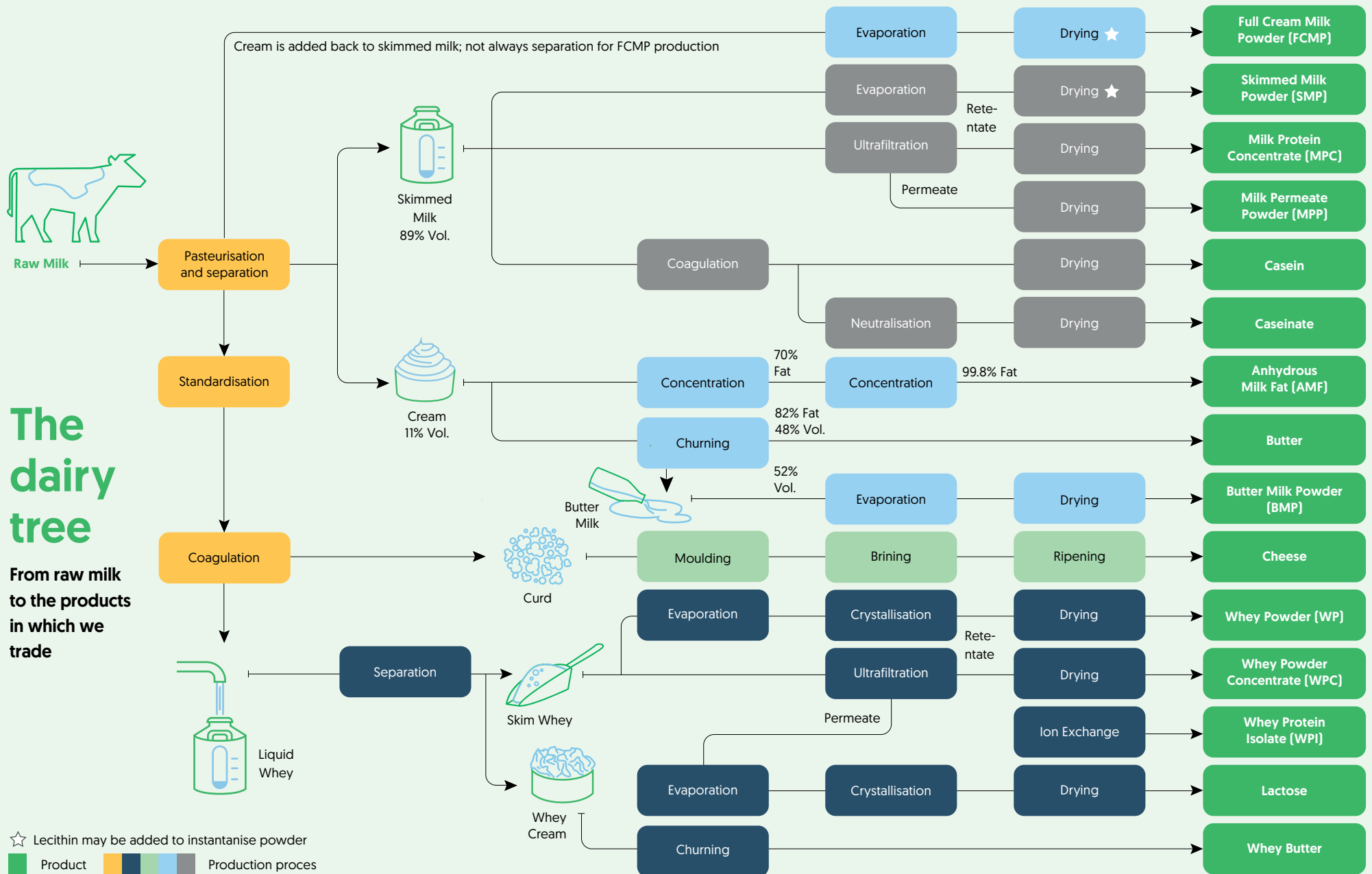
Technical development and quality

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 dairy products fitting 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.



Strategy

Our corporate strategy

Interfood operates in 136 countries around the world. Working in so many diverse environments means that we must be in-tune with local requirements, trends, and cultures. Historically we have been able to stand out by being able to go the extra mile for both our customers and suppliers. Our continued ability to do so in the increasingly complex business reality will be pivotal to the Group's future success.

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 our continued and sustainable success.

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:

“

Being up-to-date with industry trends and the continuous development of our strategy are crucial to staying ahead in an ever-changing market and ensuring long-term success”

Tim Geertsen

Managing Director APAC



Right: Interfood opened its Melbourne office in 1999





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, to grow our global operations, while maintaining our level of service and commitment to our values.



Strengthen risk management 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. Currently Interfood has a wide portfolio of risk management solutions, and we will continue to invest in expanding these 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 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. Our goal is to do as many things as possible right the first time.



Embedding sustainability in our DNA

Last, but most definitely not least, we will embed sustainability in our DNA. In essence, 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 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.

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 special 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 required to make this necessity a reality, and will continue to work unlocking maximum value from the masses of data available to us.

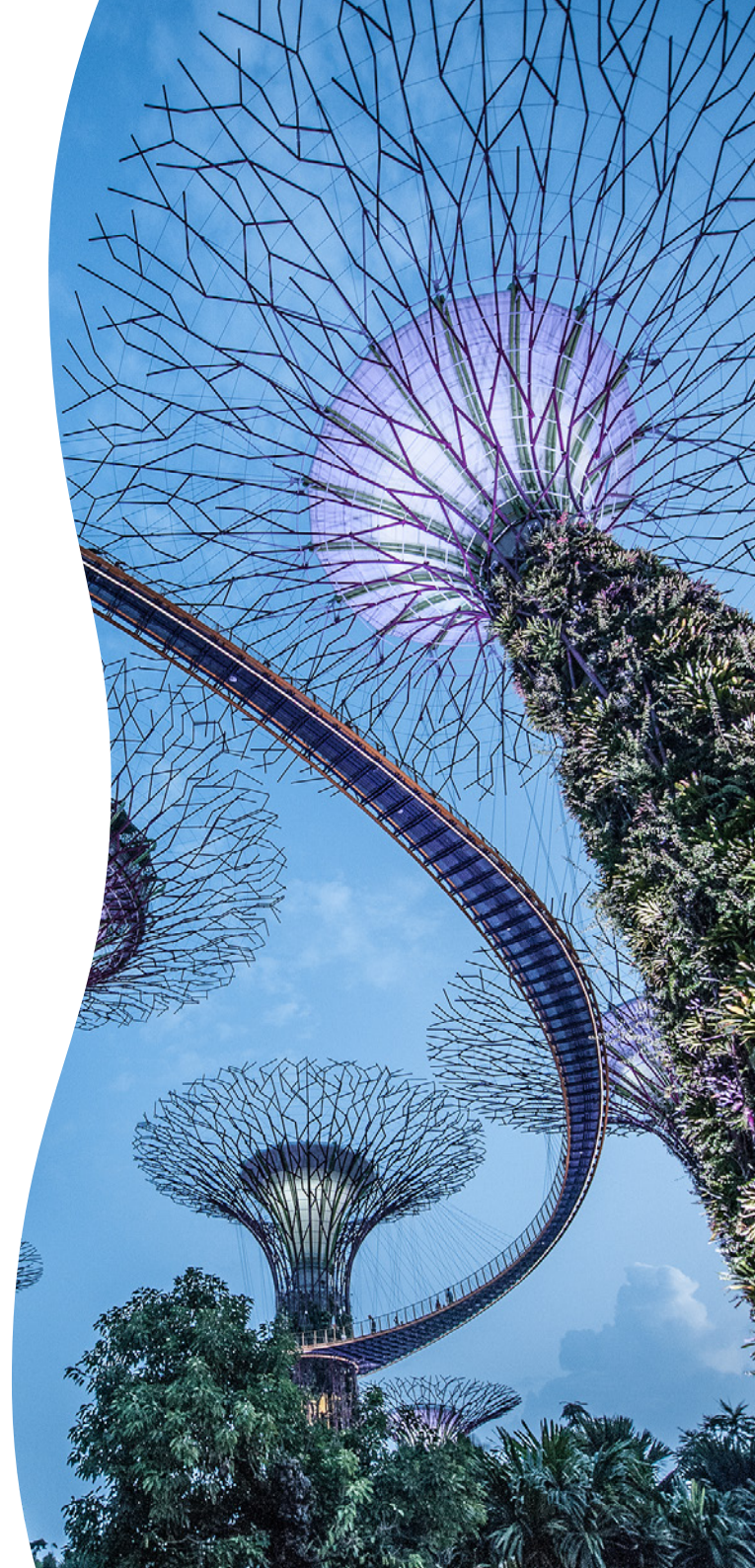
Developing our strategy

While we are still in the middle of executing our current strategic agenda, we recognise that the world is rapidly changing around us. We are therefore committed to ensuring our strategic initiatives and priorities are updated at least semi-annually during our Strategic Committee meetings.

The Strategic Committee consists of the Extended Board and second-tier Management Team members from our HUBs. The Committee reviews Interfood's current strategy and makes amendments or re-prioritises initiatives based on the most recent developments.

During 2022 we did not amend the main aspects of our current strategy although some updates were made within the strategic objectives and the enablers of those objectives. Key projects were defined and will be executed in 2023. The Strategic Committee will come together twice in 2023 to review the progress being made and implement further updates to our strategy if necessary.

Right: Interfood opened its Singapore office in 2008



Sustainability framework

To ensure full integration of sustainability into our daily business operations we have developed a framework that formalises Interfood’s approach according to five strategic pillars. This framework is a core element in focusing our efforts to deliver on our purpose and sustainable growth strategy.



Sustainable solutions

Our sustainable solutions pillar prioritises the most significant source of greenhouse gases in our value chain: farm and farm inputs. It is focused on mapping and reducing farm- and feed-level environmental impacts through industry-wide cooperation. Challenges addressed include animal welfare, biodiversity, CO₂ emissions, deforestation, and land and soil use.



Sustainable value chain

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, emissions resulting from processing, warehousing or transport. Other key priorities concern product quality and safety, and traceability and transparency throughout the value chain.



Sustainable employer

Our sustainable employer pillar focuses on our most important asset: our people. The Interfood team allows us to be the Company we are today. In return, we aim to be a sustainable employer, ensuring a healthy, inclusive, and engaging work environment allowing the team to excel both personally and professionally.



Sustainable operations

Our sustainable operations pillar allows for business continuity. It concerns our licence to operate: upholding business ethics, ensuring data privacy and cybersecurity and diligent risk management. Additionally, it addresses not only scope 1 and scope 2 emissions, but also scope 3 emissions relating to our people: business travel and employee commuting.



Sustainable society

Our sustainable society pillar aims to extend our impact beyond Interfood boundaries. This pillar represents our efforts to invest in a sustainable food sector, while contributing to societies and communities at large.

We are accelerating progress on our sustainability ambitions and roadmap. While we celebrate our achievements, we recognise that this is a journey and that there is a long road ahead.

External trends and developments

As the global dairy market continued its growth in 2022 we identified various key trends influencing our business, but have the agility and expertise to adapt to ensure we always maintain excellent services to our stakeholders.

“

Amidst the volatility of the fat market, we must remain vigilant and adaptable, constantly monitoring and analysing the trends to stay ahead of the curve. Only then can we make informed decisions and navigate the fluctuations with confidence”

Daan Hendriks

Business Unit Director

Record high commodity prices

One of the most important economic trends—and one that has touched many worldwide—is the record high in commodity prices fuelled by rising energy prices and inflation. Commodity prices soared to levels 100%-200% higher than historical averages, especially in Q1 and Q2 of 2022. These significant increases have an impact on all stakeholders in the industry including Interfood, where we have felt the rising pressure in our HUBs. Nevertheless, we do our utmost to maintain our commitments to our stakeholders regardless of market conditions. We believe strongly in being a trustworthy, resilient and responsible partner.

Interfood has succeeded by continuing to deliver high quality services to our customers and suppliers throughout the year while adjusting our corporate strategy to external factors accordingly, managing risks, and seizing opportunities as they arise.

The importance of food safety

The global food industry saw a relatively high number of food safety incidents in 2022, with cases of products being recalled to guarantee the safety of consumers, everyone's top priority. These instances serve as a continual reminder of how critical it is that we have sound food quality and safety measures in place, and that our entire supply chain strictly follows food safety policies and procedures. As always, we will continuously improve our health and safety procedures to avoid any such food safety incidents.

Geopolitical developments

As an international operating Group, we keep a close eye on (geo)political developments but especially on the current situation in Russia and Ukraine. Our thoughts remain with those directly affected and the unimaginable hardships they are going through.

The ongoing conflict has a worldwide impact, and triggered surging commodity prices and major disruptions in commodity flows. We remain in close contact with our Russian colleagues and Ukrainian business partners. In Russia and Belarus, we only work with multinational companies for the provision of vital food supplies, on a strictly screened deal-by-deal basis.

We hope for the conflict to end soon but, until it does, we will continue to support those affected where we can.

Dairy market developments

A number of important and relevant trends in the dairy market have been highlighted by our continual monitoring.

Global absolute dairy consumption continues to rise steadily due to the growing worldwide population and prosperity. This trend goes hand-in-hand with increasing import and export trade, but a look behind the aggregate numbers reveals a growing imbalance which is forecast to increase further, with trade surpluses rising particularly in North America and Europe, and shortages growing in Asia and Africa.

Demographics, regulatory changes, and sustainability challenges across the value chain may pressure the dairy industry to adapt to a new environment and consequently influence the outlook for the dairy market. In the long term, it may even face 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.

Cybersecurity

The worldwide growth in employees working from home, and companies becoming ever more data-driven, increases the prominence of cybersecurity risks and incidents. Interfood continuously professionalises its approach to [data, privacy and cybersecurity](#) in order to monitor and mitigate these risks and safeguard our and our stakeholders' data.

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 concern being voiced about greenhouse gas emissions from the sector. Society is showing ever more interest in sustainable dairy, alongside increased awareness among multinationals and the rising expectations of suppliers. As a result, we have seen an increasing number of supplier questionnaires with a focus on sustainability, and the introduction of more industry initiatives and on-the-ground interventions. Our sustainability value proposition that we started developing in 2019 plays a significant role in how we contribute to this development, which we regard as positive.

At the same time, dairy alternatives are slowly gaining market share. The role of dairy in global warming and the rising demand for more sustainable products is fuelling a consumer trend to include plant-based products in diets. With this in mind, and in line with our vision of a sustainable industry, Interfood continues to scrutinise developments in dairy alternatives.

ESG-driven regulations

In accordance with Europe's ambition to become carbon neutral by 2050, the number of ESG-driven regulations are rising. As part of the EU Green Deal, the CSRD and the EU Taxonomy are gaining ground, resulting in more and more companies reporting on their non-financial impact. Additionally, the increasing number of national regulations influence production patterns.

In the Netherlands, for example, governmental regulations regarding the radical decrease in nitrogen emissions, and the enhanced sustainability requirements that followed, exert downward pressure on Dutch milk production. We see similar developments in other milk-producing countries which may influence the global dairy market in the medium and long term. We keep a constant eye on these and other developments to continue finding optimal matches in demand and supply.

COVID-19

Over the past three years, COVID-19 has seriously impacted many lives—our colleagues included. We are glad to see the impact of the pandemic decreasing, and have enjoyed welcoming everyone able to do so back to the office. Nevertheless, COVID-19 restrictions did not disappear everywhere in 2022, which was especially difficult for our colleagues in China. We remain committed to supporting our colleagues across the world until COVID-19 is behind us.

Re-use of the historic Silk Road

In 2021, logistical and supply chain challenges influenced businesses across the globe. Congestion in ports and reduced container capacity on some routes had significant consequences for companies worldwide so organisations began searching for new alternatives. In 2022, we saw an increase in movement on the historic Silk Road, a network of trade routes over land. These Eurasian routes are now traversed by a network of trains which could offer a more sustainable alternative to transport by vessels or trucks. We are researching this development and its potential as a solution for our business.



**How we
create value**



Everything we do at Interfood is focused on value creation. We build on our team's knowledge, expertise, and networks to realise our value propositions to meet and, wherever possible, exceed the expectations of our stakeholders and society. Our materiality matrix guides us in prioritising solutions with the highest potential for sustainable impact, and allows us to maximise our positive contribution to society and the United Nations Sustainable Development Goals.

“In my view, Interfood creates value in the end-to-end dairy chain way beyond ‘just’ being a trader. We are in daily contact with our customers and suppliers, constantly connecting the full value chain through our tailor-made risk management, supply chain, quality assurance, applied research and development and sustainability solutions. We create value by combining or scaling down these services day in day out, in line with and beyond the expectations of our partners”

Paul Joosten
Managing Director Europe

How we create value

Inputs

Human capital

During 2022 we employed an average of **306 employees** (FTE) 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 and technical expertise to sustainable solutions, allows us to provide our suppliers and customers with outstanding service.



Financial capital

Our conservative financial strategy (**23.6% solvency**) and strong partnerships with financiers that allow us to reach our full potential for the provision of services.



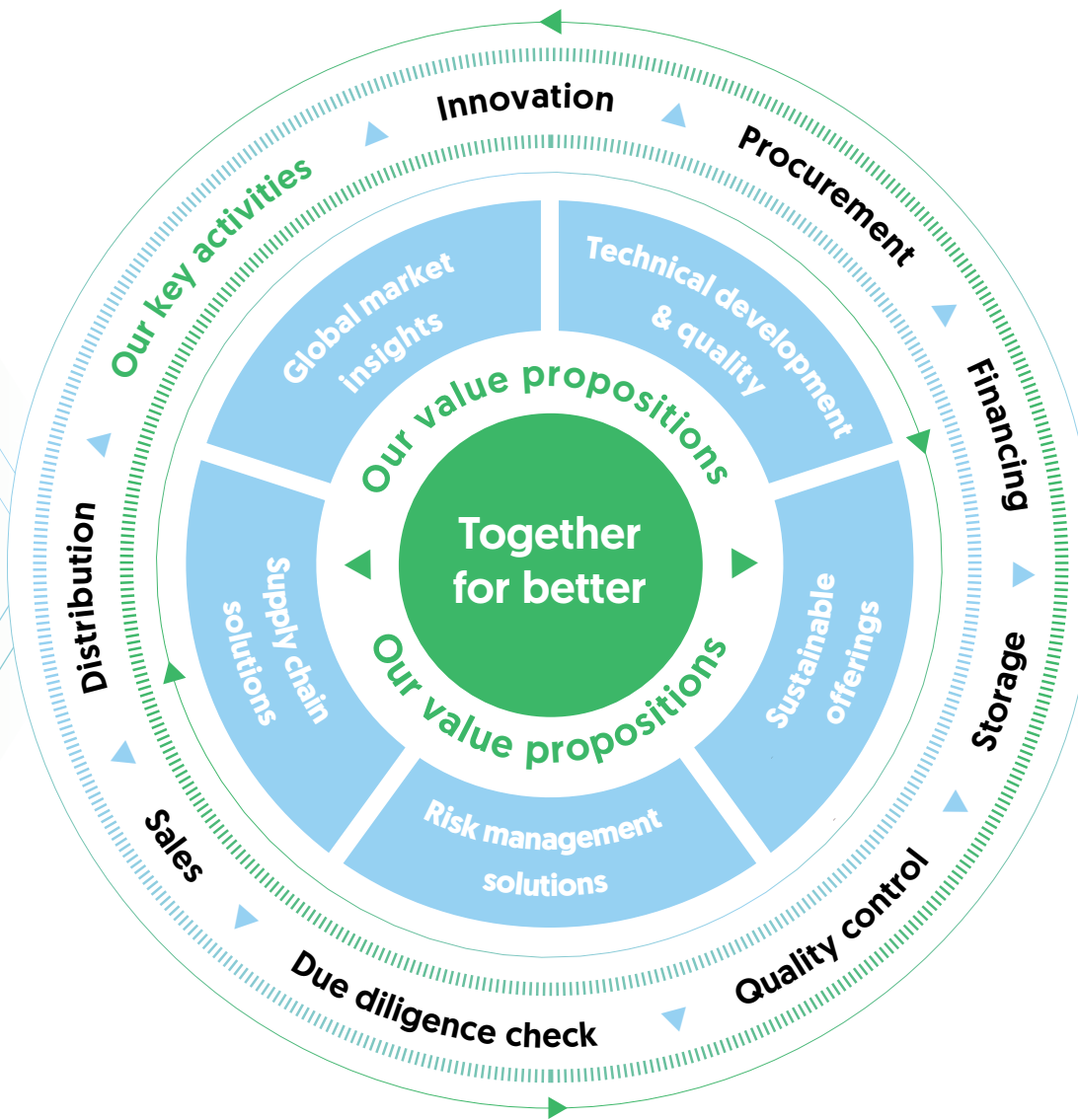
Natural capital

The environmental resources such as energy (**7,704 GJ kWh**) and commodities (**1,192,010 MT purchased**) which allow us to run our operations.



Social and relationship capital

The transparent dialogue we maintain with our key stakeholders (**424 unique suppliers and 1,243 unique customers**) in order to carefully manage our impact on local societies.



Outputs

48%/52%

male/female ratio

88%

of employees receiving regular performance and development reviews

30

nationalities

Managing risks for

1,495

unique partners

1,438

incidents of non-conformities identified and solved

13,002

MT Kalla products sold

€1,171.7m

MT turnover

€3,610.2m

Revenues generated

€5,7m

Taxes paid

337

tCO₂ scope 1

69

tCO₂ scope 2

713

tCO₂ scope 3 [business flights]

1,119

tCO₂ total

1,119 tCO₂

compensated

0 tCO₂

After Gold Standard compensation

3.16%

of sustainably sourced products

The equivalent of

53,750

glasses of milk provided via the 'A Glass of Milk for Uruguayan Children' project

Outcomes



Facilitating partnerships and providing **sustainable solutions** for our customers and suppliers to address farm-level environmental challenges.



Working towards a more **sustainable value chain** by promoting sustainability, product quality and safety and traceability in the entire value chain.



Becoming an increasingly **sustainable employer** by ensuring a healthy, safe and diverse environment and stimulating learning and development for our team.



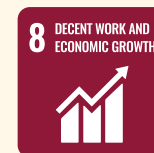
Maintaining **sustainable operations** by managing risks, safeguarding business integrity and minimising our environmental footprint.



Contributing to a more **sustainable society** by investing in a future-proof food sector in which food can be enjoyed responsibly.

Impact

The impact of our activities spread far and wide. While our positive contribution to sustainability challenges is diverse, we create most value for the following SDGs:



Stakeholder dialogue

Stakeholder engagement is a vital component of our business. We strive to build and maintain strong relationships with all stakeholder groups to ensure they are up-to-date on our business developments, and to address their interests, needs, and expectations.

We identify our wide range of stakeholders by considering everyone we influence through our operations, and how they uniquely impact our business. They form the basis of our organisation, enable us to do business, set expectations

“

For us, success is defined by the meaningful relationships we build with our stakeholders. Our commitment to delivering value goes beyond financial gains, it lies in the trust, collaboration, and shared accomplishments we create together”

Manuel van Engelen

Managing Director Americas

with regard to the services we provide and the design of our business model, and work with us to provide feedback on the effectiveness of our actions to enable a wider impact.

Contributing to sustainable dairy society

We engage with various initiatives and organisations targeting economic, social, and environmental impact. Our CEO holds board positions at Gemzu and Eucolait, and Interfood is a member of the American Dairy Products Institute (ADPI) to contribute to knowledge-sharing within the sector. Since 2020, we have also been a member of the Sustainable Dairy Partnership (SDP). We endorse the United Nations Sustainable Development Goals and contribute to various social initiatives. More details can be found in the [Sustainable society section](#).

These partnerships are vital in addressing our impact. The table on the right describes our stakeholder engagement. Moving forward, we will continue interacting with our key stakeholders to fully involve them in our journey towards a sustainable dairy industry.



Stakeholder	Approach to stakeholder engagement	Key topics and concerns and our response
Our employees	We have continuous contact with our employees through a mix of online communication channels, annual personal performance reviews, quarterly Company performance updates, engagement surveys, and informal events.	Our employee dialogue covers and evaluates our own business performance, strategy, and developments in an interactive setting. However, this important engagement also ensures the well-being of our team, which we value highly, so the dialogue covers alignment of values, personal well-being, inclusion, jubilee recognition, and learning and development opportunities.
Our customers	Our commercial managers are in close and continual contact with our customers, and we also engage with them through our collaborative sustainability and marketing programmes.	When interacting with our customers, we listen to their expectations, provide (sustainable) solutions, and also discuss and collaborate on industry-wide challenges. In addition, we play a facilitating role, enabling customers to communicate with our other value chain partners.
Our suppliers	Our Interfood account managers are in continuous dialogue with our suppliers.	Topics covered range from product quality and safety requirements to certifications. Most 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 performance formally on a quarterly basis, although we are open to, and encourage, continuous dialogue.	Key topics covered during these interactions include our up-to-date financial statements and performance as well as our progress on sustainability linked loan KPIs. However, we also use these ongoing sessions to discuss relevant industry trends, economic insights, and our role in addressing sustainability-related challenges.
Shareholders	Although the statutory dialogue with shareholders is at the Annual General Meeting, they are kept up-to-date by direct contact with the Company.	We inform our shareholders about new developments as well as important financial and non-financial news. We also seek their involvement in key strategic decisions and discussions, where their input is greatly valued.
Governments and regulators	We engage with governments and regulators around relevant events rather than on a set periodic basis, but we interact with tax authorities more regularly.	The main topics arising in our engagement with governments are taxation and sustainability regulations, which are closely monitored and discussed.
NGOs and communities	We engage with NGOs and communities on an ongoing project-by-project basis.	We focus on impactful projects that will help further future-proof the food sector as well as positively impact local communities, specifically targeting our material issues wherever possible.

Materiality assessment

We engage with our stakeholders as part of a collaborative effort to maximise our positive impact on long-term value creation and minimise any negative consequences. A crucial aspect of this process is a materiality assessment.

Our materiality is based on the guidance provided by the Global Reporting Initiative (GRI) Standards and identifies the sustainability-related topics related to our economic, environmental, and social impact across our activities and business relationships. It also reflects how material matters substantively influence the decision-making of our stakeholders.

In 2022, we performed a review of the materiality matrix, focusing on Interfood's positive and negative impact on people and the environment. More specific details about the methodology can be found in the [About this report](#) section.



Materiality matrix

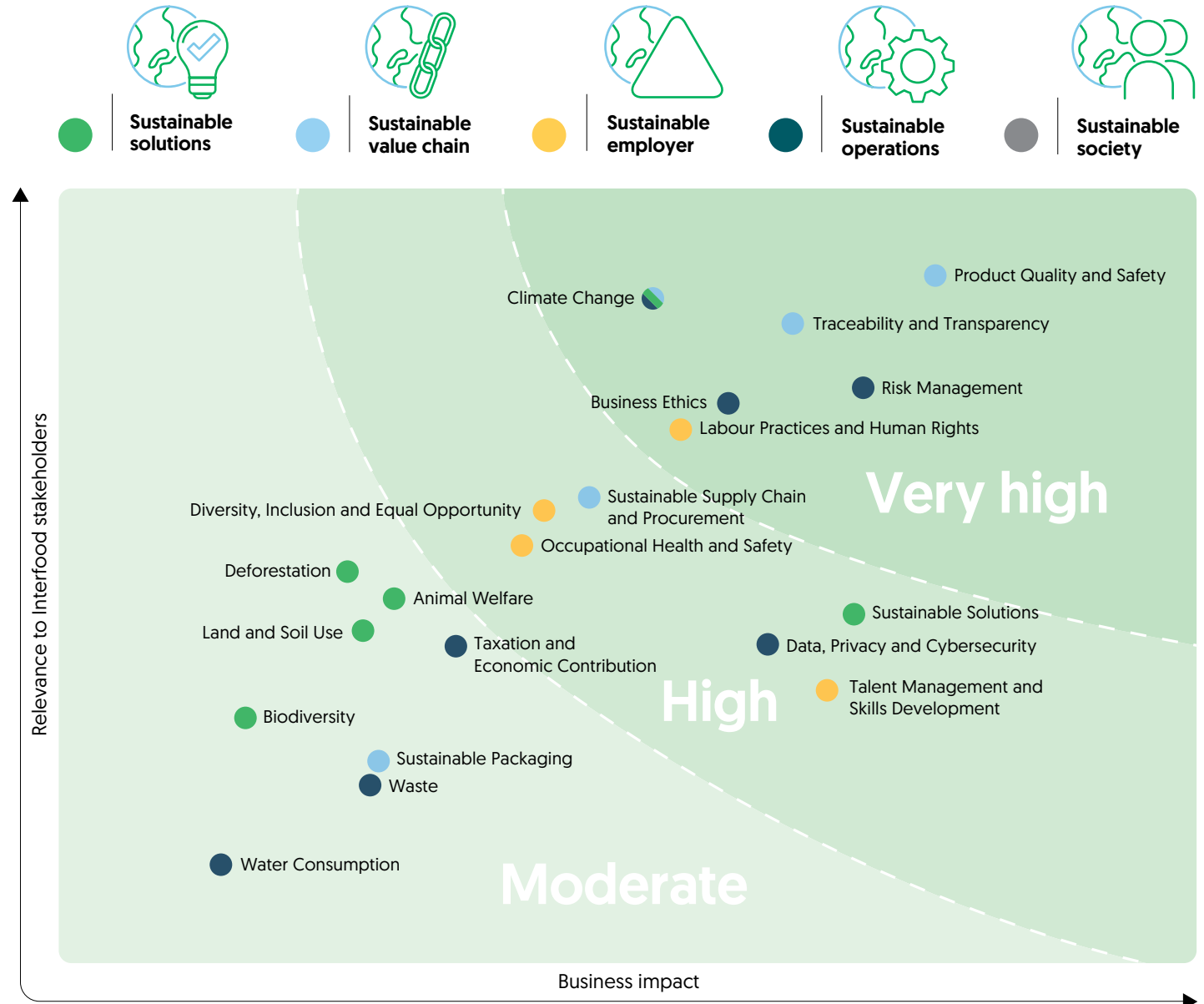
The materiality matrix visualises the results of the materiality assessment. It shows the priority of the sustainability topics central to our value creation and illustrates how they relate to our sustainability strategy. Our approach focuses on highly material topics, but has been formulated so that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

The materiality assessment will be repeated on a regular basis to stay abreast of our stakeholders' priorities. The upcoming assessment planned for 2023 will incorporate topics associated with our sustainable society pillar and the double materiality principle prescribed by the draft European Sustainability Reporting Standards (ESRS).

“
While the world is facing a myriad of sustainability challenges, the materiality principle provides us with an impact-driven focal point”

Iris Budie
ESG Analyst

Interfood Materiality matrix



Climate change

The climate change topic addresses how Interfood reduces and minimises energy consumption and greenhouse gas emissions resulting from our direct operations (scope 1 and 2), as well as how we map and support the reduction of indirect CO₂ 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: [sustainable solutions](#) (farm- and feed-level emissions), [sustainable value chain](#) (up- and down-supply chain emissions, besides farm- and feed-level) and [sustainable operations](#) (scope 1, scope 2 and scope 3 emissions related to our people).



Impact materiality

To anticipate the complexity of the double materiality principle, we have initiated a top-level analysis of the positive and negative impacts associated with our highly material sustainability topics. This represents the first step towards performing a double materiality assessment, which is planned for 2023.

Topic	Impact	Feed & ingredients	Farm	Processing & warehousing	Transport	Interfood	Transport	Manufacturing & packaging	Retail & consumption
Product quality and safety	<ul style="list-style-type: none"> ● We set high food quality and safety standards for ourselves and business partners ● Inadequate food quality and safety measures could lead to potential negative food safety impacts on society 	●	●	●	●	●	●	●	●
Traceability and transparency	<ul style="list-style-type: none"> ● Our immediate and accurate response in the case of product recalls prevents unsafe products from reaching the market ● An underperforming traceability system could potentially result in an actual food safety incident 			●	●	●	●	●	
Risk management	<ul style="list-style-type: none"> ● Strong financial and non-financial risk management enables us to continue serving our business partners ● Weak financial and non-financial risk management could cause potential business continuity disruptions 					●			
Climate change	<ul style="list-style-type: none"> ● We minimise our GHG emissions through scope 1 and 2 carbon footprint reductions and scope 3 reduction initiatives with supply chain partners ● We emit greenhouse gases directly through our offices and indirectly through the dairy products we supply and the underlying value chain 	●	●	●	●	●	●	●	●
Business ethics	<ul style="list-style-type: none"> ● Our strict requirements on business integrity set high standards for our business partners and their associates ● Not upholding our standards could potentially result in ethical concerns linked to Interfood activities 	●	●	●	●	●	●	●	●
Labour practices and human rights	<ul style="list-style-type: none"> ● We provide our employees with a modern work environment and benefits directed at health and well-being allowing our colleagues to excel ● Poor labour practices could potentially lead to work-related negative social impacts on our employees 			●	●	●	●	●	
Sustainable supply chain and procurement	<ul style="list-style-type: none"> ● We set expectations, raise awareness and stimulate improvements regarding sustainability among our partners ● Despite our efforts, negative environmental and social impacts do remain in the value chain 			●	●	●	●	●	
Diversity, inclusion and equal opportunity	<ul style="list-style-type: none"> ● As an internationally operating company we represent our global footprint in our employee base and are open to everyone 					●			
Occupational health and safety	<ul style="list-style-type: none"> ● We provide healthy employee benefits and clear safety guidelines ● Our colleagues may potentially face work-related physical or mental health issues 			●	●	●	●	●	
Sustainable solutions	<ul style="list-style-type: none"> ● We are a front runner and accelerator in reducing the environmental impact of the dairy industry through sustainable solutions ● Nevertheless, some impact, although reduced, will be inevitable 	●	●			●			
Data, privacy and cybersecurity	<ul style="list-style-type: none"> ● Our strict security policies contribute to the high security standards in the industry ● Underperforming data security systems may lead to potential data breaches possibly giving access to our and business partners' sensitive information 			●	●	●	●	●	
Talent management and skills development	<ul style="list-style-type: none"> ● We invest in personal development and provide (international) learning opportunities around the globe 					●			

- = Positive impact
- = Potential negative impact
- = Actual negative impact

- Interfood activities cause the impact
- Interfood leads, facilitates or incentivises the impact
- Interfood is linked to the impact via its business relationships

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, businesses, 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.



“

To Interfood, the SDG's highlight opportunities for innovation to help the dairy supply chain contribute to global well-being”

Marco Morás
Climate Change Manager

Interfood continues to embrace the UN SDGs. Our business activities touch on many of the goals either directly or indirectly, but we focus our efforts on the SDGs that align most closely with our operational activities, corporate strategy, internal policies, collaboration projects and development initiatives. To determine our contribution to the SDGs, we used their specific sub-targets and KPIs, and assessed the extent to which Interfood contributes to them.

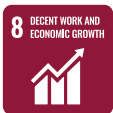
We classified two levels of relevance:

- **Highly relevant** are those SDGs that are linked to the most material topics, and which the business strategy and activities focus on most.
- **Moderately relevant** are 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 have identified the SDGs where we believe our business has the highest impact shown on the following pages.



Highly relevant



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS



STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

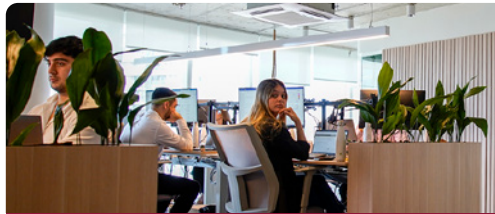


Sustainability and the transition to net zero are of increasing importance to our customers, manufacturers, farmers, and future generations. Partnerships and our position in the centre of the supply chain are key on this important journey”

Nancy Winkelmolen

Technical Account Manager





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 the expectations of our internal and external stakeholders by being compliant with prevailing tax ethics, laws, and regulations. In addition, it is our responsibility to provide a safe work environment for all our employees.


18.5%

COMMERCIAL EFFECTIVE TAX RATE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Interfood recognises the pressure of the dairy sector on biodiversity and 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 collaboration projects with supply chain partners, Interfood works to strengthen the sustainability of the whole dairy supply chain, contributing to sustainable development by minimising the number of food safety incidents, supplying high quality and responsibly sourced and traceable products, and encouraging the supply chain to adopt more sustainable practices.


0

ACTUAL FOOD SAFETY INCIDENTS

13 CLIMATE ACTION

The fact that the dairy sector is a significant contributor to climate change continues to encourage 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 still continuously strive to decrease the carbon footprint and emissions intensity 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.


3.61

GHG INTENSITY

17 PARTNERSHIPS FOR THE GOALS

As a global dairy supplier with limited assets—but a vast network of suppliers, logistics partners, and customers—partnerships are critical to us in addressing sustainability in the sector. We bring parties together to test novel technologies, help customers find sustainable suppliers, and implement improvements, as well as being an active member of the Sustainable Dairy Partnership (SDP) which builds on the Dairy Sustainability Framework (DSF) by requiring users to join the DSF at Implementing Member level. Interfood also invests a proportion of net income on development projects, cooperating with multiple institutions to accelerate the transition to a future-proof sector.


1.50%

% OF PRIOR YEAR NET PROFIT SPENT ON SUSTAINABLE SOCIETY

Moderately relevant



END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS



PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS



ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

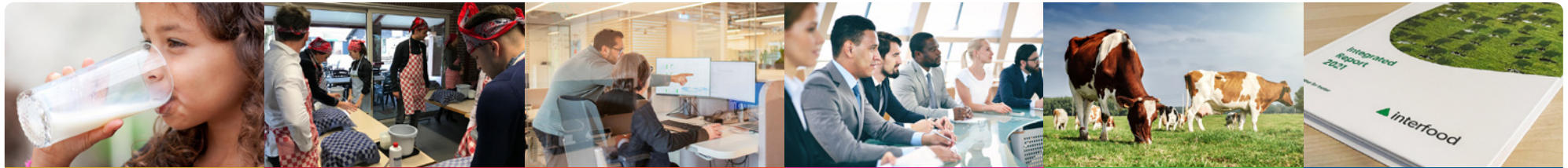


REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES



PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS





2 ZERO HUNGER

All our worldwide activities support sustainable food production systems and incomes of small-scale food producers. Through our sustainable society pillar, we contribute by funding food-related projects beyond our direct influence. 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 embraces diversity and aims to provide an inclusive work environment in which everyone feels respected and treated equally. We support female leadership and aim for sufficient participation of women in decision-making and governance bodies at all levels, and across business areas.



10 REDUCED INEQUALITIES

Being an international operating company, we believe that our workforce should represent our global footprint. Interfood commits to maintaining current awareness levels, providing a diverse, equal, and inclusive work environment where no form of discrimination is tolerated.



15 LIFE ON LAND

Agriculture is considered one of the key factors driving biodiversity loss and deforestation. Interfood is committed to contribute to sustainable land management by contributing to the reduction of deforestation and land degradation from direct operations and in the supply chain, through our financial and intellectual contribution to the work of the SDP.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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



A person wearing a white protective suit and hairnet is seen from the back, operating industrial machinery. The machinery consists of various pipes, valves, and a control panel with a red digital display and a green button. Two prominent blue hoses are connected to the equipment. The background shows a complex industrial environment with more pipes and machinery.

Performance



We are delighted to report a strong performance in 2022, one that provides Interfood with a solid foundation for the years to come. Interfood's newly defined key performance indicators are also providing us with valuable insights on our non-financial performance. They show that we are making good progress on integrating sustainability into our DNA and translating this impact beyond our organisation.

“United by our shared purpose, ‘Together for better,’ we empower our people, invest in technology, foster entrepreneurship and continuously strengthen our risk management, to achieve solid results”

Stan Sweep
Chief Financial Officer

Sustainable solutions

Interfood is committed to realising positive environmental impact where our sector needs it the most, on farm and at feed level, from where the bulk of GHG emissions materialise. In 2022, we have made great progress regarding this commitment. Interfood has taken on the role as a catalyst for improvement, and is actively engaging customers and suppliers to connect and cooperatively manage sustainable targets. We are proud to share news that the first projects have been initiated, and that partners will be taking steps towards measuring and reducing their climate impact. We focus on engagement and are determined to move those who are not yet moving, and therefore welcome more suppliers committing to the Sustainable Dairy Partnership [SDP]. In 2022, Interfood sourced 3.16% of its volumes from suppliers who have onboarded the Sustainable Dairy Partnership and completed the SDP materiality assessment, an accomplishment.

Long-term pillar targets

KPI	2022	Ambition	Status	SDG's
Sustainable sourcing*	3.16% SLL	2022: 2% 2023: 6% 2024: 10%	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #0056b3; margin-right: 5px;"></div> Achieved </div> <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #28a745; margin-right: 5px;"></div> ◀ On track </div> <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #ffc107; margin-right: 5px;"></div> Behind </div>	<div style="display: grid; grid-template-columns: 1fr 1fr; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 2px; text-align: center;"> <small>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</small> </div> <div style="border: 1px solid #ccc; padding: 2px; text-align: center;"> <small>13 CLIMATE ACTION</small> </div> <div style="border: 1px solid #ccc; padding: 2px; text-align: center;"> <small>15 LIFE ON LAND</small> </div> <div style="border: 1px solid #ccc; padding: 2px; text-align: center;"> <small>17 PARTNERSHIPS FOR THE GOALS</small> </div> </div>

*Sustainable sourcing refers to the % of volume sourced from suppliers with a Sustainable Dairy Partnership [SDP] stage 1 materiality assessment in place



Interfood accelerates sustainability in the industry by leveraging our connections and expertise as a dairy trader to help bridge the resource, knowledge and capability gaps that may exist among dairy farmers, processors, and buyers”



Bing Xiaoyun
Director Analytics and Sustainability





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

On-farm manure management and enteric fermentation leads to significant Methane (CH₄) and Nitrous Oxide (N₂O) emissions, while production inputs and farm operations are also major emitters of Nitrous Oxide (N₂O) and Carbon Dioxide (CO₂). 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. Interfood recognises the challenge ahead and is determined to address the environmental impact of our value chain while continuing to meet global demand for responsible dairy products. The sustainable solutions pillar of our sustainability framework is framed to ensure we play a meaningful role in accelerating sustainability in the global dairy sector, focusing particularly on supporting our customers and suppliers to address the impact at feed- and farm-level. We do so by enabling environmental impact reduction by driving industry-wide collaboration and through our active participation in the Sustainable Dairy Partnership.

Driving industry-wide collaboration

Climate change poses a significant challenge for the dairy industry, and Interfood recognises the need for action. While we do not have direct control over processing facilities or farm-level operations, our position in the dairy value chain provides us with a unique opportunity to drive industry-wide collaboration to enhance the positive, and limit the negative, environmental impact of dairy production.

To fulfil our commitment to sustainability, Interfood has taken on a facilitating role by initiating partnerships that bring together producers and buyers to stimulate sustainable practices. These partnerships provide our customers with innovative solutions to manage their sustainability targets while working collaboratively with suppliers to reduce environmental impacts across the dairy supply chain and promote sustainable products to the market.

We are working relentlessly on the further development of our sustainable solutions value proposition. Building on last year's ambitions, we have taken significant steps in building our compliance framework, which guarantees the accurate allocation of carbon reduction and mitigates risks such as double-counting. In cooperation with leading certification and climate solution parties, we are contributing to one of the first carbon reduction allocation solutions in the dairy industry, which forms the solid basis of our sustainable solutions value proposition. Greenhouse gas emissions calculations are performed by means of the dairy-specific Life Cycle Assessment (LCA) methodology proposed by the International Dairy Federation (IDF).

Building on the GHG baseline, relevant farm-level interventions are proposed based on potential for carbon reduction. In doing so, we strictly prioritise carbon insetting and decarbonisation within the dairy value chain.

In 2022, we have further matured with regards to our sustainable solutions ambition. We have built a team of experts, supported by external partners, which work together with a clear roadmap, KPIs and effective governance structure. New projects have been initiated with key stakeholders, with formal kick-offs next year, and other projects have completed the baselining phase. In 2023, we aim to continue to expand our team of dedicated experts as well as further develop our set of progress indicators and evaluate the possibility to report these publicly. We will implement interventions such as feed additives, herd management, animal welfare and biodiversity initiatives, thereby further progressing the facilitation of carbon reduction for customers and suppliers supported by our digital sustainability solutions.

Addressing farm-level challenges through the Sustainable Dairy Partnership

The climate impact at feed- and farm-level is closely related to a number of underlying key sustainability challenges. These include animal welfare, biodiversity, land and soil use, and deforestation. Interfood is limited in its degree of influence on these aspects due to its position in the value chain. Therefore, to address these topics, we work together with the Sustainable Dairy Partnership [SDP].

The Sustainable Dairy Partnership is a multi-stakeholder collaboration founded by the Sustainable Agriculture Initiative (SAI) Platform Dairy Working Group. 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 farm-level sustainability.

The SDP's purpose is highly consistent with our strategic ambitions of a sustainable dairy industry and being a responsible leader in dairy. That said, we are proud to be the first and only trader to have become an SDP member. We have assumed an active role in workstream discussions, in which we cooperate with other platform members to increase our shared knowledge and combine forces to identify standardised solutions tackling farm-level sustainability challenges.

This year, we actively participated in workstreams that included:

Carbon reduction toolbox

Carbon module

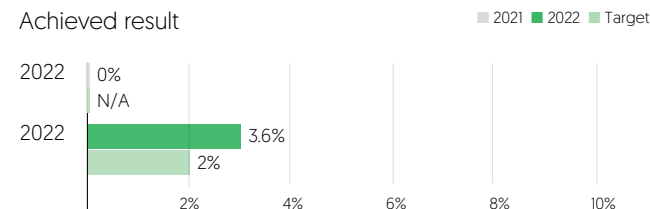
Deforestation

Regenerative agriculture

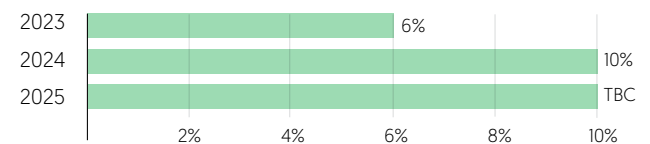
Interfood is a strong advocate of the SDP's mission and, with that in mind, has defined a KPI to encourage producers to become an SDP member. In 2022, 3.16% of our volume has been purchased from suppliers who have completed the SDP onboarding up until the materiality assessment phase, well on track to achieve our objective of 10% in 2024. Having committed to this ambition, we aim to support dairy producers and raise sustainability in the dairy sector to a higher level.

In 2023, and in years to come, we will track our progress on this KPI. In addition, we aim to boost our involvement in various SDP workstreams, assuming a leadership role in defining the approach to environmental sustainability in the dairy sector. Together, we will contribute to a sustainable food industry.

Sustainable sourcing [%]



Future targets



Case study

The future of dairy and our planet

For over 50 years, Interfood has inspired stakeholders with our vision, our willingness to collaborate, and our authenticity and, in 2022, we proudly took the next step in realising that vision by introducing our very own brand, Kalla.



Sustainable value chain



Kalla™

Kalla is a range of premium dairy products.

Using our experience, global network and technical development capabilities, we only select the best suppliers according to highly relevant sourcing criteria. We build longstanding relationships with suppliers that prioritise sustainability and nutrition, both with regards to the product and its production environment. Product quality and safety, reduced greenhouse gas, and biodiversity are key to our Kalla partnerships. In other words, Kalla milk powder is selected with care, prioritising welfare for farmers, animals, and the consumer.

What does Kalla stand for?

Kalla is about selecting and partnering with producers that share our vision, and are committed to producing high quality products sustainably:



Product safety and quality



Greenhouse gas



Animal care



Biodiversity



Soil

Why Kalla? And why now?





Our clients, and their customers, demand only the very best dairy from us. That's why we select the best pastures, and the best environments: that includes the best working conditions and welfare for farmers and animals alike, and a more sustainable approach to the future of dairy and our planet. When you see the name Kalla you know it's a premium dairy product, because Interfood has carefully selected everything that has gone into producing it. For more information, [click here](#). We are proud to have launched Kalla, and further development is ongoing. We aim to extend our partnerships and product range working together with an increasing number of suppliers to optimise the sustainability and nutrition of dairy products, and to provide clients with the best offerings. Together, we will continue to have a positive impact on the future of dairy and our planet.



Sustainable value chain

Interfood, our suppliers, customers and other parties involved form a value chain that spreads far and wide across the globe, one which we are jointly committed to managing sustainably. Our sound food safety management system has for a long time raised the food safety and traceability standard, and allows us to continue to report zero food safety incidents. We are increasingly integrating environmental and social aspects into our supplier due diligence and are proud to report that 61% of our suppliers have been screened on environmental and social criteria through our revised Supplier Code of Conduct, the first step towards sustainable supplier management. We have begun measuring our global transport-related greenhouse gas emissions, and are determined to push this baseline down through cooperation with our logistics service providers (LSPs). Our commitment is substantiated by our newly defined targets on our LSPs which guide us to a more sustainable supplier base.

Long-term pillar targets

KPI	2022	Ambition	Status	SDG's
Sustainable supply chain and procurement				
New suppliers that were screened using environmental/ social criteria	58%	2022: 20%	■ Achieved	   
		2023: 80%	■ On track	
		2024: 100%	■ Behind	
		2025: 100%		
Climate change				
No. of LSPs with completed CO₂ baselining projects NEW	No data	2023: 1	Status to be reported as of 2023	
		2024: 3		
		2025: 6		
Volume organised by LSPs with completed CO₂ baselining projects NEW	No data	2023: 1%	Status to be reported as of 2023	
		2024: 5%		
		2025: 25%		



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.

Sustainable supply chain and procurement

The total economic, environmental, and social impact of the dairy industry is immense. Interfood’s overall contribution to the sector’s impact depends greatly on our business partners, as our direct impact is minimal. Nevertheless, we take responsibility to stimulate sustainable business practices in our supply chain while providing dairy products and contributing to viable sector growth. Safeguarding a sustainable supply chain entails leveraging our role as an interconnecting supply chain partner to promote positive environmental and social impacts in the dairy sector.



ESG performance will become a key criteria in selecting Logistic Service Providers, and we look forward to our joint sustainability journey”

Joost Boot
Logistics Director

Interfood builds on various processes and procedures to transfer our expectations of responsible business conduct to our value chain partners as part of our supplier due diligence.

Preliminary supplier screening

Safeguarding sustainability in the value chain starts with our Know Your Supplier (KYS) processes incorporated in the supplier approval process. Every potential producer or logistics service provider completes a Supplier Data Request (SDR), a questionnaire about food safety, product quality, certifications, and other details.

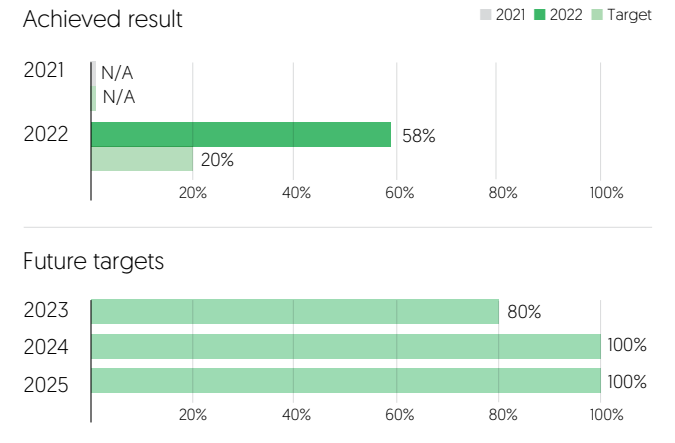
The results are scored, classified, and evaluated against a minimum benchmark. Suppliers’ certifications and SDR score are revised every year, and every three years respectively. Starting in 2022, we use multiple SDRs, each tailored to a specific type of supplier.

Our [Supplier Code of Conduct and Warehouse and Transport Policies](#) are integrated into each SDR and must be signed digitally as part of the supplier approval process. Our Supplier Code of Conduct 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.

The code complies with OECD guidelines and the ETI Base Code and is aligned with the International Bill of Human Rights, the ILO declaration of Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), and the Ten Principles of the UN Global Compact.

All our requirements with regards to operational health and safety are reflected in our Warehouse and Transport Policies. By the close of 2022, 58% of suppliers had been screened using the new SDR and have signed its integrated documents, and we are striving for 100% once the three-year approval cycle is completed in 2024.

Suppliers screened on environmental/social criteria [%]



Ongoing due diligence

Over the course of our engagement, the partners in our supplier database undergo a regular risk assessment. This assessment evaluates the data received in the SDR as well as the non-conformities reported across a range of criteria, each directed at maintaining high quality standards and preventing food safety incidents throughout our engagement. As of this year, occupational health and safety aspects have been added to the supplier risk assessment.

Based on risk assessment outcomes, vendors with high-risk scores are audited to ensure their compliance. In addition to physical audits, alternative auditing methods such as virtual 3D audits enable us to guarantee high quality and safety standards without a physical presence. In 2022, we have also launched virtual warehouse audits using smart glasses. Given the reduced environmental impact of virtual audits, we will continue to use similar technologies in the future as long as audit quality can be maintained.

Non-conformities registration

Despite the measures we take to avoid non-conformities, products may nevertheless deviate from our desired quality standards. 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. In 2022, a total of 1,438 non-conformities [NCs] were submitted. The figure to the right showcases the distribution of these among supply chain partners and ESG categories. The ESG-related non-conformities [NCs] are used to identify suppliers with actual negative environmental or social impacts, which numbered 13 and 19 suppliers respectively in 2022.

All registered NCs are reflected in subsequent supplier risk assessments. Internal audits of procedures and processes allow us to continuously improve these measures. To further progress in terms of sustainable procurement, we aim to start professionalising our sustainable procurement approach by expanding current due diligence methods with additional ESG criteria in 2023. We intend to raise the bar, both for our suppliers and ourselves.

Non conformities overview by supply chain partner category

NCs by supply chain partner category	Count
Producers	1,056
Transporters	315
Warehouses	62
Other	5
Total no. of NCs	1,438

Non conformities overview by ESG-related incident

NCs by ESG incident category	Count
Security/fraud	11
Occupational health and safety	0
Environmental incident	13
Potential food safety incident	8
Total no. of ESG-related NCs	32

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 crucial to guarantee the quality and safety of our products. Interfood therefore guarantees to have accurate traceability systems in place allowing for a timely response to potential food safety risks and ensuring compliance with trade-related requirements.



Our customer and supplier due diligence procedures allow us to collect a variety of background information on our supply chain partners, ranging from geographical location to product details and accredited certifications.

Our Supplier Database stores all the data on our internal ERP System. Since early 2022 the majority of our global offices have been onboarded, allowing for a uniform and substantiated traceability system through which colleagues can quickly and easily access accurate traceability details.

This system is verified ten times a year through traceability tests performed by the Technical Service team, all of which were successful in 2022. A number of our offices do not work with the global ERP system but have an equally reliable system to guarantee traceability.

99%

First-tier traceability based on traceability tests

Taking this into account, Interfood can report 99% confirmed first-tier traceability based on ten traceability tests performed by the Technical Service team on the ERP system, all of which were successful in 2022. In 2023, we aim to apply the same traceability testing methodology to the other offices' systems, striving for 100% confirmed first-tier traceability based on traceability tests.

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 to enhance transparency.

Product quality and safety

On a yearly basis, we facilitate the distribution of more than one million 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.

Food safety at Interfood

Our food safety management system is fully IFS Broker certified, returning a 98% score in 2022. A strong food safety culture is embedded into the organisation through a commitment at board-level, a dedicated Technical Service team, training courses, internal and external audits, and informal knowledge sharing. The Interfood Hazard Analysis and Critical Control Points (HACCP) plan was renewed in 2022 and performs a food safety risk assessment covering our primary internal processes related to all product groups. Identified hazards are managed by means of Operational Prerequisite Programmes (OPRP) and Prerequisite Programmes (PRP) control measures, which aim to minimise the risk of food safety to acceptable levels, mainly targeting supplier risk management, external processing under Interfood responsibility,

and business-to-business Certificate Of Analysis (COA) checks on accurate product specifications.

We aim to have the Interfood Global HACCP procedures audited against IFS multi-site Broker Certification, thus working towards a single multi-site HACCP certification in 2023, rather than having each HUB certified individually.

Working with high quality partners

To maintain the high safety and quality standards of our products, we have implemented several policies and procedures targeting our supply chain partners. Product quality and safety represents the most important aspect of our Supplier Data Request (SDR), part of the supplier approval process. The results of the SDR are scored, classified, and evaluated against a minimum benchmark of 70%. We do not source from suppliers until the SDR score meets the required threshold. At year-end, 97% of our approved and compliant suppliers have an up-to-date Supplier Data Request (SDR), with an average score of 82%.

97%

Compliant suppliers

Food safety and quality also remains paramount in the subsequent supplier vendor rating, supplier audits, and non-conformities registration. In exceptional cases, non-conformities pose a food safety risk. We have a crisis management tool in place to ensure timely identification of such threats and fast and efficient activation of involved stakeholders, which has been revised, tested, and improved in 2022.

We perform recall tests to evaluate our crisis management system, and ten of these were successfully conducted in 2022. In the unique case of a confirmed food safety incident in our supply chain, we always have a business continuity plan on which to fall back. The supply chain partners related to a food safety non-conformity will always be audited in the following year. In 2022, eight NCs were identified as potential food safety concerns, all of which were addressed before they reached the market. In other words, zero actual food safety incidents were recorded, and zero products had to be recalled in 2022.

8
potential food safety incidents

0
actual food safety incidents

This is due to Interfood’s strong food safety management system, which has proven to be one upon which we can build to ensure the safety of the products we supply. Any additional figures related to Product Quality and Safety can be found in the [Sustainability performance data](#). We will continue to closely monitor progress and developments with regards to this topic in our continued efforts to improve. A key ambition for 2023 is to improve our Know Your Supplier [KYS] processes with regards to forwarders.

Decarbonisation of the up and downstream supply chain

Addressing climate impact is a serious challenge in the transport sector, given the fuel-intensive nature of the industry and the significant investments required to decarbonise.

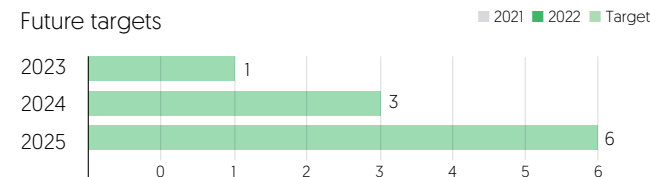
Nevertheless, we do see more and more dialogue among our logistics partners, especially with the CSRD and EN16258 gaining ground. Although the environmental impact of transport activities is small compared to farm-level emissions, we strive to play a role in the decarbonisation of every aspect of our value chain, transport and warehousing included.

2022 was dedicated to further defining this role, and with success. On the one hand, we asked ourselves what we can do in terms of supply chain planning, one of our main value propositions, and took a step forward with the modal shift from road to rail transport where possible, enabling improvements in both economic and environmental efficiency. On the other hand, we also explored how Interfood can take an active stance in addressing scope 3 emissions resulting from the movements of products we supply given our limited influence as an intermediate party. We have initiated a partnership with an external logistics and supply chain specialist to address this challenge and have created a baseline of our European transport-related scope 3 emissions in 2022 using transport data registered internally by Interfood. Our baseline for 2022 stands at 287,371 tCO₂e. This represents a major first step, and one on which we can further build in 2023.

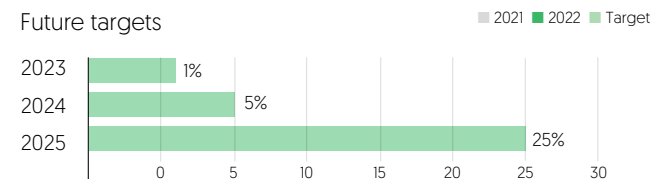
Our ambitions for 2023 are as follows. Building on the 2022 baseline, we aim to work together with an increasing number of European logistics service providers (LSPs) and cooperatively perform carbon footprint assessments to improve the quality of our baseline using fuel data as well as highlight improvement opportunities.

We focus on the European market for now because we observe a relatively higher readiness regarding climate impact mitigation, and because it represents the majority of our global supply and, as a result, the highest potential for reduction. To substantiate our commitment, we have set the objective to do so with six LSPs by 2025.

No. of LSPs with a completed carbon footprint assessment NEW



Volume organised by LSPs with a completed carbon footprint assessment [%] NEW



We have also set targets with regards to the volume organised by LSPs with a completed carbon footprint assessment, aiming for 25% in 2025. In the long-term, we hope to be able to share LSP sustainability performance with our customers to encourage sustainable sourcing. Additionally, we aim to sharpen Interfood’s selection criteria, as part of our own sustainable procurement ambitions.

Case study

The move towards inter-modal transport

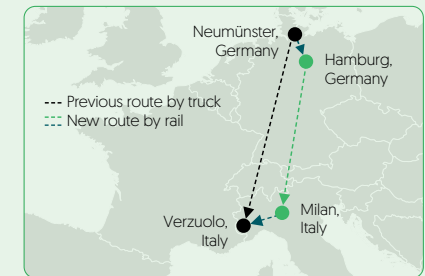
As a major global supplier of dairy ingredients, Interfood is closely involved with multiple steps in the value chain. One of our responsibilities is to provide supply chain solutions. Our dairy products are shipped all over the globe and we aim to make sure products end up at the right destination in the most efficient and responsible way so, where possible, Interfood is increasingly shifting to inter-modal transport.

The term inter-modal transport implies that different types of transport modes are used in order to move products from their origin to their final destination. Significant sections of trans-European routes have already shifted from road to either rail, barge or shortsea, leading to economic efficiencies as well as a reduced environmental impact due to the increased container capacity.

However, inter-modal transport also requires more action to be taken, and with more parties involved, which adds to the risk of disruption.

Interfood therefore carefully selects its routes with known partners, to ensure that inter-modal transport provides a valuable and sensible alternative.

One of the routes with the most significant impact is from Neumünster, Germany to Verzuolo, Italy. Previously, deliveries were driven directly from Neumünster to Verzuolo. Now, Euro 5 trucks carry products from Neumünster to Hamburg, after which much of the journey to Milan is by rail.



The remaining distance* is covered by trucks. This shift to inter-modal transport reduces the distance travelled by road by approximately 1,100 km [-80%] and 215.2 kg of CO₂ emissions [-73%]. In 2022, this route has been traversed one-way 300 times, translating into a total saving of 63,750 kg of CO₂ emissions.

This case is just one of many examples of the inter-modal shifts Interfood has initiated over the past year. We are glad to have enabled both economic and environmental efficiencies, and strive to find similar win-win situations in line with our sustainable value chain ambitions.

* Distance and CO₂ emission factors are based on driving distance, and derived from [CO₂ emissiefactoren](#)

Sustainable employer

The Interfood team is our most important asset and we are fully committed to providing all our colleagues with an excellent work environment. Having transformed HR from a local to a global team, we are also taking major steps towards our ambition of ensuring we are a sustainable employer everywhere we operate. One significant achievement has been the global roll-out of a uniform performance cycle that now includes our values of teamwork, continuous improvement, commitment, responsible leadership, and professionalism, all increasingly embedded into our day-to-day business. The revised 'Speak-Up' policy and hotline foster an open environment in which employees feel comfortable to air their concerns. We have also placed occupational health and safety (OHS) higher on our agenda, having set targets on our OHS Risk assessment and evaluation follow-up rates focused on further improvement.

Long-term pillar targets

KPI	2022	Ambition	Status	SDG's
Talent management and skills development				
% of employees receiving regular performance reviews	88%	2022: 87%	Achieved	
		2023: 93%	On track	
		2024: 97%	Behind	
		2025: 97%		
% of open key positions filled by internal successors NEW	No data	2023: 20%	Status to be reported as of 2023	
		2024: 25%		
		2025: 33%		
Occupational health and safety				
OHS risk assessment and evaluation (RI&E) follow-up rate NEW	100%	2022: 100%	Achieved	
		<i>Next 4-year assessment cycle</i>	On track	
		2023: 25%	Behind	
		2024: 50%		
		2025: 100%		



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 shows our approach to providing an environment which allows our colleagues to excel both at a personal and professional level.

Labour practices and human rights

How we treat our employees affects their well-being and engagement and ultimately impacts the performance of our Company. We are dependent on their commitment and (high) performance and so we strive to provide every colleague with an excellent work environment.

Employee well-being, labour practices, and employee engagement rank high on our strategic agenda. We have clear policies in place to provide employees with good employment conditions, vacation, leave and illness regulations, and employee benefits. In 2022, we continued the shift from (solely) local HR management to a more global HR team.

Adherence to all applicable laws and regulations issued in our operating locations is overseen locally in our HUBs, with regional HR managers introduced to guide HR processes in the Americas, the Asia Pacific region, and Europe. Simultaneously, the global HR structure allows for an overarching HR management approach with uniform policies, tools, and systems. 'Voice of the employee' sessions have been organised to receive feedback from colleagues on Interfood as a sustainable employer as we strive for them to feel welcomed, valued, and part of the team.

Various engagement activities are organised throughout the year with our regional team events in 2022 a highlight. Other developments included the renewed Code of Conduct and 'Speak-Up' policy, which encourages employees to report any concerns to internal confidants or via the newly developed 'Speak-Up' hotline. We promote a culture of openness, and therefore encourage colleagues to discuss matters with their manager and refer to the anonymous 'Speak-Up' hotline as a last resort.

With employee engagement as one of our strategic priorities, a main ambition for 2023 concerns a new and improved employee engagement survey, on which we intend to report. We are also revising and improving our regional employee handbooks, and will continue to align global HR policies.

Representing our global footprint

As Interfood operates internationally, we believe that our workforce should reflect our global footprint. We attach great value to the diversity of our teams, recognising the importance for both the team and the business. Input from diverse backgrounds provides us with a wide and valuable spectrum of insights and skillsets.

Diversity is also invaluable given our extensive contact with global partners: 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 for our customers.

“

Our people are key to Interfood's success. Therefore we foster a culture in which they feel engaged, can develop their potential, and deliver their best performance. We offer our diverse team a high level of responsibility, autonomy, and trust”

Mirjam van der Horst

Chief Human Resources Officer



No formal policies have been designed, but we are committed to a work environment in which diversity and inclusion is consciously integrated into our decision-making.

In 2022, we extended the board of directors with two new functions: Chief Human Resources Officer and Chief Information Officer. As a result, 20% of our Extended Board are now female. Additionally, of the 30 nationalities represented by our employees, 52% are women. The average age of our workforce is 36.

48%/52%

Male/Female ratio

30

Nationalities employed

36

Average age

Although diversity is critical, its potential cannot be reached without a culture of equality and inclusion. For our colleagues to reach their, and consequently Interfood's, full potential we provide an open and inclusive work environment where everyone is respected and their voices heard.

In 2023, we aim to maintain our overall diversity levels and analyse the gender balance in the underlying teams to decide on future actions.



Talent management and skills development

At Interfood we value our employees and spare no effort to develop their personal and professional skills and we set high standards with regards to learning opportunities, personal development, and talent attraction.

Learning opportunities

We provide collective learning opportunities through the Trader’s Academy and the Mini Academy. The annual Trader’s Academy is specifically tailored to introduce traders to Interfood and the required skills for their role. The Mini Academy is a two-week programme organised by internal experts twice a year. Topics addressed provide a general introduction to Interfood and may vary from compliance and business ethics to data security and legal cases.



Interfood trusted me as a supervisor when I lacked experience and taught me how to lead a team by being involved while keeping a macro view. Having developed many new skills, I’m now supervising a team of eight”

Maria Jose Cavestany
Logistics Supervisor

In 2022, the attendance rate for the Trader’s and Mini Academy was 82% and 79% respectively. We also encourage individual personal and professional development for all our employees.

Throughout the year, and in consultation with their direct manager, colleagues can sign up for training sessions in line with their learning and development needs and personal ambitions. In 2022 we organised training sessions for all people managers as a preparation for the mid-year and end-of-year review meetings with their employees. In these sessions we supported managers to enable them to have effective and engaging conversations with their team members.

Personal development

In line with last year’s ambition, our approach to personal development and performance evaluation has been renewed in 2022 and now entails a backward- and forward-looking learning and development approach worldwide. The performance review cycle includes a goal setting, progress and evaluation session and reflects on the previous year, lessons learned, and goals achieved.

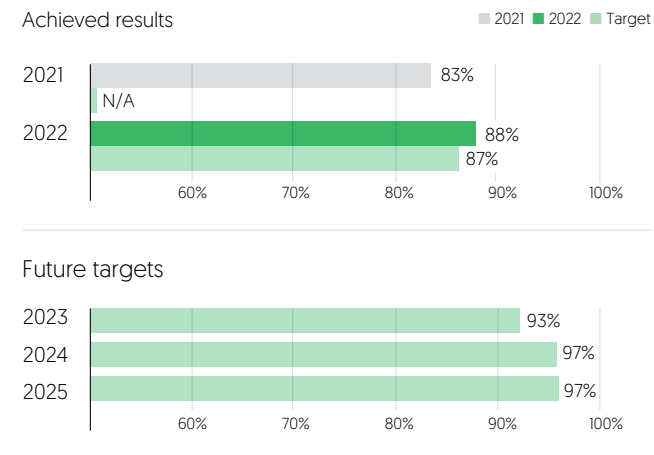
The performance review cycle is now applied uniformly across our global offices. All colleagues are now evaluated on both the “WHAT” (specific goals) as well as the “HOW” (our values) which are translated into concrete behaviours and input into the performance review.

Everyone is invited to participate in the performance cycle excluding those on long-term sickness, leavers, or new employees after September 1.

We regard participation as complete when year-end reviews have been formally registered in our HR system within the agreed timeframe. Of all participants, 88% registered their year-end review in 2022. We strive for 100%. However, to correct for external influences such as sickness, we have set our target to at least 97% in 2025.

Employees’ performance forms the input for two forward-looking talent development sessions in which managers focus on fulfilling the potential and personal career development of their team members. These sessions contribute to our newly defined KPI on the percentage of internal successors for key positions, on which we will report from 2023.

Employees receiving regular performance and development reviews [%]



Talent attraction

In 2022, we have professionalised our approach to talent attraction and welcomed a Global Recruitment Manager. We have also initiated a partnership with the Erasmus University in the Netherlands, and cooperated with recruitment agencies to meet new talent who we might invite onto the Interfood team. In 2023, we will be working on various initiatives to improve our employer brand and the effectiveness of our talent acquisition processes. Having achieved our 2022 ambition of a global approach to learning and development, we will be looking into challenging KPIs in 2023 to further improve our approach to learning opportunities, personal development, and talent attraction.

Health, safety, and well-being

We are committed to ensuring a secure, safe, and healthy place to work, based on trust, support, and teamwork: together for better. Within our office-based work environment, this involves providing ergonomic workplaces and investing in employee health and well-being. We provide healthy lunches as well as the possibility to go to the gym at our largest offices.

2.89%

Sick leave rate

In turn, the flexibility to work from home contributes to a healthy work-life balance. Last year's sick leave rate was reported at 2.89% of the total number of working days. Where applicable, local anti-COVID-19 regulations and measures are followed in all offices.

The other side of the health, safety and well-being coin is concerned with occupational health and safety (OHS) in an operational environment. Although this covers only a minor aspect of our business, we take a proactive and preventive stance to continuously improve towards an optimal working environment and increase awareness where appropriate. In the Dairy Food Studio in Bladel (NL), for example, small scale innovative experiments are conducted to test product specifications and identify tailored solutions to buyers' needs. Here we offer training sessions during the academy periods, have health and safety notification processes in place, and ensure an in-house emergency team is always present.

The improvements to our global crisis management system made in 2022 also cover operational safety. In 2023, we will continue to increase awareness through annual safety drills and improved OHS training. Our recurring OHS risk assessment and evaluation (RI&E) will be repeated globally, and we have set the recurring target to follow-up on all required corrective action well before the next assessment in four years.

Another priority is to assess and further improve internal OHS Non-Conformities (NCs) registration and subsequently keep this number as low as possible.

Occupational health and safety is also of importance in our supply chain, where the production and processing of our products take place. Please refer to our [Sustainable value chain](#) chapter for more information.

“

Interfood promotes employee health from many perspectives, such as the fashionable company-branded sportswear. When I am exercising, and out of breath, having the Interfood logo on my sports shirt reminds me of one of our Company values, that of commitment. I very much appreciate the support given by Interfood and feel a valued part of the team”

Lu Zhao

Office and Commercial Assistant

Case study

COVID-19's continuing influence on society

After two years of battling COVID-19, we had hoped to be able to welcome all our colleagues back to the office in 2022. Unfortunately, it did not work out that way. COVID-19 continued to seriously impact the lives of our colleagues in China, who faced a year full of uncertainty.

China applied a zero-COVID strategy during the year, which went hand-in-hand with severe restrictions for its citizens including lock-downs and compulsory working from home. It was therefore necessary for the Interfood team to implement clear emergency plans and ensure there was back-up in place for everyone's roles and responsibilities.

Colleagues also exemplified our teamwork values with their mutual support. For instance, only 5% of employees in our Chinese office were allowed to enter the building, which equates to only one person from our entire Beijing team. Several colleagues volunteered to take turns collecting delivered import documents, transferring them on to the right person so that we could pursue our business operations while adhering to the stringent COVID regulations.

The national COVID policy put immense personal pressure on our employees. Despite these difficulties, the team continued to show its resilience and did an outstanding job maintaining business continuity and keeping happy and healthy.

Our colleagues enjoyed the home dinners provided by Interfood and welcomed the global support packages. Digital engagement meetings were held on a daily basis to discuss business-related topics, but mostly to chat about daily life, children, pets, lunch, and the weather, always complying with local restrictions. These meetings, 'as if they were at the office', brought a sense of normality and helped combat anxiety and loneliness.







We are proud of our colleagues for their hard work, perseverance, and positive spirit during the year. We will continue to provide support in the best way possible for those touched by COVID, personally or professionally, and we hope to see our Chinese team in person again soon.

Sustainable operations

This year’s achievements are in line with the high expectations we set for ourselves as well as our partners. We have revised our employee, supplier, and business partner Codes of Conduct, with a beyond satisfactory signature rate. The same is true for our compliance training, where we have achieved a 96% attendance rate. We have professionalised our approach to data, privacy, and cybersecurity management in close collaboration with an expert security partner, and achieved a 79% result on our internal audits. One further, and highly promising, development is the design of a roadmap that actively steers us towards a reduction in our directly emitted greenhouse gas emissions. To help us continuously raise the bar on sustainable operations, we have defined numerous new KPIs, targets, and ambitions to guide us in the coming years, detailed in the following chapters.

Long-term pillar targets

KPI	2022	Ambition	Status	SDG's
Results of internal audits performed NEW	79%	2022: 80% 2023: 81% 2024: 83% 2025: 85%	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #0056b3; margin-bottom: 5px;"></div> Achieved <div style="width: 15px; height: 15px; background-color: #28a745; margin-bottom: 5px;"></div> On track <div style="width: 15px; height: 15px; background-color: #ffc107; margin-bottom: 5px;"></div> ◀ Behind </div>	   
Proportion of employees⁽¹⁾ and governance body members⁽²⁾ that have received training on anti-corruption	96% ⁽¹⁾ 60% ⁽²⁾	100% 100%	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #0056b3; margin-bottom: 5px;"></div> Achieved <div style="width: 15px; height: 15px; background-color: #28a745; margin-bottom: 5px;"></div> On track <div style="width: 15px; height: 15px; background-color: #ffc107; margin-bottom: 5px;"></div> ◀ Behind </div>	
Scope 1 and 2 greenhouse gas emissions SLL	406 [-31%]	2022: 451 [-25%] 2023: 406 [-32%] 2024: 369 [-38%]	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #0056b3; margin-bottom: 5px;"></div> Achieved <div style="width: 15px; height: 15px; background-color: #28a745; margin-bottom: 5px;"></div> ◀ On track <div style="width: 15px; height: 15px; background-color: #ffc107; margin-bottom: 5px;"></div> Behind </div>	



“ I strongly believe in leading by example and the sustainable operations initiatives are Interfood’s way of doing just that”

Jasper Vervaat
Finance Director Europe



We attach great importance 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.

Ethical business practices require compliance with laws and regulations on 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.

We have set high ethical standards with regards to our global business practices and take our role as a trustworthy partner seriously. As a first, we strive for all colleagues to endorse our comprehensive internal business Code of Conduct, which serves as a guideline on how we do business. At 2022 year-end, 92% of employees and 80% of the Extended Board have personally approved and signed this document.

92%
of employees and

80%
of the Extended Board

have signed the Code of Conduct

To ensure we remain attentive regarding potential compliance issues, our global Trader's Academy and Mini-Academy both include compliance training. Additionally, in 2022, we provided compulsory global, classroom-based, compliance training. 96% of all eligible employees and 60% of the Extended Board have completed the training, with the remainder participating in Q1 2023. These expectations are translated to all partners to make sure business is conducted ethically throughout the supply chain.

We have strict 'Know Your Customer' and 'Know Your Supplier' policies in place to prevent potential ethical violations, particularly in high-risk countries. Our agents and suppliers go through an extensive onboarding in which business ethics plays a central role. All our intermediate business partners [agents] must sign a tailored Business Partner Code of Conduct (100%) and suppliers are expected to sign our Supplier Code of Conduct through the Supplier Data Request (58%).

Grievance mechanisms

Interfood has numerous communication channels in place for stakeholders to raise any concerns. Our 'Crisis Management' tool enables internal stakeholders to report on a broad set of issues, including but not limited to employee safety, theft, or food safety concerns. Our 'Non-Conformities' tool is specifically used to report on potential food safety threats, enabling relevant stakeholders to evaluate the risk and take immediate action. Our internal 'Speak-Up' policy encourages colleagues to report any concerns to internal confidants, namely HR, direct managers, or the compliance officer.

In 2022, we launched the 'Speak-Up' hotline, allowing colleagues to anonymously report any concerns they may not feel comfortable sharing with confidants. Colleagues are encouraged to speak-up about fraud/bribery, money laundering, discrimination and harassment, and any other issues. All incidents that are reported are thoroughly investigated and handled accordingly.

Besides the regular communication channels with account managers, external stakeholders can report their concerns according to the [Customer complaint policy](#). Business partners can report suspected Code of Conduct violations directly to our compliance department. Complaints and suspected violations are investigated internally, and appropriate action is taken.

All internal and external concerns, allegations, or cases with high potential or actual negative impact are regarded a critical concern and reported to the Extended Board based on materiality. In 2022, two critical concerns have been discussed at Extended Board level. All issues have been resolved.

Both are publicly disclosed on our website and were revised and approved by the Extended Board in 2022. In case any ethical violations are suspected, colleagues can draw upon the new 'Speak-Up' hotline to anonymously report their concerns. In 2022, two incidents have been reported internally and appropriately settled with the involved stakeholders, without the need for any formal consequences. Zero incidents have been reported via the anonymous 'Speak-Up' hotline.

Our Extended Board evaluates our approach towards responsible business practices twice-a-year and discusses cases if they occur. In 2022, there were no incidents or cases registered in relation to corruption and bribery and no instances of non-compliance with laws and regulations.

After the steps taken in 2022, we will follow-up on the success of these initiatives in 2023 and beyond focusing on maintaining the high level of engagement achieved through the compliance training.

Risk management

Diligent risk management is crucial to ensuring business continuity and remaining a reliable business partner. To Interfood, risk management implies both managing our trade-related risks as well as the strategic, operational, financial, and compliance risks we face as a Company. Risk management is an inherent part of our trading activities and one of our leading value propositions.

Interfood holds the following certifications

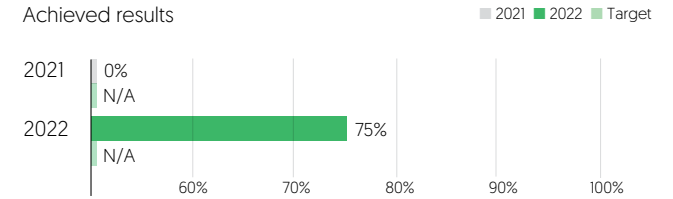
Certification/standard	Description	Scope			
		Europe	APAC	Americas	
Site certifications/standards					
IFS Broker	Food safety management standard (recognised by GFSI)				
GMP+ B3	Feed safety standard				
Authorised Economic Operator	Certification indicating official approval for parties involved with international movements of goods, compliant with supply chain security standards				
Ecovadis	Sustainability management assessment (environment, labour rights, ethics, sustainable procurement)				
Product certifications/standards Europe					
Organic	Biological products standard				
VLOG	Genetically Modified Organisms (GMO) free products standard				
Meadow Milk	Animal welfare standard				



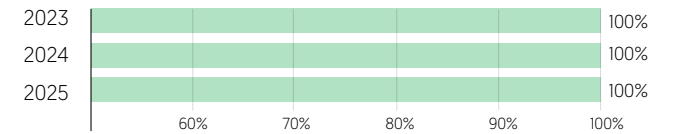
The complex supply and demand dynamics in the dairy market go hand-in-hand with volatile dairy prices. Our Risk Management team has significant market knowledge and expertise in managing these risks and works hard to manage our exposure. Processes are continuously improved, and we are currently working towards our prime ambition of one single risk analyses platform. In the future, we also aim to enhance internal knowledge transfer through training initiatives.

We acknowledge the strategic, operational, financial and compliance risks included in our Risk and Control Matrix. These are managed through a joint effort by our Internal Control and Compliance specialist and our Quality Assurance department, ensuring that business processes are handled properly in every respect, ranging from food safety to safeguarding business ethics and securing data.

Controls tested (%)

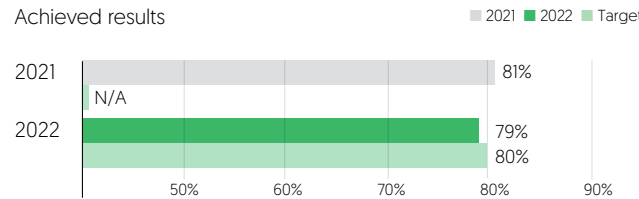


Future targets

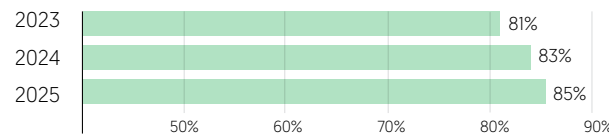


Our annual internal audit indicated that 79% of our internal controls were performed correctly across our business units in 2022, slightly below our ambition of 80%. Follow-up actions have been defined for further continuous improvement towards the goal of 85% in 2025. We also actively test whether the controls installed have the desired effect on minimising business risks. In 2022, we tested 75% of our controls addressing the top 15 business risks, and we are striving for 100%. Our risk management approach is more thoroughly described in the separate [Risk management](#) section.

Results of internal audits (%)



Future targets



Data, privacy, and cybersecurity

Data protection, privacy, and secure systems are a global strategic priority. We recognise our exposure to risks as well as opportunities associated with our reliance on information technology, and continuously improve to secure Company, customer, and other data from malicious attacks and improper use.

The mitigation of data, privacy, and cybersecurity risks is centrally managed by our IT team together with our external security partner. Global risk assessment and risk mitigation plans guide us in proactively addressing the most prominent risks. We have both an internal and external registration tool to keep track of incidents. In order to continuously improve our data security these measures are evaluated on a monthly basis in a meeting with the Steering Committee, which includes members of the Extended Board.

Central to 2022 was our collaboration with a new and renowned privacy and security partner, with whom we have taken steps to professionalise our management approach. We have defined a baseline together with our ambitions, and we report on, and evaluate, these on a quarterly basis. A main achievement is the risk assessment that has been performed, and the subsequent measures targeting our top three risks in terms of impact and likelihood.

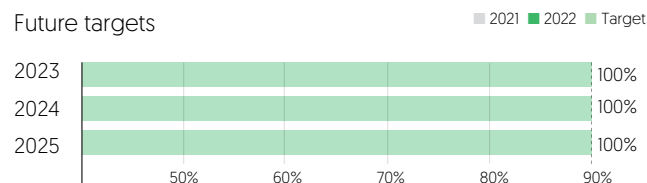
We also applied significant improvements to our monitoring systems as well as our global policies and procedures raising the bar regarding information security, privacy, or data breaches. Our systems are increasingly Cloud-based to pursue constant business continuity and support our ambition for a reduction of our CO₂ footprint. In 2022, we have been evaluating our stakeholder communication channels and, in 2023, our new improved platform for stakeholder engagement will go live. We continuously monitor our multi-Cloud environment with the use of advanced security and compliance services. During the past year, two security incidents took place, both of which were not related to customer data nor identified by complaints from external parties, and resolved internally.

We are pleased with the improvements made this year, further progressing towards being a data-driven organisation within a safe and secure cyber environment. In 2023, we aim to implement an awareness programme complemented by security training, for which we strive for a 100% attendance rate.

Security training attendance rate (%)

NEW

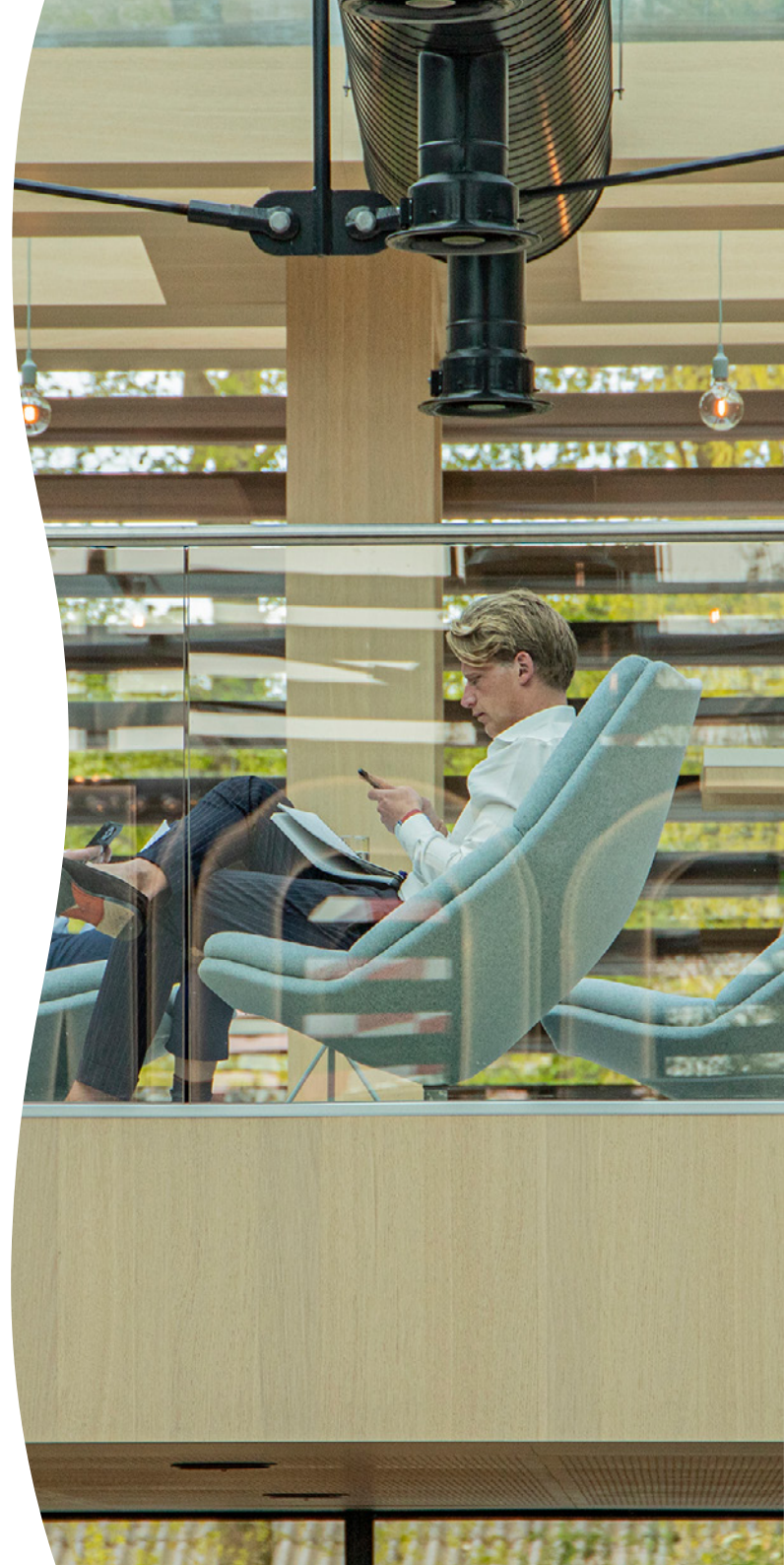
Future targets



We will continue to improve monitoring and measure progress against internal KPIs. Our prime, long-term ambition is to gradually work towards full Group ISO27001 certification by 2025, and we started taking the first steps towards this in early 2023.

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 ensuring the Group is 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 material uncertainties on our balance sheet and there is full tax compliance to date. Tax risks are carefully managed via tax health checks, and financial directors reach out to the Extended Board immediately in the case of tax audits being announced, 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 a country other than from where the goods were delivered, and respective services were rendered.

Cases like this are discussed with at least one member of the Extended Board and, without sufficient business rationale, the payment will not be made. Either way, we verify that payment always follows contract or otherwise legally binding documentation.

Our relationship with tax advisors, tax authorities, and semi-governmental institutes with which we are involved is highly valued, and our dialogue with tax stakeholders is adapted to each specific region. 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.

An example of this is the 2022 initiative to clarify the VAT treatment of a relatively standard transaction with the Dutch tax authorities to eliminate the uncertainty around this topic within the Dutch dairy industry. The outcome of this was shared with our counter party. 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.

In 2021, we accelerated signing up to an engagement with one of the 'Big four' tax advisors to cover additional Interfood offices.

These international partners match our global footprint and enable us to reach out to our advisors from any of our offices and, most importantly, allow for better controls. In 2022, we finalised the onboarding process of our tax advisors resulting in a global coverage (including a formal yearly evaluation process). During 2022 we initiated a process of self-assessments of our way of working with external sales support agents. We expect this self-assessment to be finalised in 2023.

We have a new ambition for 2023: the introduction of external reporting on our current tax payable footprint, something that would elevate Interfood into the lead in terms of international tax developments. Additionally, we have defined two KPIs towards which we will report progress in the years to come. As a responsible leader, our objective is to pay all our tax payments on time, which was the case for 99.7% of our payments in 2022.

99.7%
on-time tax payments

We also welcome the EU's and OECD's upcoming Pillar 2 model rules, implementing a minimum Effective Tax Rate of 15.0% anticipated to be effective per 1 January 2024 ("Pillar 2 ETR") and in light of that initiative we are pleased to announce our ambition for 2023 (one year ahead of the implementation date) to be reporting on our year-on-year Pillar 2 ETR. While preparing for the Pillar 2 ETR we used the commercial ETR to set our target for 2022.

“

We introduced an Information Security Management System to remove or mitigate the increasing security threats and privacy risks in a systemic and risk-based manner”

Sabine Verstreepen

Global Service Delivery Manager



Our commercial ETR over 2022 stands at 14.5% (2021: 21.1%), this was below the target we set for ourselves (15.0%), caused by a one-off tax provision reversal. The tax provision that was reversed in 2022 initially resulted in a higher commercial ETR over 2016 when the tax provision was originally recorded. When correcting for the tax provision reversal our commercial ETR stands at 18.5% and therefore exceeds our 2022 target.

18.5%

Commercial Effective Tax Rate

Reducing our direct environmental impact

As we do not fully own 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. Considerations of waste, water consumption, and energy have become equally if not more important than financial considerations with regards to facility management.

Recyclability plays a large role in the procurement of office supplies, waste is separated, and we are increasingly switching to digital communication to avoid paper use, for instance with regards to invoicing. Where possible, food waste is actively avoided, with the [zero-waste lunch in Montevideo, Uruguay](#), as a prime example. Minimal water consumption is encouraged at our offices through a water-efficient beverage system.

Together with an external partner, we have defined a target to realise 38% Scope 1 and Scope 2 reductions on our 2021 baseline* in 2024. Our ambition for 2022 was to give substance to our emissions reduction plans, including waiving Interfood's formal ownership of the warehouse in Ittervoort and the relocation of our HQ to a climate neutral office that is easily accessible by public transport. The largest Interfood office, in Bladel in the Netherlands, is now home to an additional 158 solar panels (bringing the total to 204 panels), driven by an intrinsic motivation to switch to renewable electricity. The office fully functions on renewable Dutch wind energy for remaining energy usage. We are happy to report that the steps taken this year have allowed us to exceed our intermediate Carbon Footprint target with a realised reduction of 31%.

31%

Scope 1 and Scope 2 reduction

At present, Interfood is CO₂ neutral, using Gold Standard CO₂ compensation certificates. Our CO₂ compensation certificates support Biogas and Cookstove projects in Africa and Asia, which allow for both a safer and more sustainable alternative to the common and more dangerous conservative cooking methods. However, we strive to increase the share of realised reduction and decrease the share of compensation.

CO₂ neutral

using Gold Standard CO₂ compensation certificates

In 2023, we aim to extend the scope of our car lease policy and stimulate the transition to a fully electric global fleet in 2024, facilitated by charging stations around offices. Long-term ambitions include sustainable energy consumption upgrades to offices, revised business travel or employee commuting policies, and raised awareness among colleagues.

These ambitions are part of our Sustainability Linked Loan agreement, substantiating our commitment to reduce our environmental footprint.

Overview CO ₂ e (in ton)	2020	2021	2022
Scope 1 - Direct emissions			
Natural gas	19	19	13
Company cars	516	303	324
Total	535	322	337
Scope 2 - Indirect emissions			
Non-renewable electricity	268	249	50
Renewable electricity	-	-	-
District heating	2	19	19
Total	270	268	69
Scope 3 - Other indirect emissions			
Business flights	307	228	713
Total	307	228	713

*baseline 2020 and 2021 adjusted for the sale of the Ittervoort warehouse

Case study

Responsible food consumption through 'zero-waste lunch' initiative

Interfood envisions a world in which food is enjoyed responsibly and we believe that an essential aspect of responsible food consumption is the minimisation of food waste.

Food is lost along the entire supply chain. Within the processing part of the supply chain, food safety guidelines play an important role in preventing this. However, a significant share of global food waste is needlessly discarded in the consumption phase. While we are not in the position to directly influence consumer behaviour, we actively raise awareness and encourage the minimisation of food waste among our employees.

This approach is highlighted by 'the zero-waste lunch' in our Montevideo office in Uruguay. We provide lunch benefits to our Uruguayan colleagues based on two criteria: food should be of high nutritional quality, and its disposal should be minimised.

The home-made lunch is supplied in reusable containers to avoid single-use packaging, and anything left-over is either saved for the day after, taken home to be consumed later, or made available to locals in need, avoiding large amounts of food waste and also raising awareness among our employees.

In 2022 we provided 4,653 lunches in Montevideo causing minimal food waste with an average of 0.5 to 1.5 kilograms of food provided to locals in need on a weekly basis.



“

Having lunch at the office has been crucial in the promotion of healthy habits and has involved us all in the zero-waste project, making it our personal responsibility to trace any leftovers”





Marcia Rossi

Accounts Payable Analyst

Sustainable society

Interfood is strongly motivated to improve sustainability in our own business, in that of our partners, and in the entire value chain and sector. We are thrilled to see our dedicated sustainability team growing, and sustainability increasingly integrated into our day-to-day activities. In line with our strategy, the entire team has worked on introducing impactful initiatives to advance sustainability, both internally and with producers, customers and logistics service providers. Going beyond the boundaries of our own value chain, we have also contributed to inspiring causes that have visions on access to nutrition, education, and water among others. In total during 2022, we have contributed 1.5% of our 2021 net income towards a sustainable society.

Long-term pillar targets

KPI	2022	Ambition	Status	SDG's
% of prior year net income spent on sustainable society	1.5%	2022: 1%	■ Achieved	   
		2023: 2%	■ On track	
		2024: 2%	■ Behind	
		2025: 2%		



At Interfood, we're passionate about making a difference. The sustainable society pillar substantiates our drive to contribute to a better world for all"

John Cox
Senior Trader/Statutory Director



The food industry faces a major challenge, to feed an increasing worldwide population while reducing its environmental impact. It requires significant business model transformations, prioritising shared value creation for society and the environment alike in harmony with the world around us. It is a difficult task and one which can only be achieved through strong collaboration and a devotion to a greater cause. Interfood is committed to playing an ever-increasing role in creating a future-proof food sector which allows the world to enjoy food responsibly. This requires us to look beyond our usual day-to-day business activities, and through a new lens that shows us how our activities drive a wider impact outside the boundaries of our organisation and pushes us beyond a financial return on investment and to shared value creation for society and the environment.

To alleviate any reluctance to invest in such projects with a low(er) Return on Investment than regular investments, we have developed our sustainable society pillar. We have defined a structured approach in which we aim to move towards an allocation of 2% of our prior year net profit to target strategic sustainability initiatives as well as corporate citizenship and philanthropy. However, if a lack of worthwhile initiatives leads to a proportion of the budget being unused, we will not spend the remaining budget just to reach the target and will instead reserve it for the following year.

1.50%
of prior year net income spent on sustainable society

*In 2021, the target was set to grow to a total of 5%, a figure that included the employee expenses of our dedicated internal team. However, we have since decided to only include our financial contribution in the revised target of 2% going forward, and to exclude the expenses related to our sustainability team of approximately 7 FTE (which would amount to an estimated 70% of the original budget). This decision was made because the inclusion of expenses related to employing these colleagues could potentially detract from the goal of this pillar and our objective to integrate successful investments into our everyday business.

In 2022, we have contributed 1.5% of our 2021 net income to our sustainable society pillar. Although we have not spent the full budget, we expect the projects which have been initiated this year to materialise into a higher impact and contribution in 2023. Given this year's net income, our 2023 budget will amount to €680,000 complemented by the unused budget of 2022. On top of our financial contribution, we have an internal team of experts dedicating significant time and effort to value chain projects which enable our customers and suppliers to effectively reduce environmental impacts.



Africa Improved Foods

Africa Improved Foods is an African social enterprise which addresses the food-system challenges facing Africa, including poverty, food insecurity, and malnutrition. AIF builds resilient food systems, prioritising a local for local approach, to provide nutritious, affordable and accessible products which contribute to local economies. Interfood contributes to AIF's work by supplying milk powder, for which a local for local system is unfeasible, under less stringent supplier terms, enabling AIF to successfully address malnutrition among the most vulnerable populations in Africa.

Strategic initiatives

The first facet of our sustainable society pillar funds strategic initiatives which could create value for us, as well as beneficiaries and stakeholders alike. The activities central to our sustainable solutions and sustainable value chain are complex and large scale, aiming to lower the carbon footprint from farm to fork through reduction programmes with supply chain partners. The resources allocated to these pillars are considered an enabler for initiatives requiring sector-wide collaboration and higher risk investments, such as our farm-level initiatives as well as the carbon footprint baselining projects with our logistics service providers (LSPs).



Rabobank Carbon Bank

In 2021, Interfood contributed to the launch of the Rabobank Carbon Bank, which aims to provide farmers with a financial incentive to implement farm-level interventions. 2022 marks the second year of the engagement, in which farmers have implemented interventions and are starting to notice the co-benefits of the engagement.

Feedback received from farmers was positive, although the preliminary CO₂ impact realised turned out variable due to external factors, and data accuracy and certification proves to be a challenge. Nevertheless, 2022 allowed for valuable lessons learned. Interfood remains committed and continues to support the Carbon Bank throughout its third year.

The fund is also available for investments in Interfood as a sustainable employer with sustainable operations continuously raising the bar among our peers and partners. This year, we made a significant investment in solar panels and charging stations for our largest office in Bladel, the Netherlands, promoting the use of electric vehicles. This initiative is part of our global scope 1 and 2 carbon reduction roadmap, for which we will make more investments in 2023.

Besides funding our strategic pillar initiatives, we also support external partners with powerful ambitions in other ways. In 2022, 91% of our budget was spent on such strategic initiatives.



Made Blue

Since 2015, our ongoing annual 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. Up until 2022, our contribution of 649,250,000 litres provides ten years of clean drinking water for 8,894 people while avoiding the need to boil surface water on open fires before consumption, thereby preventing approximately 4,500 tons of CO₂, 6,500 tons of plastic from bottles and 97,000 trees from being used as firewood.

Corporate citizenship and philanthropy

The second facet of our sustainable society pillar concerns our contribution to a future-proof food industry through corporate citizenship and philanthropy. We feel responsible for contributing to the societies in which we work and live, and have therefore allocated an annual budget to philanthropic activities.

This budget is dedicated to initiatives which address relevant Sustainable Development Goals, especially those which lie further outside Interfood's scope of influence, allowing us to address more distant but equally important challenges.

Additionally, we aim to financially contribute to causes that have a personal significance to stakeholders, whether they are our community, customers, suppliers, or our own Interfood colleagues.

In 2022, we have contributed 9% of our sustainable society budget to various projects across the globe.

In 2023 we will continue our sustained support to Made Blue and help a Christmas fund with personal significance to our colleagues, as well as contribute to initiatives tackling SDGs around the world.



Annual Christmas donation

Another recurring project is our annual Christmas donation to a good cause in Interfood's European HUB, which is selected by our colleagues. In 2022, we donated to Leontienhuis, a home to patients with an eating disorder, and to the Catharina Research Fund, a cancer research initiative.



Projeto Arrastão

Projeto Arrastão does a great job working on community development and providing essential services regarding food, education, and health in Brazil.



Aldeas Infantiles SOS

Aldeas Infantiles SOS

We are happy to have contributed to Aldeas Infantiles SOS, which promotes the development of children, adolescents, and young adults through educational and recreational facilities.

Case study

Bringing health and happiness to Uruguayan children, one glass of milk at a time

Interfood Americas S.A. supported non-profit organisation Banco de Alimentos del Uruguay's 'A Glass of Milk for Uruguayan Children' project in 2022.

Banco de Alimentos del Uruguay's mission is to meet the basic foodstuff needs of the most vulnerable in society through donations that would otherwise be discarded or destroyed, especially food that only has a few more days' shelf life and can't be sold in retail anymore. The organisation supports 150 beneficiary institutions, reaching more than 40,000 people.

The 'A Glass of Milk for Uruguayan Children' initiative allows these beneficiary institutions to use their finances to improve the nutritional value of the meals they serve, rather than having to spend resources on powdered milk—a very expensive product in Uruguay.

In April, 2022, Interfood Americas S.A. Uruguay donated the equivalent of 53,750 glasses of milk to Banco de Alimentos for the project, and is delighted to have supported such an important cause so closely linked to our value chain, while simultaneously contributing to Uruguayan society at large.



“
I'm really proud to work in a multinational company that cares about our local society. Visiting one of the beneficiary institutions and seeing their meaningful work first-hand was a fulfilling experience that I will never forget”

Constantina Roca
Reporting Manager

Financial performance

2022 has proven to be a record year for Interfood as a combination of price and volume increases have driven our revenues up to a record €3.6 billion. We are also proud to report a record net income of €34.0 million breaking our previous peak performance achieved in 2020.

General economic environment

The uncertainty in the world, first COVID and then the Russian invasion of Ukraine, has influenced many commodity prices and dairy prices are among them. Throughout the majority of 2022 we saw dairy commodity prices rise to record levels, but they have since come down. 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 still see supply chain issues with volatile shipping prices, but the interruptions experienced during 2021 have not returned.

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 that both dairy commodity and shipping prices will remain volatile during 2023, driven by the uncertainty in our global society. We 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 performance measurement

Over the past few years Interfood has fine-tuned its financial performance measurement and approach. One metric, introduced in 2015, now prevails above all else, and this is Economic Profit Realised [EPR].

Using the EPR-principle we are able to capture all relevant financial metrics in one KPI, our capital usage, our cost of capital, our operational expenses and our gross margin performance. Quite simply, we are not performing at the level that we feel we should if we are posting negative EPR-numbers, regardless of how good our P&L looks on its own.

The metric helps us in managing our capital usage [balance sheet] to ensure we operate at sustainable levels while simultaneously covering all elements of our P&L because our net result is ultimately included in the formula. We believe that our steadfast belief in and development of this metric as our core financial steering mechanism is one of the elements which helps us to set the benchmark for financial performance. At the same time this metric encourages strong [working] capital management which assures we can service our suppliers and customers in a durable manner, regardless of higher or lower price levels.

Our EPR result of €7.5 million highlights the success of the past year according to our own definition, despite the growth of our balance sheet resulting from extraordinary high prices.

Financial analysis

Regardless of the challenges, we put in a strong performance in 2022 and achieved a net income of €34.0 million for the Group. At the same time, rising commodity prices have resulted in an unprecedented growth of our balance sheet from €625.3 million at year end 2021 to €857.7 million at the end of 2022.

We remain highly focused on maintaining healthy ratios with our solvency amounting to 23.6% [2021: 26.8%] despite the balance sheet growth. Our current ratio has also remained robust at 1.26 [2021: 1.33]. Other than preferred dividends, no dividends were paid out during 2022 to keep our ratios in the aspired bandwidth.

Price developments have significantly impacted our balance sheet and to a large extent fuelled the 61.5% increase in our revenues to a record €3,610.2 million. This makes 2022 a record year for Interfood in terms of turnover, both when measured in euros and in terms of the volumes sold which amounted to 1,171.7 thousand MT [2021: 1,007.5 thousand MT], up with 16.3%.

Our gross operating income has increased to €99.1 million [2021: €65.7 million] now amounting to 2.7% of net turnover [2021: 2.9%]. Our selling and general and administrative expenses amounted to €44.0 million [2021: €34.4 million] primarily driven by inflation.

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.

In 2022 we furthered our investments in the digitalisation of the Group with investments in intangible assets amounting to €2.0 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 relocated our HQ office, expanded our Montevideo office and are finalising preparations for a refurbishment of our Warsaw office. In total, we invested €0.8 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, consequently acquired 24.99% of the company AS E-Piim Tootmine in the first quarter of 2022, thereby converting €4.4 million of the debt financing by Interfood into an equity stake. The build of the factory continues and, though over budget, is on-track in terms of timeline.

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 €29.4 million [2021: €90.4 million]. The cash flow used in investment activities, amounting to €3.3 million, increased, primarily due to IT and office investments [2021: €0.6 million]. To finance the increased operating activities, we have drawn larger amounts from our financing facility, totalling €251.8 million at year-end [2021: €219.3 million]. Overall, we generated €30.1 million from financing activities [2021: €99.9 million] resulting in a year-end cash balance of €12.4 million [2021: €14.5 million], down by €2.1 million.

The equity of the Group increased to €202.7 million [2021: €167.7 million] while €2.3 million was distributed in dividends during the year [2021: €7.3 million].

All of the 2022 dividends related to P-shares. The equity increase was driven by the Group's €33.4 million profit [2021: €22.6 million] as well as foreign exchange gains on non-euro denominated subsidiaries amounting to €3.3 million [2021: €4.2 million gain].

During 2022 we extended our financing facility by €100.0 million, primarily with our existing group of lenders, but also through the addition of BBVA Garantibank International N.V to our lenders consortium. We also renewed our financing agreement with the six lenders to include three sustainability-based KPIs which we report on for the first time in this year's report.

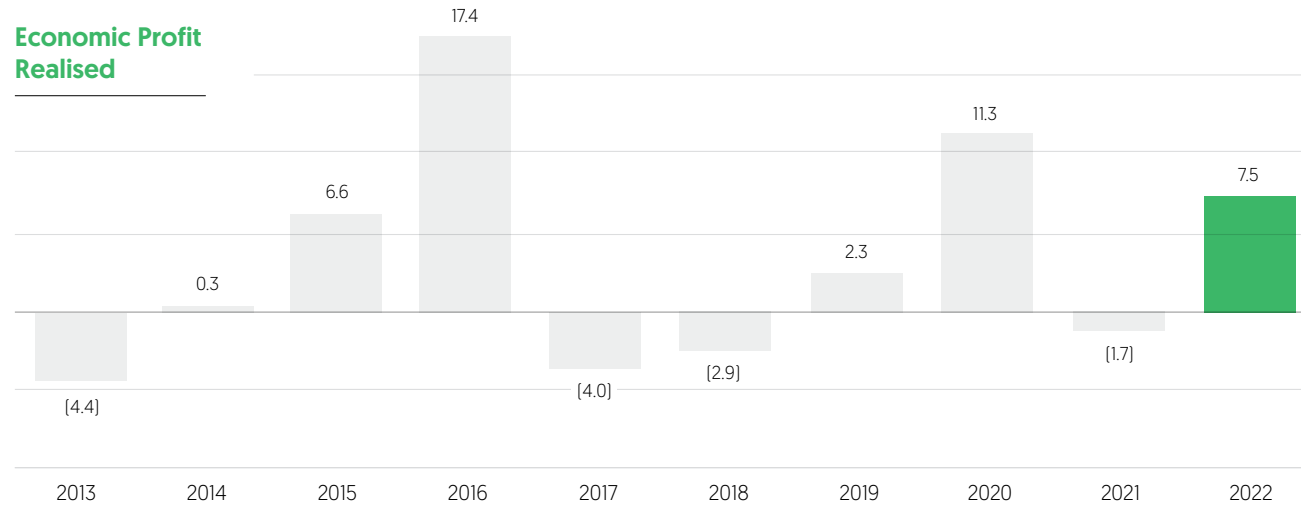
Our revolving credit facility now classifies as a Sustainability Linked Loan [SLL]. The year-end drawdowns from the facility amounted to €220.3 million. During 2022 we have also set up several local financing facilities for smaller offices to enable business growth in developing dairy markets. The Company and its subsidiaries are in full compliance with all bank covenants present in the facilities.

Historic performance

The annual performance of Interfood is of interest to its stakeholders. However, the best and most complete picture of our performance can only be painted by looking at the long-term performance of the Group. To allow a good view of our long-term performance we have included a snapshot of some of our key financial metrics illustrated on the following pages.

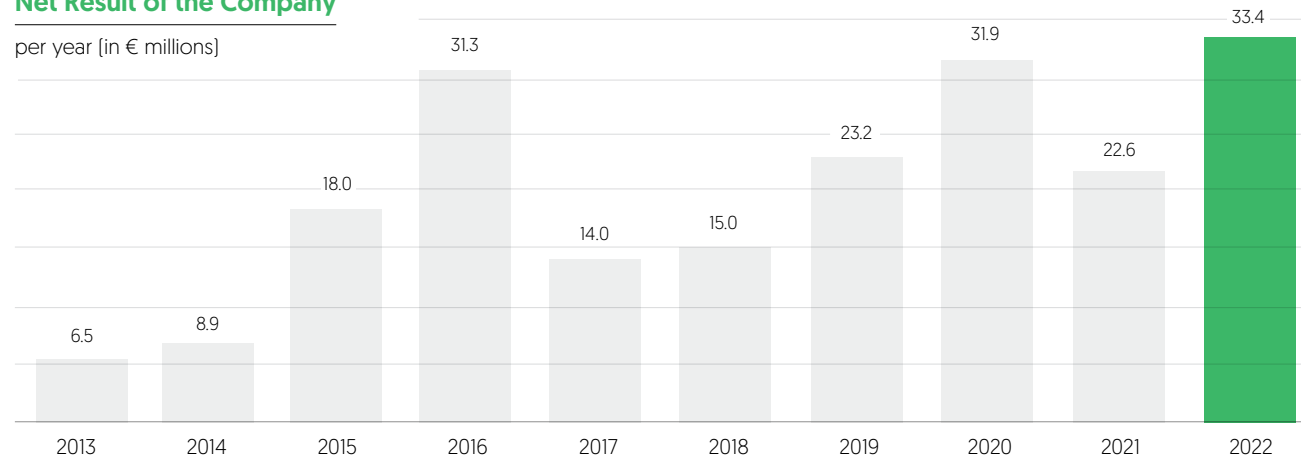
Key performance data

Economic Profit Realised



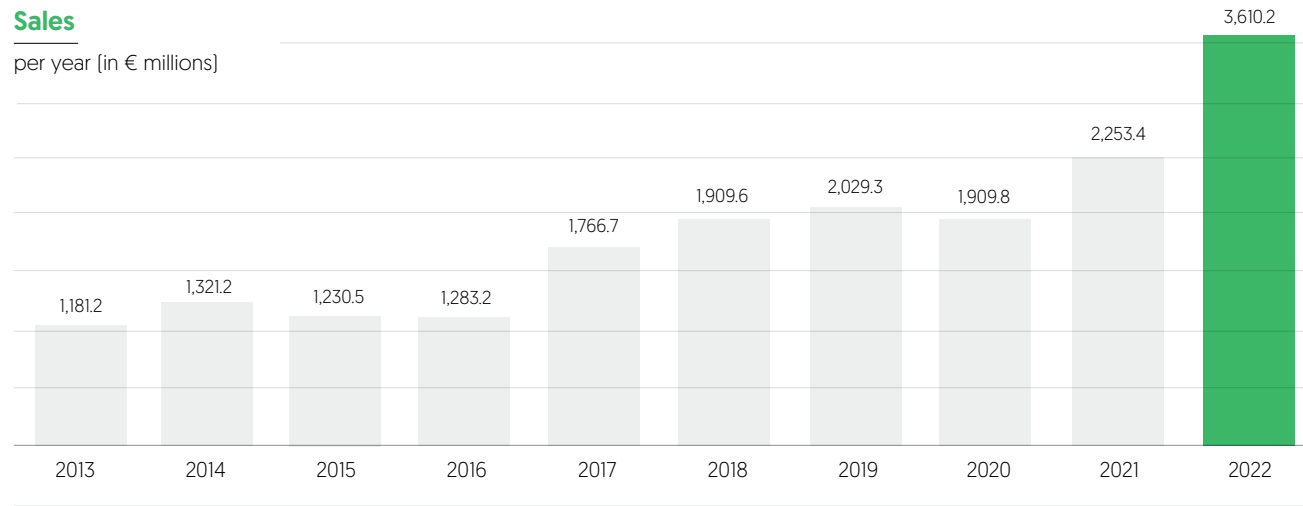
Net Result of the Company

per year (in € millions)



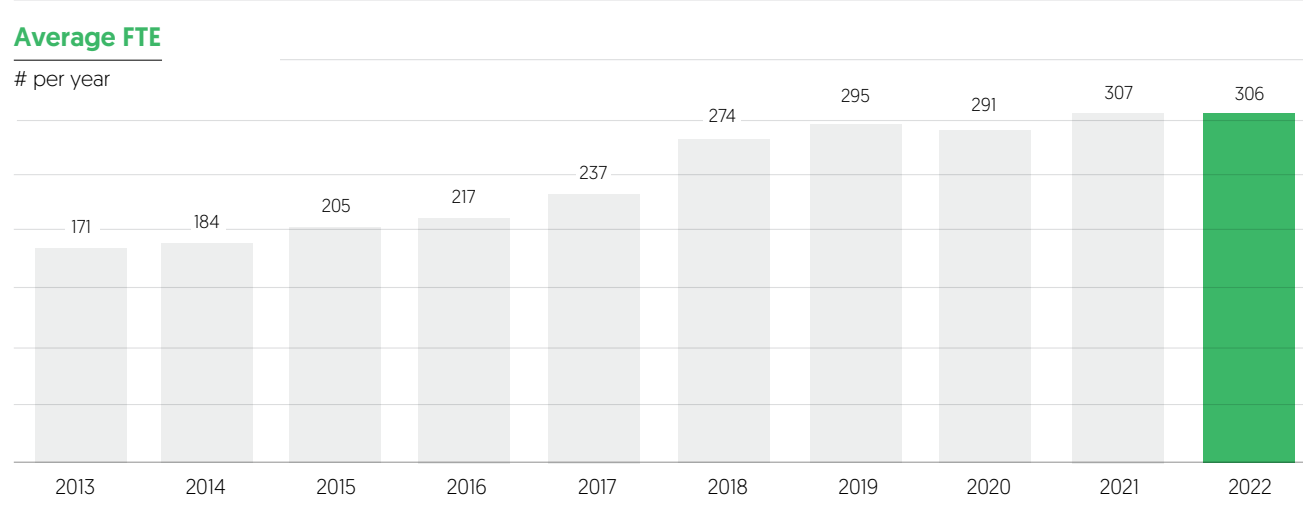
Sales

per year (in € millions)



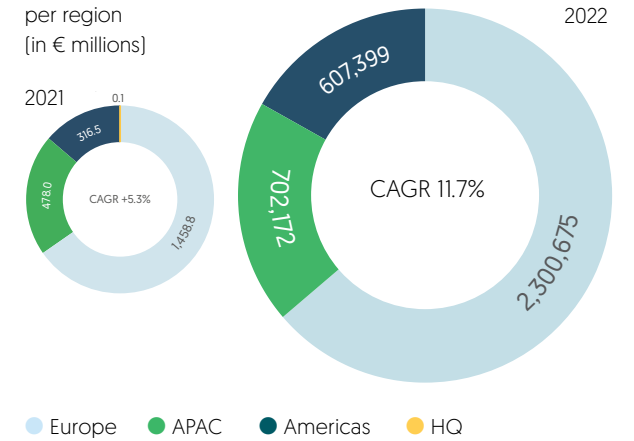
Average FTE

per year



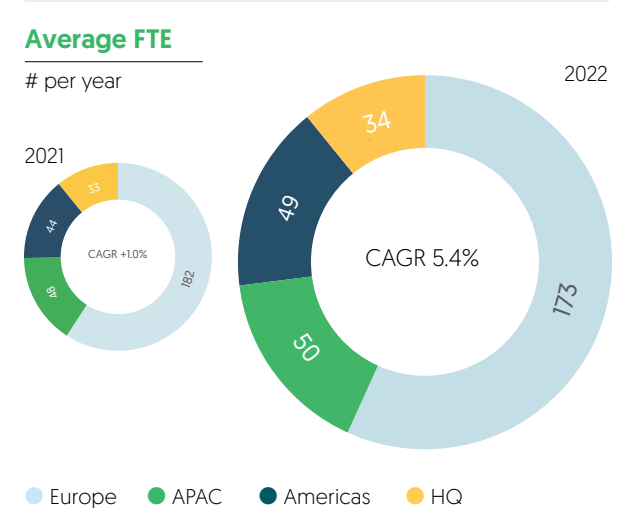
Sales

per region (in € millions)



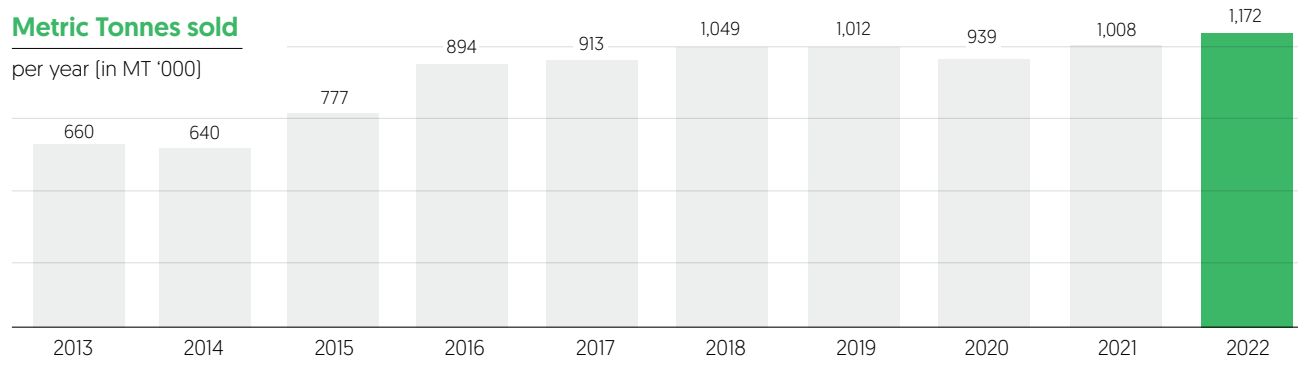
Average FTE

per year

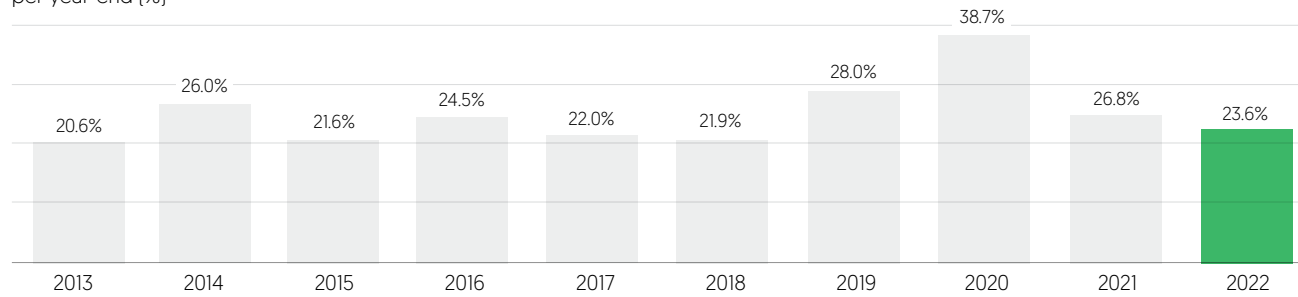


Metric Tonnes sold

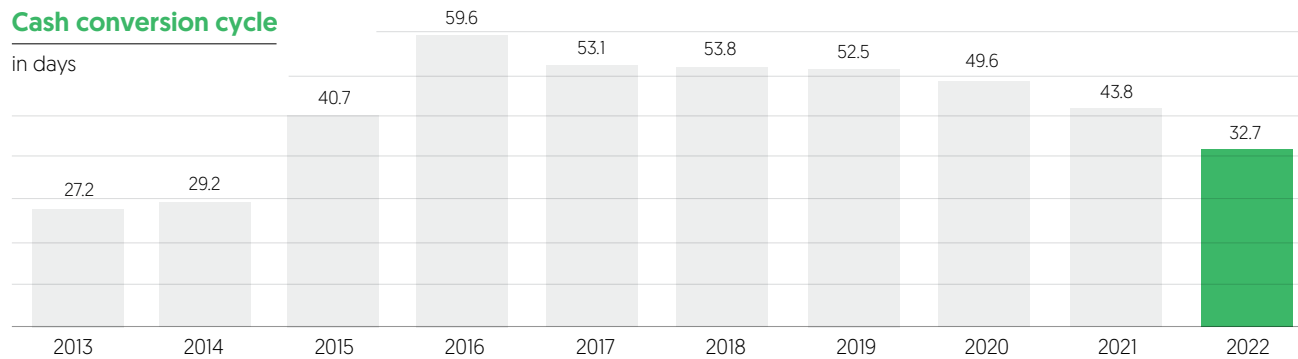
per year (in MT '000)

**Solvency**

per year-end (%)

**Cash conversion cycle**

in days



Consolidated figures

in m€	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Profit and loss										
Sales	1,181.2	1,321.2	1,230.5	1,283.2	1,766.7	1,909.6	2,029.3	1,909.8	2,253.4	3,610.2
Gross margin*	36.3	43.1	56.3	87.5	43.0	80.6	81.3	75.8	65.7	99.1
Operational expenses*	27.0	27.3	34.3	39.8	37.1	48.5	48.2	34.6	34.4	44.0
Financial income and expenses	0.4	[2.8]	2.1	[7.3]	10.2	[12.3]	[3.3]	[4.1]	[3.9]	[15.4]
Taxation	[2.7]	[2.8]	[6.0]	[9.1]	[2.0]	[4.5]	[6.7]	[7.1]	[6.1]	[5.7]
ETR [%]	28.3%	21.8%	33.6%	22.6%	12.6%	23.0%	22.5%	18.2%	21.1%	14.5%
Net result	6.5	8.9	18.0	31.3	14.0	15.0	23.2	31.9	22.6	33.4
Balance sheet										
Total assets	218.8	202.9	297.2	395.5	458.8	510.6	466.9	384.0	625.3	857.7
Equity [at year-end]	45.0	52.7	64.3	97.1	100.8	112.1	130.8	148.5	167.7	202.7
Net working capital [at year-end]	37.9	37.8	60.8	89.6	76.9	92.1	113.3	127.9	137.0	154.5
Cash flows										
Operating cash flow	[18.0]	9.1	[46.0]	[28.0]	[21.1]	[18.4]	49.2	66.5	[90.4]	[29.4]
Investing cash flow	0.9	[0.6]	[3.7]	[2.8]	[5.9]	[4.4]	[1.7]	[1.7]	0.6	[3.3]
Financing cash flow	18.3	[10.9]	52.3	31.9	34.2	17.7	[52.6]	[64.0]	99.9	30.1
Ratios										
Solvency [%]	20.6%	26.0%	21.6%	24.5%	22.0%	21.9%	28.0%	38.7%	26.8%	23.6%
Debt-to-equity	1.75	1.32	2.00	1.63	2.01	1.97	1.29	0.75	1.31	1.24
Current ratio	1.28	1.30	1.31	1.34	1.27	1.26	1.36	1.59	1.33	1.24
Other metrics										
FTE [number]	171	184	205	217	237	274	295	291	307	306
Cash conversion cycle [days]	27.2	29.2	40.7	59.6	53.1	53.8	52.5	49.6	43.8	32.7
Metric Tonnes sold [MT '000]	660	640	777	894	913	1,049	1,012	939	1,008	1,172
Dividend distributed	0.0	6.5	4.3	11.8	5.3	2.3	5.3	9.3	7.3	2.3

*The P&L classification between gross margin and operating expenses has been changed as of 2020 leading to a shift between these categories to be taken into account when comparing to earlier years.

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 impact on our business are summarised in the following paragraphs.



We continue to accelerate sustainable dairy production, trying to leverage our role in the value chain and achieve compound effects through partnerships”

Edwin van Stipdonk

Chief Commercial Officer

Market developments

Dairy prices are likely to remain volatile in the coming period. After the rapid rises during 2022, we are now seeing a declining trend which started towards the end of the year. The impact of the conflict between Russia and Ukraine on the international market is something we continue to monitor as the concurrent effects on energy and grain prices have an influence on the dairy market. It is our role to help both customers and suppliers find optimal solutions to deal with these challenges and the resulting [price] fluctuations.

We also keep a watchful eye on the developments in the shipping market which are also important to us given the international span of our business. After peaking at record prices in 2022, 2023 started off with a return to normal, although it is route dependent.

With the rise and fall of crude oil prices and the threat of possible recessions we also expect that shipping prices will remain at a heightened level of volatility for the foreseeable future.

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 eight 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 opportunities for further growth. At the same time, we strategise how to contribute to the development of dairy alternatives which are obtaining a larger market share year-by-year.

We research technological developments such as precision fermentation which are gaining pace, though the extent and timing of possible adoption of such technologies remains uncertain. While we continue to push for more sustainably produced dairy, we are also investigating the expansion of our product portfolio beyond [natural] dairy production as and when the right opportunities arise.

Interfood developments

As part of our strategic agenda we will continue to invest in the further digitalisation of the Group building on the successful global roll-out of our new ERP-system with new financial close management tooling, and further use of business insights analytics. We are progressing on our digital roadmap with further investments in cybersecurity, data analytics, and platform technologies planned for 2023.

We will increase our efforts to attract and retain the best staff and build a world-class team. The build-up of a new, strengthened, global HR-team was completed in 2022 and we are putting them to work. We do not have a goal to increase the number of staff. However, we aim to reinforce all functions (trade, logistics, finance, and support) in strategic areas and ensure we have a strong pipeline of talent to counterbalance our natural employee turnover. At the same time we will be looking into key remuneration components such as our Dutch pension scheme and lease car policy in the year to come.

We expect our financing consortium to remain stable during 2023 after having added BBVA Garantibank International N.V in 2022. We expect that commodity prices will remain volatile, though they are unlikely to return to pre-COVID levels. Our funding-level has proven to be sufficient during the price-peak of 2022 and therefore we expect that further expansion will not be necessary in 2023.

Now that we have successfully included sustainability based KPIs in our lending agreement we look forward to achieving the goals agreed with our financing consortium during the year to come.

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, however, we might partner up with outside parties that match our values and strategic ambitions.

The forecast for 2023

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.

“

We have had a promising start to 2023 and are inspired to surpass the achievements of last year. The efforts of the entire Interfood team are aimed at realising this ambition and further strengthening the bonds with our stakeholders, who are invaluable to our continued success”

Frank van Stipdonk

Chief Executive Officer

A man with short dark hair, wearing a light blue checkered shirt, is seen from the back, talking on a mobile phone. He is in a control room or office with several computer monitors displaying data charts and graphs. The word "Governance" is overlaid in white text on the left side of the image.

Governance



Managing our financial and non-financial performance requires a solid governance structure. Interfood has an Extended Board governing our organisation, complemented by a Strategic Committee and ESG governance structure to ensure continuous improvement. An essential prerequisite is business continuity, and we reflect on our approach to risk management, appetite and profile on an annual basis to manage a wide range of strategic, operational, financial, and compliance risks.

“World-class teams and empowerment are key in achieving good governance. The Extended Board facilitates both and creates openness by inviting subject matter experts to participate in their meetings and the decision-making process. Combine this with the board’s diversity and you have the right ingredients for balanced decision-making”

Linda van Diest

Secretary of the Board

Corporate governance

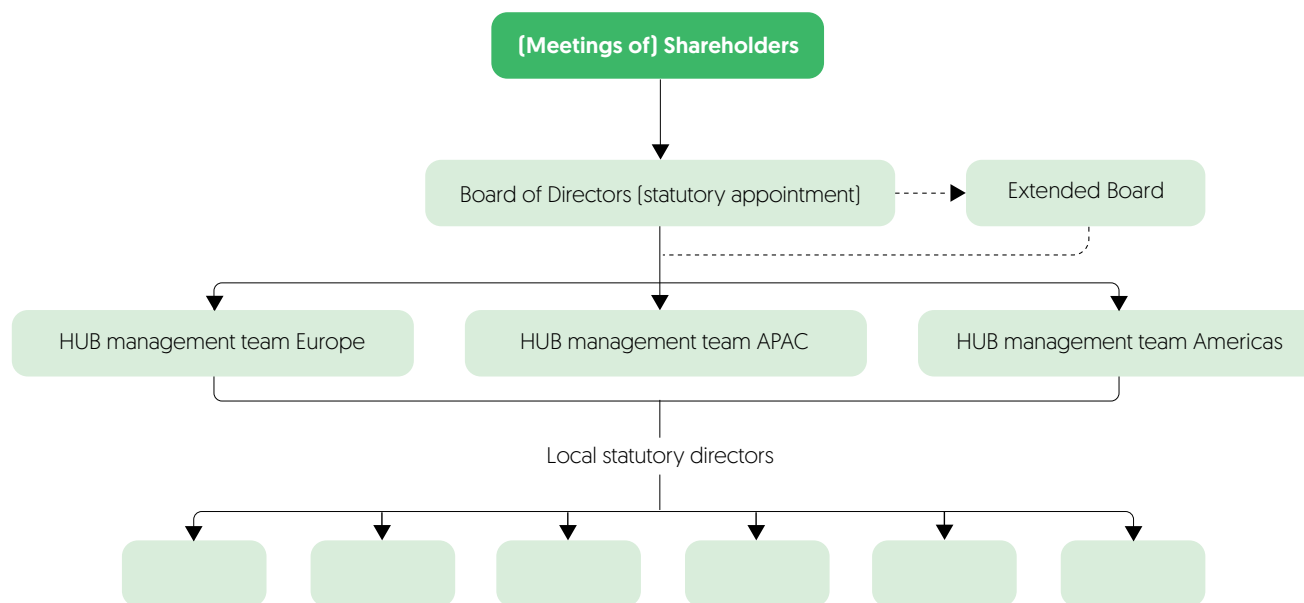
Interfood Holding B.V. is incorporated, and based, in the Netherlands (Eindhoven). Consequently, its governance structure is based on the requirements of Dutch legislation, alongside the Company's Articles of Association, and our internal policies and procedures.

Given the worldwide exposure of Interfood's businesses, international developments are also of vital importance and therefore closely monitored. Internal policies and procedures are designed in such a way that local regulatory requirements are incorporated for all our global operations. 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.



Governance structure and composition

Interfood’s governance structure consists of several layers to ensure we can execute ‘good governance’. The current governance structure is as follows:



During 2022 we undertook various initiatives to further improve our governance structure. Key changes included the installation of an Extended Board, adding two new executive directors to the Board of Directors: the Chief Human Resources Officer [CHRO] and the Chief Information Officer [CIO].

To further ensure good governance, the Secretary of the Board function was formalised, with a responsibility to ensure compliance with the requirements of Dutch legislation, alongside the Company’s Articles of Association, and our internal policies and procedures.

A Strategic Committee has also been introduced, consisting of the Extended Board complemented by various HUB management team members.

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 Report.
- Adoption of profit appropriation and additions to reserves.
- Adoption of the proposed dividends.
- Discharge from liability of the Board of Directors for its management.
- Appointment of the external auditor.
- Appointment, suspension, or dismissal of the members of the Board of Directors.
- Adoption of amendments to the Articles of Association.

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 2022 three General Meetings were held: the Annual General Meeting of shareholders on May 10, 2022, an Extraordinary General Meeting on February 21, 2022 for the approval of preferred dividends over 2021, and an Extraordinary General Meeting on December 20, 2022 for the approval of additional certification of Ordinary shares.

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.

Board of Directors

The task of the Board of Directors is to manage the Company. This 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 the consideration of relevant aspects of corporate social responsibility.

At present the Board of Directors consists of the three executive directors listed to the right. Edwin van Stipdonk was appointed as Chief Commercial Officer (CCO) and executive director, but does not hold the position of third statutory director. The third statutory directorship is held by John Cox, who is not an executive director, but is available as a back-up to the other statutory directors to formalise decisions should anyone be incapacitated.

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 forward for approval by the shareholders in the Annual General Meeting or at separately organised shareholder meetings.



Frank van Stipdonk
Chief Executive Officer

Executive and statutory 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.

Experience: Over 44 years of experience at Interfood.



Constantijn Sweep
Chief Financial Officer

Executive director since 2014 and statutory director since 2015.

Nationality: Dutch

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

Experience: Over 25 years of experience in finance and risk management.

This ensures that the owners of the Company have oversight over any substantial decisions made by the Board of Directors, whether they are majority or minority shareholders. The members of the Board of Directors have 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'. The CEO is the chairman of the board and is the main shareholder. In every meeting, decisions are assessed on potential conflicts of interest. Whenever potential conflicts of interest may arise for the CEO because of these dual roles, the Extended Board will decide whether these decisions are made with or without the CEO.



Edwin van Stipdonk
Chief Commercial Officer

Executive director since 2020.

Nationality: Dutch

Supervisory directorships and other positions held: None.

Experience: Over 15 years of experience in commercial roles.



“

After building modern and secure Cloud-based data and integration platforms, we are now accelerating digital innovations as a key element of our strategic roadmap. I'm delighted to represent these pivotal developments in the Extended Board”

Ran Panday

Chief Information Officer

Extended Board

During 2022 the Board of Directors was extended with two new advisory positions to create what is known as the Interfood 'Extended Board'. This extension was implemented to ensure proper representation of Interfood's two strategic enablers 'world class team' and 'data driven organisation' in all Board-level discussions. To this end, Mirjam van der Horst and Ran Panday have been officially appointed as Chief Human Resources Officer (CHRO) and Chief Information Officer (CIO) respectively.

Nomination and selection for the Extended Board is handled by the Board of Directors as the statutory directors of the Group. If necessary, this responsibility can be escalated to the shareholders of the Company.



Mirjam van der Horst

Chief Human Resources Officer

Extended Board member since 2022.

Nationality: Dutch

Supervisory directorships and other positions held: None.

Experience: Over 20 years of experience in human resources management.



Ran Panday

Chief Information Officer

Extended Board member since 2022.

Nationality: Dutch

Supervisory directorships and other positions held: None.

Experience: Over 25 years of experience in information management.

Interfood does not have a formalised set of criteria for Extended Board functions given the size of the Company and the variety of competencies required for the different roles.

According to the Dutch Act on Management and Supervision ('Wet bestuur en toezicht'), the ideal composition of the Board requires that at least 30% of the seats are held by women, and at least 30% by men. By installing the Extended Board as an addition to the Board of Directors we have added one woman at the 'C'-level increasing the ratio to 20%. Interfood embraces the values of diversity and inclusion and intends to include this in the profiling of potential new Extended Board members in future. We have not defined an explicit target on gender diversity due to the small size of the Extended Board and the Company, as it is not feasible considering the other criteria set for executive functions within the Extended Board.

Board meetings

The Board of Directors holds scheduled meetings twice a month. The Extended Board members attend these meetings in an advisory capacity. Ad hoc meetings, with or without the Extended Board members, are organised as and when deemed necessary based on timelines and/or content. All approved decisions and actions are documented in the minutes of meetings. All members of the Board of Directors and the Extended Board members engage in informal discussions when required. The CEO, as chairman of the Board of Directors, also chairs those meetings. The CIO has been appointed as 'technical chairman' for meetings where the Extended Board members participate and chairs those intermittently and in the absence of the CEO.

Training and evaluations

The members of the Extended Board are responsible for their own continued training in their respective areas of expertise. Interfood makes the necessary funds available to the members of the Extended Board, and their training goals are included as important aspects in their annual performance evaluation cycle when deemed necessary.

As a privately-owned Company, with no Supervisory Board, Interfood does not have any obligation to evaluate its highest governance body. However, the performance of the Extended Board, tasked with determining and executing the strategy of the Group, is reviewed semi-annually in the Strategic Committee meetings when deemed relevant. The highest governance body participates in the annual performance cycle.

HUB management teams

Interfood’s corporate governance structure also includes regional management, known as the HUB management teams. Each of the Group’s HUBs (Europe, APAC, and Americas) has its own management team consisting of the following functions:

- Managing Director
- Commercial Director
- Finance Director
- Logistics Director

The Board of Directors delegates powers/ responsibilities to the HUB management teams via Powers of Attorney as well as using annual internal representation letters. HUB management teams are responsible for executing the Interfood strategy in their respective region and for working together with other HUBs to produce the best possible results for the Group as a whole.

Local statutory directors

Where local statutory obligations cannot be fulfilled via legal entities or HUB management team members located elsewhere, Interfood has appointed local statutory directors. The Board of Directors has delegated the necessary capacities to these local statutory directors using Powers of Attorney. The local statutory directors are subject to the same annual internal representation letters as HUB management team members.

Strategic Committee

The former ‘Executive Committee’ was transformed into the new ‘Strategic Committee’ during the course of 2022. The Strategic Committee meets semi-annually to review the progress being made on Interfood’s strategic objectives, and to determine whether the strategic agenda, policies, purpose, values, and mission statements are still appropriate for the fluid environment in which we operate. The Strategic Committee is able to recommend strategic amendments and/or other relevant action points to the Extended Board for approval and execution.

The Strategic Committee consists of the members of the Extended Board and selected members from the HUB management teams, and is complemented by relevant [third-party] advisors and specialists when appropriate.

ESG governance and responsibilities

Interfood’s fourth strategic objective is ‘embedding sustainability in our DNA’ and to that end we have interwoven our ESG governance—described in the Strategy chapter of this report—into our existing governance. Our ESG governance falls under the supervision of the Extended Board and is executed by our EU HUB Managing Director with the help of the Group Controller and an ESG Analyst.

Accountability lies with the CFO, and final decision-making is done by the Extended Board.

The ESG governance structure is built according to five pillars:



Sustainable solutions



Sustainable value chain



Sustainable employer



Sustainable operations



Sustainable society

All aspects of Corporate Social Responsibility and ESG have been allocated to one of these pillars, and a dedicated 'pillar-lead' has been appointed to each one. Each pillar-lead is responsible for setting, monitoring, and managing the impacts, KPIs and ambitions formulated for their pillar.

Within each pillar different 'content-owners' have been appointed by the pillar-leads based on the specific topic and their expertise. Responsibilities to implement our sustainability commitments are assigned to the most suitable 'content-owner'. Pillar teams report on their progress to the European HUB Managing Director on a monthly to bi-annual basis, and the Extended Board is involved where relevant.

The ESG KPIs and ambitions we work towards through the application of this ESG governance have been approved by the Extended Board. Various members of the Extended Board are also active as pillar-leads in the ESG governance structure which reflects the level of importance that Interfood attaches to this strategic objective.

The Extended Board regularly monitors progress on non-financial KPIs and ambitions and is tasked with setting priorities and implementing changes where necessary to achieve them. The Extended Board also has the capability to change KPIs and ambitions if deemed necessary.

External reporting on ESG performance is done via this Integrated Report which is to be approved for adoption by the Extended Board.

During the full reporting process the CFO is part of the Steering Committee, which includes reviews delegated to pillar-leads and content-owners according to the ESG governance structure. Approval is provided by the Extended Board before requesting final approval by the shareholders during the Annual General Meeting of shareholders.

Remuneration

Being a privately-owned Company, Interfood does not publicly disclose its remuneration policies. The remuneration process for members of the Extended Board is in line with the process that is applicable for all other Interfood employees and can be escalated to the shareholders in the Annual General Meeting or at separately organised shareholder meetings if necessary.



Our ESG governance structure ensures that we operate with transparency and accountability. It forms the foundation of our role as accelerators of a more resilient and sustainable food industry”

Stéphane Snepvangers

Commercial Director

Right: We opened our new office in Eindhoven in 2022



Risk management

As a dairy trading company, we are exposed to various risks that could adversely affect our business operations, financial performance, and future prospects.

One of the significant risks we face is the volatility of dairy prices in the market. Fluctuations in global dairy prices can significantly impact our revenue, profitability, and overall financial stability. Additionally, we face the risk of supply chain disruptions, which could impact our ability to source and deliver dairy products to our customers on time. The disruptions can be caused by various factors, including natural disasters, transportation constraints, and regulatory issues. Another risk is the potential for changes in regulations and trade policies, which could affect our ability to import or export dairy products to certain countries. If we fail to maintain high ethical standards we also risk notable reputational harm.

We actively monitor and manage risks such as these through various risk management strategies, including diversification of our product portfolio, hedging activities, and implementing robust supply chain management practices. However, there can be no assurance that our risk management strategies will be effective in all market conditions, and we continue to actively monitor and manage our risk exposure per main risk category as described in the following table.

<i>Key Risk</i>	<i>Risk Identification</i>
Strategic risk	
Risk relating to prospective earnings and capital arising from strategic changes in the business environment, and from adverse strategic business decisions.	<ul style="list-style-type: none"> • Strategy development • Changes in competitive environment • Macro-economic developments
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.	<ul style="list-style-type: none"> • Climate change and agricultural developments • Supply chain dependability and stability • Geopolitical developments • Food safety and recalls • Inability to attract and retain qualified staff • Cybersecurity • Fraud, bribery, and corruption
Financial risk	
Risk relating to liquidity, cash flows, and financial instruments of the business, which may impair its ability to provide an adequate return	<ul style="list-style-type: none"> • Liquidity • Market developments (supply, demand, and volatility of prices) • Credit/Counterparty/ Country
Compliance risk	
Risk of non-compliance with relevant laws and regulations—including food safety—internal policies and procedures.	<ul style="list-style-type: none"> • Sanctions and embargoes • Export controls and anti-competition

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:



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 here as being risks for the Group may also present opportunities. However, this aspect is not explored in this section.



“
Within Interfood we believe that continuous improvement and growth is only possible with fitting and well thought out risk management procedures”

Loreanni Arreaza Govea
Internal Control and Compliance Specialist

*Risk description**Mitigating measures***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 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, to identify new product/market combinations.
- Periodic assessments of the strategy defined by the Board, adjusting 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.
- Developing a carbon footprint-based portfolio of products.
- 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 and 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 many reliable global suppliers.
- Investing in sustainability initiatives and working towards scope 3 mapping of the dairy value chain.

*Risk description**Mitigating measures***Operational risk****5 Supply chain dependability and 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 inability 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.

6 Geopolitical developments

We operate in many 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 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 through information platforms, attending (digital) seminars, and regular updates with relevant business partners.

7 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, alongside 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.

*Risk description**Mitigating measures***Operational risk****8 Inability to attract and retain qualified staff**

The labour market in the Netherlands, and internationally, is becoming increasingly challenging 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 successfully may be significantly impaired.

- Investing in an HR team which has extensive global knowledge and experience and operates internationally.
- Recurring messaging of our purpose, 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 around the world.

9 Cybersecurity

Cybersecurity 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 exposure.

- Continuous investment in our IT infrastructure, both front- and back-end.
- Investing in a skilled and knowledgeable IT team across Interfood's global operations.
- Creating continuous awareness of cyber risks among all colleagues through training and messaging.
- Working together with a cybersecurity partner that specialises in optimising the safety of global IT environments (including human factors).

10 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 by 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.

*Risk description**Mitigating measures***Financial risk****11 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 six) and provides sufficient headroom for future growth.
- Maintaining a higher than strictly 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 liquidity-VAR modelling, which is continuously developed by our central risk management team using input from third-party specialists.

12 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 undelivered, contracts.

- Application and monitoring of Interfood's trade 'golden rules' which include office-by-office (directional) limits on position taking (Trade VAR), as well as various other parameters.
- Diversification of purchases across many reliable global suppliers.
- Diversification of sales across reliable customers globally with a focus on multinationals and 'local stars'.
- Investing in our global risk management 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.

13 Foreign currencies

We conduct business in multiple currencies, although most of the Group's companies are either € or \$ denominated (and the Group 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.

Risk description

Mitigating measures

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 continuously reviewed and updated.
- Maintaining and adhering to a central sanctions list which is continuously reviewed and updated.
- 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.
- Continuous training and awareness messaging regarding compliance with laws and regulations.



We continuously monitor our risk profile, risk appetite, and the risk management framework implemented to ensure they match. We periodically review our risks, and responses to those risks, with expert input from within Interfood, as well as from our business partners, auditors, insurers and insurance agents, lawyers, and others with a relevant advisory capacity. In the future we intend to investigate the possibility of further integrating sustainability risks into our risk management process.

Risk management developments

Interfood is continually enhancing its internal risk management and control systems, and a number of initiatives were undertaken during 2022:

Strategic risk

- Development of the next strategic agenda succeeding the current 2020-2025 roadmap.
- Re-visitation and fine-tuning of the current 2020-2025 strategic agenda.
- Project Stone (vertical integration).
- Sustainability risk – refer to corresponding chapter.
- Exploring alternative dairy.

Operational risk

- Partnership with a third-party cybersecurity advisory firm, and the renewal of our Cybersecurity policy alongside an intensification of our efforts in this area.

Financial risk

- Roll-out of the Group's 'Value At Risk' and continuous improvements 'Liquidity Value At Risk' (models).
- Roll-out of weekly stress testing to our derivatives and total portfolio.
- Roll-out of weekly mark-to-market models.
- Improved option model including stress testing.

Compliance risk

- Roll-out of a new business Code of Conduct including a worldwide training initiative.
- Roll-out of a new 'Speak-Up' policy alongside the external 'Speak-Up' portal and hotline, which have been renewed.

- Roll-out of a new Third-Party Due Diligence policy, including strengthened screening on higher risk business cases.

During 2023 we will be implementing intermittent training updates to ensure 'doing business responsibly' remains top of mind for all employees. We will also be focusing on the continuous improvement of our hedging strategies and mark-to-market models during 2023. Many of these incremental developments are driven by the achieved uniformity of our IT systems.

Since 2018, Interfood has also been working on the 'Unite' ERP project with the goal of implementing a uniform ERP-system for our major offices around the world. After successfully on-boarding the Netherlands, Poland, Singapore and Australia, our Uruguayan office was on-boarded in February 2022, and our US and Mexico offices followed in Q3 and Q4 of 2022.

This means that all major offices are now using the new uniform ERP-system enabling Interfood to continue digitalisation and the ongoing improvement of our internal risk management and control systems. We are already working on the next step with the implementation of a new digital financial close and reporting solution which we expect to launch in Q2 of 2023.

Russia/Ukraine

In last year's report we referenced the Russian invasion of Ukraine which immediately prompted us to increase our risk management focus on any business conducted with Russian, Belarusian, and Ukrainian counterparties. We maintained this focus throughout the year with deal-by-deal monitoring.

We stand by the statement made in our 2022 Integrated Report: that we, as a supplier of food products, 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, because of the actions of their governing regimes. However, Interfood remains highly cautious about conducting business in these countries and applies strict risk management measures in advance of any formal consideration.

We have seized all business with counterparties in Russia with the exception of existing business with western food multinationals still operating in the country. We ended all ties with government related entities in Belarussia.

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 of those regular products we source from Ukraine as possible and try and meet all 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.

Due Diligence

Special effort was made in 2022 in relation to risk management and the business we conduct with the help of [exclusive] agents. In recent years doing business in this manner has come under increased scrutiny, and we realise that we cannot continue to do this type of business in the same ways that have historically been deemed acceptable.

Our new Third-Party Due Diligence policy therefore includes clear guidelines on how to work with agents and, during 2022, Interfood entered talks with all its agents to re-word and clarify existing agreements.

As at balance sheet date we successfully completed this process with 73% of our agents, and we aim to complete this process with all agents before year-end 2023. All new agents will be on-boarded in line with the Third-Party Due Diligence policy, and we will cease business with any agents that do not wish to conform to our standards.

Following the launch of the new Code of Conduct, Interfood focused on extensive training related to the Code during 2022. At year-end we had successfully trained 96% of our colleagues in classroom sessions, and the remainder received their training in January 2023.

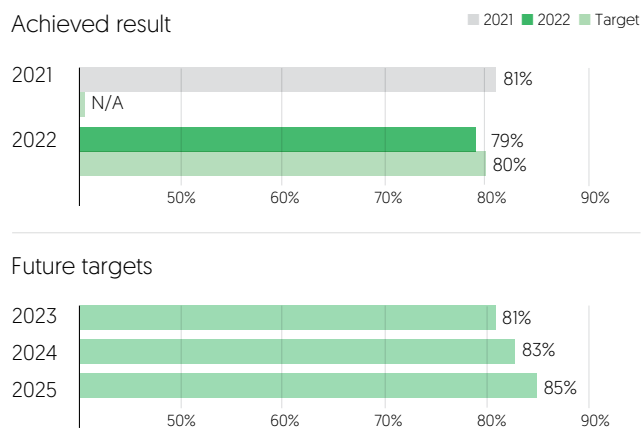
Additionally, 92% of Interfood employees have signed confirmation of their adherence to the new business Code of Conduct. In 2023 Interfood aims to evolve the business Code of Conduct training schedule.

Internal audit

Interfood does not have a dedicated internal audit department. However, we do employ a full-time internal Control and Compliance Specialist who works with our Quality Assurance department to conduct internal audits throughout the year. By doing these audits at various moments in time we monitor the efficient and proper functioning of the processes we have put in place. During 2022 we conducted ten audits of end-to-end processes at various offices and business units within those offices.

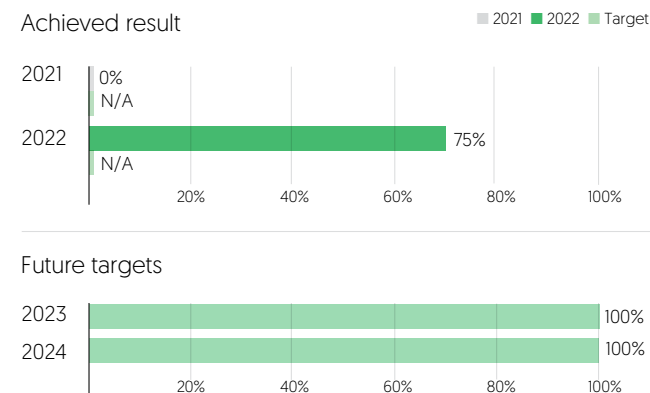
The scope of the internal audit was altered such that certain business units were assessed individually rather than aggregately, which yielded a slightly lower score of 79% against our ambition of 80%. We aim to increase the effectiveness of internal processes with these internal audits, and our ambition is to reach an average score of 85% by 2025.

Internal audit results [%]



The Internal Control and Compliance Specialist is also in charge of maintaining our global Risk and Control Matrix and testing the function of the controls it describes. At year-end 75% of those controls had been successfully tested and we aim to have tested all of them by 2023. Testing the functioning of these controls will thereafter become a recurring annual effort.

Controls tested [%]



Interfood believes in investing in an effective internal control environment and will continue monitoring the adequacy of internal audit activities relative to the size, complexity, and risk profile/appetite of the Group.

Closing remarks

The Interfood Board of Directors expresses gratitude to everyone who has read our Integrated Report. Although it is only the second year in which we report on our performance in this format, we recognise the additional value it brings to report on both our financial and non-financial performance. It allows us to take you on our long-term journey of continuous improvement and responsible leadership, and to inform you about the progress made each year. We are pleased with this year's Integrated Report and the achievements on which we reflect, but there is still work to do and we aim to keep improving our track record.

With gratitude,
The Interfood Board of Directors
Eindhoven, 16 May 2023

Frank van Stipdonk

Constantijn Sweep

John Cox

The following chapter contains our financial statements, but before zooming in on our financial performance we want to thank the entire Interfood team, our business partners and all other stakeholders who have contributed to our 2022 non-financial and financial performance.

The team has once again executed a solid risk management approach resulting in a strong financial performance. We would like to specifically thank the colleagues actively integrating sustainability into our Interfood DNA. We are increasingly improving our sustainability value propositions towards producers, customers, and logistics service providers, all the while practicing what we preach.

The effort of our growing sustainability team, which spends a significant portion of their time on sustainability-related activities to help Interfood and its business partners contribute to a world in which food can be enjoyed responsibly, is highly valued. It is fully in line with our purpose, 'Together for better', and is a key business development we will continue to fully encourage and support.

Thank you again for joining us on our journey and we invite you to review our 2022 Financial Statements.



**Special thanks
to everyone who
has contributed to
this year's Integrated
Report, both our
colleagues and our
external partners.**

Frank Francisco Gilbert Hanneke Ignacio Iris Isabelle Jasper Jeroen Jeroen Aleksandra Alexis Amy Angeline Aniek Annetieke
An's Bart-Jan Bart-Jan Bas Bing Bozena
Caitlin Constantina Daan Daniella Danielle Dominika Ed Edwin Emma Erik Emes Facundo
Emilia Leonard L.I.Xi Linda Lisa Loreanni Lu Zhao Lucia Lukasz Maciej Manuel Marcia Marco Maria
Mari-Alicia Mariët Marjke Marjolain Marijt Maxime Mirjam Nancy Neelam John John Joost Joost Juan Jure Katarzyna Koen
Kistel Kristian Kristina Kristina Richard Richard Robertta Rustam Sabine Sofia Stan Stéphane Stephane Tim Tim
Timo Tobias Tom Toon Valentina Valerie Victoria Vincent Zhao Natalia Patricia Paul Peter Phyllis Ran René Richard Richard
Roberta

A worker in a white uniform and blue gloves is shown in a factory setting, handling dough on a blue conveyor belt. The worker is wearing a white long-sleeved shirt with a red collar that has some text on it. The background shows industrial machinery and a blue conveyor belt. The text "Financial statements" is overlaid on the image in a large, white, sans-serif font.

Financial statements



Our financial statements substantiate Interfood's strong performance in 2022. We are pleased to report in detail on our consolidated balance sheet, profit and loss account, and cash flow statements as well as our Company financial statements.

“During 2022 we saw a significant increase in dairy prices that contributed to a material increase in our revenue and balance sheet. Despite these challenging market circumstances, we report a record Group net income of EUR 34.0 million and an Economic Profit Realised of EUR 7.5 million”

René den Hartog
Group Controller

Consolidated financial statements

The Consolidated financial statements comprise

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Consolidated cash flow statement for the year ended 31 December 2022	108
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Consolidated balance sheet at 31 December 2022

After appropriation of result

[amounts in thousands of euros]	31 December 2022		31 December 2021	
Assets				
Fixed assets				
Intangible fixed assets:				
Software	[1]	6,018	5,553	
		6,018		5,553
Tangible fixed assets:				
Land and buildings	[2]	9,152	9,167	
Plant and equipment	[2]	1,055	1,522	
		10,207		10,689
Financial fixed assets:				
Long term receivables	[3]	16,958	3,132	
Deferred tax asset	[4]	4,369	2,163	
Participating interests	[5]	1	1	
Other financial fixed assets	[6]	6,069	-	
		27,397		5,296
Current assets				
Inventory	[7]	264,591		222,229
Receivables:				
Accounts receivable	[8]	364,318	260,329	
Taxes and social security contributions	[9]	16,551	12,879	
Other receivables	[10]	82,657	41,420	
Prepayments and accrued income	[11]	73,549	52,413	
		537,075		367,041
Cash and cash equivalents	[12]	12,364		14,504
		857,652		625,312

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

[amounts in thousands of euros]		31 December 2022	31 December 2021
<i>Group equity and liabilities</i>			
Group equity			
Shareholders' equity	[13]	201,840	167,455
Third-party share in Group equity	[14]	889	292
		<u>202,729</u>	<u>167,747</u>
Provisions			
Deferred tax liabilities	[15]	121	146
Other provisions	[16]	2,471	2,140
		<u>2,592</u>	<u>2,286</u>
Non-current liabilities			
Financial lease obligations	[17]	2,856	3,005
Other non-current liabilities	[18]	2,334	-
		<u>5,190</u>	<u>3,005</u>
Current liabilities			
Credit institutions	[19]	251,818	219,334
Current portion of financial lease obligations	[17]	175	147
Suppliers and trade creditors		299,106	179,470
Taxes and social security contributions	[21]	5,028	4,317
Other liabilities	[22]	16,069	12,042
Accruals and deferred income	[23]	74,945	36,964
		<u>647,141</u>	<u>452,274</u>
		<u>857,652</u>	<u>625,312</u>

Consolidated profit and loss account for the year ended 31 December 2022

[amounts in thousands of euros]		2022	2021
Net turnover	[25]	3,610,246	2,253,385
Cost of sales	[26]	[3,511,158]	[2,187,652]
Gross operating income		99,088	65,733
Selling expenses	[27]	(11,905)	(9,589)
General and administrative expenses	[28]	[32,057]	[24,833]
Total expenses		[43,962]	[34,422]
Net operating result		55,126	31,311
Other operating income		-	1,492
Financial income	[32]	6,355	2,959
Financial expenses	[32]	[21,730]	[6,928]
Consolidated result before taxation		39,751	28,834
Taxation	[33]	[5,749]	[6,096]
Consolidated result after taxation		34,002	22,738
Third-party share in result	[14]	[613]	[130]
Net result		33,389	22,608

Consolidated cash flow statement for the year ended 31 December 2022

[amounts in thousands of euros]	2022	2021
Net operating result	55,126	31,311
Depreciation / amortisation	[31]	3,317
Adjustments for movements in:		
• Provisions	[16]	331
• Receivables	[7]	[42,362]
• Receivables [excluding CIT receivables]		[74,397]
• Liabilities [excluding debts to credit institutions and CIT liabilities]		[153,393]
	164,233	113,610
	(65,758)	(113,191)
Interest paid	[21,691]	[5,604]
Interest received	6,355	154
Corporate income tax paid	[6,700]	[5,678]
Cash flow from (used in) operating activities	[29,351]	[90,430]
Investments intangible / tangible fixed assets	[1][2]	[3,749]
Divestments intangible / tangible fixed assets	[1][2]	419
Cash outflow financial fixed assets		-
Investments in participations	[14]	[230]
Cash flow from (used in) investment activities	[3,330]	[638]
Repayments on [subordinated] loans and financial lease obligations	[17]	[121]
Issuance of loans to participating interests	[3]	[8,000]
Repayment of loans by participating interest	[3]	8,450
Drawdown/[repayment] of liability credit institutions	[19]	32,484
Dividends paid out		[7,272]
Cash flow from (used in) financing activities	30,541	99,917
Changes in cash and cash equivalents	[2,140]	8,849
Cash [equivalents] at December 31	[12]	12,364
Cash [equivalents] at January 1	[12]	14,504
Changes in cash and cash equivalents	[2,140]	8,849

Consolidated statement of comprehensive income for the year ended 31 December 2022

[amounts in thousands of euros]	2022	2021
Consolidated net result after taxation accruing to the legal entity	33,389	22,608
Change in translation differences of subsidiaries	3,342	4,187
Revaluation tangible fixed assets	-	1
Total amount of the direct equity movements of the legal entity as part of the Group equity	3,342	4,188
Total result of the legal entity	36,731	26,796

Notes to the consolidated financial statements

General

Activities

Interfood Holding B.V. is located at Kennedyplein 224 Floor 8 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 2022, which ended at the balance sheet date of 31 December 2022.

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. Furthermore, the Company also enters into forward purchase and sales contracts. These contracts are considered derivative contracts and are measured at fair value. The results of these contracts are recorded in the 'net turnover'.

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.

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 judgments, 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 [1] 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 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 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 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 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 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, custom 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 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 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 2022 (and 2021) 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 2022 a regular pension contribution payable of €0 (2021: €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.

Revenue recognition

The Company usually recognises revenue at the level of separate contracts. If it is necessary to reflect economic reality, revenue is recognised at the level of a group of contracts, for example where the Company has entered into several separate contracts, which have been negotiated as a total, separating the individual contracts in terms of pricing and profit margin that are closely related and are performed simultaneously or immediately after each other.

Amounts that the Company receives for its own account (as principal) are recognised as revenue. Amounts that the Company receives for third parties (as an agent) are not recognised as revenue. Revenues only include the gross increases in economic potential that the Company has received or has receivable for its own account.

The Company recognises revenue for the amount to which the Company expects to be entitled in exchange for transferring promised goods, which is the transaction price. This amount excludes amounts received on behalf of third parties. The transaction price may consist of a fixed fee, a variable fee or a combination thereof. When determining the transaction price, the Company does not take credit risk into account. Any write-downs as a result of the credit risk are charged to the profit and loss account. In determining the transaction price, the Company assumes that the goods or services will be provided in accordance with the relevant agreement and that this agreement will not be cancelled, extended or otherwise modified. The Company measures a non-monetary consideration at fair value.

When determining the transaction price, the Company takes into account, among other things, the effects of:

- variable fees, due to discounts, returns, refunds, price concessions, performance bonuses, penalties or other similar elements that may vary in size. The Company estimates the amount of variable compensation as part of the total compensation and applies the prudence principle in doing so;
- major financing components, where the Company adjusts the transaction price for the effects of the time value of money. In doing so, the Company applies an interest rate that is determined at the generally applicable interest rate for a comparable financing instrument of an issuer with a comparable credit rating or an interest rate that, when discounting the transaction price, results in the current spot selling price of the goods and services; and
- payments to buyers of goods and services, which are accounted for as a reduction in the transaction price and therefore as a reduction in revenue, unless the payment to the buyer is made in exchange for a distinct good or service.

No revenue is recognised for all amounts received — or receivable — to which the Company does not expect to be entitled. The Company treats these received — or receivable — amounts in these cases as a repayment obligation. For the goods that are expected to be returned, the Company recognises a return asset, which is presented as an accrual.

The Company recognises revenue per separate performance obligation. A performance obligation is a commitment in a contract to supply:

- a distinct good or service or a combination of goods or services which are collectively distinguishable from other commitments in the contract; or
- a range of distinct services that are largely the same.

A promised good or promised service can be distinguished if the following criteria are met:

- the buyer can use the benefits of the goods or services independently, whether or not jointly with resources that the buyer has or can obtain; and
- the commitment to provide the goods or services is distinct from the other commitments contained in the contract.

If two or more commitments in a contract by the Company to provide goods or services are indistinguishable separately, the commitments are combined into a combination of goods or services that are collectively distinct from other commitments in the agreement.

In the event of multiple performance obligations in a contract, the total transaction price is allocated to the performance obligations in proportion to the value of the performance obligations. The Company bases this value on the stand-alone selling price per performance obligation. If the standalone sales price is not known, the Company uses estimates.

Sale of goods

Revenue from the sale of goods is accounted for in net turnover at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from the sale of goods is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the buyer, the amount of the revenue can be determined reliably, recovery of consideration is probable, the associated costs can be estimated reliably, and there is no continuing 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.

Cost of sales

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

Selling expenses and general and administrative expenses

Selling expenses 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 [29] "Wages and salaries".

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, 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.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Fixed assets

[1] Intangible fixed assets

	Software	Goodwill	Total 2022	Total 2021
Balance at January 1				
Cost	8,209	6,016	14,225	12,644
Accumulated amortisation	[2,656]	[6,016]	[8,672]	[7,552]
Book value at January 1	5,553	-	5,553	5,092
Investments	1,952	-	1,952	1,801
Book value of disposals	[9]		[9]	[188]
Amortisations	[1,478]	-	[1,478]	[1,152]
Changes in book value	465	-	465	461
Balance at December 31				
Cost	10,151	6,016	16,167	14,225
Accumulated amortisation	[4,133]	[6,016]	[10,149]	[8,672]
Book value at December 31	6,018	-	6,018	5,553
<i>Amortisation percentages</i>	<i>12.5 - 20%</i>	<i>20%</i>		<i>12.5 - 20%</i>

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 2022	Total 2021
Balance at January 1				
Cost	15,479	4,815	20,294	24,760
Accumulated depreciation	[6,312]	[3,293]	[9,605]	[12,670]
Book value at January 1	9,167	1,522	10,689	12,090
Investments	960	837	1,797	856
Book value of disposals	[33]	[377]	[410]	[1,068]
Depreciations	[14]	14	-	-
Depreciations	[891]	[948]	[1,839]	[1,426]
Exchange rate differences	[37]	7	[30]	237
Changes in book value	[15]	[467]	[482]	[1,401]
Balance at December 31				
Cost	16,331	4,737	21,068	20,294
Accumulated depreciation	[7,179]	[3,682]	[10,861]	[9,605]
Book value at December 31	9,152	1,055	10,207	10,689

The expected useful lives as of 31 December 2022 are as follows:

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

At the end of 2022, land and buildings include an amount of €1,259 [2021: €871] relating to land which is not depreciated.

No result was realised on the disposals of buildings and various plant and equipment.

No tangible fixed assets were pledged as collateral [2021: €0].

The carrying amounts of assets under financial leasing, included in the tangible fixed assets above, are held without legal title by Interfood Polska Sp. z o.o. and Interfood B.V., and are as follows:

	31-12-2022	31-12-2021
Land and buildings	2,703	2,612
Plant and equipment	52	23
	2,755	2,635

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

	31-12-2022	31-12-2021
Receivables from LTIP-participants	6,958	3,132
Receivables from participating interests	10,000	-
	16,958	3,132

The movements in the long-term receivables are as follows:

	Participating interests	LTIP participants	Total 2022	Total 2021
Balance at January 1	-	3,132	3,132	2,634
Additions	8,000	4,248	12,248	1,005
Repayments	(8,450)	(422)	(8,872)	(507)
Movement from short-term [incl. in other receivables]	10,450	-	10,450	-
Balance at December 31	10,000	6,958	16,958	3,132

Receivables from LTIP participants

The maturity date of each loan from LTIP participants 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.

Receivables from participating interests

Receivables from participating interests relates to a subordinated loan that has been issued to Meierei B.V.. The maturity date of the loan is 31 December 2027. The interest rate on the loan is fixed at 3.5%. The fair value of the receivables approximates the book value.

[4] Deferred tax asset

	2022	2021
Balance at January 1	2,163	2,599
Additions / reclassifications	2,160	17
Utilisation	[70]	[277]
Release	-	[205]
Exchange rate differences	116	29
Balance at December 31	4,369	2,163

The deferred tax assets relate to the recognised unused tax loss carry-forwards and deductible temporary differences. It is expected that €1,542 [2021: €94] of the deferred tax assets will be offset within one year.

The tax loss carry-forward and deductible temporary differences are expected to be fully utilised and are therefore fully recognised.

[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 the participating interest was estimated based on both its net realisable value and its value in use. Based on the assessment in 2022, the recoverable amount of participating interest was determined to be equal to or higher than its carrying amount.

[6] Other financial fixed assets

This relates to the non-current part of futures contracts that have been converted to physical contracts in 2022. The other financial fixed assets were €0 as at 31 December 2021. The additions in 2022 were €6,069 and there were no disposals applicable.

The carrying amount of the other non-current assets corresponds to a reasonable approximation of its fair value.

Current assets

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

[7] Inventory

All inventories relate to finished goods for resale.

Inventories with a value of €0 [2021: €21] are carried at market value. The effect of the depreciation to lower market value amounts to €0 [2021: €1,137].

Inventories with a book value of €225,120 [2021: €211,832] are encumbered with an undisclosed pledge as security interest for the credit provision by the lender. See also note [19] "Credit institutions".

[8] Accounts receivable

At the end of 2022 the accounts receivable included an amount of €373 for doubtful debts [2021: €483].

Accounts receivable with a book value of €355,570 [2021: €257,710] are encumbered with an undisclosed pledge as security interest for the credit provision by the lender. See also note [19] "Credit institutions".

[9] Taxes and social security contributions

	31-12-2022	31-12-2021
Corporate income tax	1,584	177
Value added tax	14,681	12,575
Other foreign taxes	286	127
	16,551	12,879

[10] Other receivables

	31-12-2022	31-12-2021
Broker accounts	81,128	27,360
Receivables from participating interests	459	10,554
Receivables from shareholders	595	337
Other receivables	475	3,169
	82,657	41,420

[11] Prepayments and accrued income

	31-12-2022	31-12-2021
Prepayments	35,829	26,337
Deferred derivative results under hedge accounting	33,016	24,458
Accrued income	4,704	1,618
	73,549	52,413

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

[12] Cash and cash equivalents

Cash and cash equivalents are at free disposal of the Group and include an amount of €0 related to cash in transit (2021: €14,000).

Group equity**[13] Shareholders' 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.

[14] Third-party share in Group equity

This balance sheet heading covers the third-party minority interests, representing the 20% [2021: 20%] share of third parties in the shareholders' equity of OOO Rusmol.

The movements during the financial year are as follows:

	2022	2021
Balance at January 1	292	522
Third-party share in result	613	130
Shares sold/ [purchased]	-	[227]
Dividend paid to minority shareholders	-	[155]
Change in translation differences	[16]	22
Balance at December 31	889	292

Provisions

[15] Deferred tax liabilities

The changes in the financial year 2021 are as follows:

	2022	2021
Balance at January 1	146	436
Additions	-	5
Utilisations	[25]	[111]
Release	-	[184]
Balance at December 31	121	146

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. The provision for deferred tax liabilities is predominantly long-term.

[16] 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.

	2022	2021
Balance at January 1	2,140	1,151
Additions	1,356	1,449
Release	[898]	[299]
Utilisations	[151]	[163]
Exchange rate differences	24	2
Balance at December 31	2,471	2,140

An amount of €2,471 [2021: €2,140] is expected to be settled within one year.

Non-current liabilities

[17] Financial lease obligations

This refers to assets which are leased by Interfood Polska Sp. z o.o. and Interfood B.V.. The financial lease obligations are as follows:

	2022	2021
Balance at January 1	3,152	3,278
Newly acquired assets	22	-
Repayments financial year	[142]	[126]
Exchange rate differences	[1]	-
Balance at December 31	3,031	3,152
Repayment obligations within 1 year (included in current liabilities)	[175]	[147]
Balance of long-term liabilities	2,856	3,005
<i>Terms of more than five years</i>	<i>1,921</i>	<i>2,193</i>

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 2022 has an effective interest rate of 9%.

The minimum lease payments due over the remaining contract term amount to €4,727 [2021: €4,976].

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

[18] Other non-current liabilities

	31-12-2022	31-12-2021
Deferred derivative results under hedge accounting	2,260	-
Other non-current liabilities	74	-
	2,334	-

The total other non-current liabilities amount is expected to be settled between one to five years.

The carrying amount of the other non-current liabilities 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.

[19] 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 March of 2022 the accordion increase clause of Interfood Group's existing facility agreement was executed resulting in an increase of the credit line by €100 million to support the working capital needs of the Group. The existing consortium of five banks participated in the accordion increase. The remaining share was purposely distributed to a new bank, BBVA Garantibank International N.V., who joined the Group in May of 2022.

During the summer of 2022 Interfood Group, with the help of two sustainability coordinators, amended the facility agreement and transformed it into a sustainability-linked borrowing base facility agreement. Interfood has committed towards achieving three ambitious ESG targets over the next three years and will either be rewarded or penalised on the applicable interest rate.

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 €470 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 to financing normal trading activities and for the issuance of morality guarantees towards Dairy Boards or customs authorities in relation to import/export licenses 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.

[20] 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 2022, 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 2022 the estimated fair value of forward exchange contracts amounts to €4,062 [2021: €-13]; consisting of an asset of €20,346 and a liability of €16,284.

The total amount includes €2,871 [2021: €418] 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 €732 million [2021: €483 million].

31-12-2022

	Assets	Liabilities	Total
EUR / USD	7,469	[3,779]	3,690
EUR / GBP	667	[56]	611
EUR / PLN	22	[111]	[89]
AUD / NZD	7	-	7
USD / AED	-	[18]	[18]
USD / AUD	256	[10]	246
USD / NZD	11,720	[11,850]	[130]
USD / GBP	64	[64]	-
USD / CNH	54	[9]	45
USD / BRL	87	[387]	[300]
	20,346	[16,284]	4,062

31-12-2021

	Assets	Liabilities	Total
EUR / USD	3,505	[3,518]	[13]
EUR / GBP	517	[931]	[414]
EUR / PLN	29	[99]	[70]
EUR / NZD	-	[16]	[16]
EUR / 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]

Commodity futures 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 in the P&L is €74,746 [2021: €22,718] of which the unrealised result amounts to €-18,390 [2021: €-4,097]. 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 2022 the estimated fair value of open commodity futures and options contracts amounted to €11,292 [2021: €46,769], consisting of an asset of €99,700 [2021: €96,209] and a liability of €88,402 [2021: €49,440]. A negative balance of €4,607 [2021: positive balance of €4,483] 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 and recorded in the balance sheet per 31 December 2022.

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 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 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.

[21] Taxes and social security contributions

	31-12-2022	31-12-2021
Wage tax and social security contributions	1,155	761
Corporate income tax	3,839	3,383
Other taxes	34	173
	5,028	4,317

[22] Other liabilities

	31-12-2022	31-12-2021
Personnel related liabilities	6,342	5,073
Loans from shareholders	5,783	4,312
Pension payables	691	773
Other payables	3,253	1,884
	16,069	12,042

The loans received from shareholders are due within one year.

[23] Accruals and deferred income

	31-12-2022	31-12-2021
Deferred derivative results under hedge accounting	37,623	19,975
Accrued expenses	35,276	13,805
Deferred income	2,046	3,184
	74,945	36,964

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

[24] Contingent liabilities

The contingent liabilities at the end of the reporting period are as follows:

	Operational lease	Rent	Other	31-12- 2022	31-12- 2021
Obligations to pay:					
Within one year	599	1.156	717	2.472	1,769
Between one and five years	822	1.342	12	2.176	1,525
After five years	-	115	-	115	190
	1.421	2.613	729	4.763	3,484

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

	2022	2021
Operational lease, rent and other payments	2,751	2,353
	2,751	2,353

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 debt of the fiscal entity as a whole.

As at year-end the Group has issued bank guarantees amounting to €15,722.

[25] Net turnover

	2022	2021
Revenues from sale of goods	3,535,500	2,230,667
Other revenues	74,746	22,718
	3,610,246	2,253,385

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

The net turnover can be specified to the following destinations:

	2022	2021
EMEA	2,300,675	1,458,819
Asia Pacific	702,172	478,040
Americas	607,399	316,526
	3,610,246	2,253,385

The overall result (realised and unrealised) on commodity future contracts and swaps amounted to €74,746 [2021: €22,718] and has been recorded in the net income of the applicable regions.

[26] 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.

[27] 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.

[28] 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.

[29] Wages and salaries

Wages and salaries included in cost of sales, selling expenses and general and administrative expenses amount to €28,770 [2021: €23,301].

Board remuneration

The remuneration for members of the Board of Directors in 2022 amounted to €1,175 [2021: €1,174] including pension charges.

Staffing level

On average, during 2022, 306 employees were employed on a full-time basis [2021: 307]. Of these employees, 144 employees were employed outside of the Netherlands [2021: 147]. At year-end the regional split is:

	2022	2021
EMEA	207	215
Asia Pacific	50	48
Americas	49	44
	306	307

The split of employees between departments is as follows:

	2022	2021
Trade	75	80
Logistics	104	107
Finance	62	63
Support	65	57
	306	307

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 2022.

The share-based payment expenses recognised in 2022, with a corresponding entry in accrued liabilities, amount to €957 [2021: €889].

[30] Social security and pension charges

Social security charges included in cost of sales, selling expenses and general and administrative expenses amount to €5,389 [2021: €4,720]. This includes an amount of €2,616 [2021: €2,481] for pension charges.

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

	2022	2021
Software	1,478	1,152
Land and buildings	891	812
Plant and equipment	948	614
	3,317	2,578

[32] Financial income and expenses

In the financial income and expenses, interest received from shareholders for an amount of €49 [2021: €83 paid] and a loss on foreign exchange differences for an amount of €2,301 [2021: €2,095 gain] 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:

	2022	2021
Fiscal entity Interfood Holding B.V.:		
Corporate income tax current financial year	[2,480]	[3,812]
Corporate income tax previous financial year	-	[162]
Movement in deferred tax claim / provision	1,585	93
	(895)	(3,881)
Corporate income tax fiscal entity Interfood Holding B.V.		
Corporate income tax fiscal entity Interfood Holding B.V.	[4,765]	[2,215]
Corporate income tax other subsidiaries	[172]	-
Movement in deferred tax claim / provision	83	-
	(5,749)	(6,096)
<i>Effective tax rate</i>	14,5%	21,1%
<i>Applicable tax rate</i>	17,9%	20,6%

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:

	2022	2021
Profit before tax	39,751	28,834
Tax charge at applicable tax rate (see above)	(7,132)	(5,940)
Non-deductible tax expenses	-	(16)
Release of tax provision	1,611	-
Effect of deferred tax movements	39	93
Effect of PY tax adjustments	(172)	(162)
Other	(95)	(71)
Effective taxation	(5,749)	(6,096)

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 [16]) 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 2022 audit and other fees from the independent auditor and other audit firms.

2022

	KPMG Accountants N.V.	Other KPMG network	Other audit firms	Total
Audit of the financial statements	250	143	119	512
Other audit services	31	-	30	61
Tax services	-	16	66	82
Other non-audit services	47	-	6	53
	328	159	221	708

2021

	KPMG Accountants N.V.	Other KPMG network	Other audit firms	Total
Audit of the financial statements	380	133	112	625
Other audit services	-	-	14	14
Tax services	10	59	-	69
Other non-audit services	13	-	-	13
	403	192	126	721

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.

The fees above relate to the audit of the financial statements and other audit services of the respective year, regardless of whether the work was performed during the financial year.

[36] Subsequent events

For details on subsequent events reference is made to note [\[18\]](#) of the Company financial statements.

Company financial statements

The Company financial statements comprise

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Company balance sheet at 31 December 2022

After appropriation of result

[amounts in thousands of euros]

31 December 2022

31 December 2021

Assets

Fixed assets

Financial fixed assets:

Participations in Group companies	[1]	164,514	148,366
Long term receivables	[2]	16,958	3,126
Deferred tax asset	[3]	1,611	77
		<u>183,083</u>	<u>151,569</u>

Current assets

Receivables from Group companies	[4]	35,668	62,069
Receivables from shareholders	[5]	594	-
Taxes and social security contributions		904	136
Other receivables		499	11,931
		<u>37,665</u>	<u>74,136</u>

Cash and cash equivalents		19	18
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220,767

225,723

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

[amounts in thousands of euros]	31 December 2022	31 December 2021
<i>Shareholders' equity and Liabilities</i>		
Shareholders' equity		
Issued share capital	[6] 18	18
Revaluation reserve	[7] 1,412	1,485
Legal reserve for translation differences on subsidiaries	[8] 4,658	1,316
Other reserves	[9] 188,480	162,364
Dividend to be paid	[10] 7,272	2,272
	201,840	167,455
Non-current liabilities		
Mortgage loans	-	2,734
	-	2,734
Current liabilities		
Credit institutions	[12] 1,608	32,164
Suppliers and trade creditors	117	545
Debts to Group companies	[13] 5,998	17,376
Debts to shareholders	[14] 5,783	4,312
Taxes and social security contributions	-	1,534
Other liabilities	[15] 3,375	2,337
Accruals and deferred income	2,046	
	18,927	58,268
	220,767	225,723

Company profit and loss account for the year ended 31 December 2022

[amounts in thousands of euros]	2022	2021
Share in result of participations [1]	32,602	24,510
Other income and expense after taxation	786	(1,902)
Net result	33,389	22,608

Notes to the Company 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.

Fixed assets

[1] Participations in Group companies

This item refers to the investments in subsidiaries of Interfood Holding B.V..

Movements during 2021 were as follows:

	2022	2021
Balance at January 1	148,366	133,384
Results of subsidiaries	32,602	24,510
Dividends	(19,738)	(13,688)
Translation differences	3,342	4,187
Equity injections	-	591
Other changes	(58)	(618)
Balance at December 31	164,514	148,366

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
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

	%	Branch	Consolidated
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%	Sao Paulo, Brazil	Yes
Interfood Americas S.A.	100%	Montevideo, Uruguay	Yes
Interfood Uruguay Falmery Co. S.A.	100%	Montevideo, Uruguay	Yes
Interfood Rusmol Ltd.	80%	St. Petersburg, Russia	Yes
Interfood Africa S.a.r.l.	100%	Dakar, Senegal	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

[2] Long term receivables

	31-12-2022	31-12-2021
Long term receivables	6,958	3,126
Long term receivables from participating interests	10,000	-
	16,958	3,126

Long term receivables

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.

Movements of the loans during 2022 were as follows:

	2022	2021
Balance at January 1	3,126	2,696
Repayments	[422]	[507]
New loans	4,170	869
Accrued interest	84	68
Balance at December 31	6,958	3,126

Long term receivables from participating interests

Long term receivables from participating interests relates to a subordinated loan that has been issued to Meierei B.V. The maturity date of the loan is 31 December 2027. The interest rate on the loan is fixed at 3.5%. The fair value of the receivables approximates the book value.

Movements of the loan during 2022 were as follows:

	2022	2021
Balance at January 1	-	-
Reclassification from other receivables	10,450	-
Repayments	[8,450]	-
New loans	8,000	-
Balance at December 31	10,000	-

[3] Deferred tax assets

The deferred tax assets relate to the recognised unused tax loss carry-forwards and deductible temporary differences amounting to €1,611 [2021: €0] and €0 [2021: €77] respectively. It is expected that €1,611 [2021: €77] of the deferred tax assets will be offset within one year.

The tax loss carry-forward and deductible temporary differences which have not been included in the valuation amount to €0 [2021: €1,611] and €0 [2021: €0] respectively.

Current assets

[4] Receivables from Group companies

The receivables from Group companies balance consists of current accounts with Group companies and a loan of €27 million [2021: €27 million] provided to Interfood B.V.. An interest rate of 0% [2021: 0%] per annum applies to the average inter-company balances. The loan provided to Interfood B.V. is subject to an interest rate of 1,15% plus Euribor. In respect of repayment and securities provided, no agreements have been made. All receivables from Group companies are due within one year.

[5] Receivables from shareholders

An interest rate of 0% [2021: 0%] per annum applies to current account balances with shareholders. In respect of repayment and securities provided, no agreements have been made. All receivables from shareholders are due within one year.

Shareholders' equity

[6] Issued share capital

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. The Preference shares have a preferred yield of 9%.

Per year-end 2022 the issued share capital amounted to €17,713 [2021: €17,713], consisting of 441,469 [2021: 441,469] Preference shares of €0.01 [2021: €0,01] each and 132,998 Ordinary shares of €0,10 each.

[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 €1,646 [2021: €1,605], 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.

The changes in the net revaluation reserve are as follows:

	2022	2021
Balance at January 1	1,485	2,009
Revaluations through profit and loss account	-	[29]
Revaluations of tangible fixed assets	[55]	[496]
Change in translation differences	[18]	1
Balance at December 31	1,412	1,485

[8] Legal reserve for translation differences on subsidiaries

The changes in the legal reserve for translation differences on subsidiaries are as follows:

	2022	2021
Balance at January 1	1,316	[2,872]
Change in translation differences of subsidiaries	3,342	4,188
Balance at December 31	4,658	1,316

[9] Other reserves

	Reserve P	Reserve A	Total 2022
Balance at January 1	25,246	137,118	162,364
Profit appropriation	2,272	31,116	33,388
Dividend to be paid over current year	[2,272]	[5,000]	[7,272]
Balance at December 31	25,246	164,234	188,480

	Reserve P	Reserve A	Total 2021
Balance at January 1	25,242	116,290	141,532
Other direct changes in equity	4	[4]	-
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 is the reserve for the Preferred shares and Reserve A is the reserve for the other (non-Preferred) shares. These reserves are freely disposable. Dividends over Preferred shares are only due if sufficient profits are generated in the year. In case there is insufficient profit to pay dividends over Preferred shares no obligation is carried over.

[10] Dividend to be paid

	2022	2021
Balance at January 1	2,272	7,272
Dividend paid	[2,272]	[7,272]
Dividend to be paid over current year	7,272	2,272
Balance at December 31	7,272	2,272

The dividend to be paid is related to Preference shares for an amount of €2,272 [2021: €2,272] and to Ordinary shares for an amount of €5,000 [2021: €0].

[11] Unappropriated profit

	2022	2021
Balance at January 1	-	-
Profit in financial year	33,388	22,608
Profit appropriation	(33,388)	(22,608)
Balance at December 31	-	-

The shareholders approved the result for the financial year 2022. €2,272 [2021: €2,272] is to be paid as dividend on the Preference shares, €5,000 [2021: €0] is to be paid as dividend on the Ordinary shares, €2,272 [2021: €2,272] is to be transferred to Reserve P [Preference shares] and €31,116 [2021: €20,336] is to be transferred to Reserve A [Ordinary shares]. The financial statements have been adjusted to reflect this approval.

Current liabilities**[12] Credit institutions**

This refers to a banking current account balance under the facility agreement, also refer to note [19] in the Group financial statements.

[13] Debts to Group companies

An interest rate of 0% [2021: 0%] per annum applies to the average inter-company balances. In respect of repayment and securities provided, no agreements have been made. All debts to Group companies are due within one year.

[14] Debts to shareholders

Debts to shareholders include loans to which an interest rate of 2.54% plus Euribor [2021: 2.54% plus Euribor] per annum applies. In respect of repayment and securities provided, no agreements have been made. All receivables from shareholders are due within one year.

[15] Other liabilities

All other liabilities have an estimated maturity shorter than one year. The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

[16] Contingent liabilities

The Company is head of the fiscal unity for corporate income tax and value added tax purposes that includes Interfood B.V., Verenk B.V., and its subsidiaries, Mian B.V., Ereg Holding B.V., and its subsidiaries, Tepco B.V., Twedpa B.V. and Interfood Shared Activities Centre 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 €1,424 [2021: EUR €10,590].

[17] Personnel expenses

During the financial year, on average 17 employees were employed by Interfood Holding B.V. on a full-time basis (2021: 14). 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 (2021: 0). The remuneration for members of the Board of Directors in 2022 amounted to €1,175 (2021: €1,174) including pension charges.

[18] Subsequent events

No subsequent events took place after balance sheet date.

Eindhoven, May 16, 2023

Board of Directors of Interfood Holding B.V.

Sgd. F.C.G.M. van Stipdonk

Sgd. C.J.J. Sweep

Sgd. J.H.G.J. Cox

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**





Interfood is driven to doing things the right way. We build on frameworks and methodologies to guide our value creation process, materiality assessment and Integrated Report, with the support of our external partners. We believe that gaining assurance over our non-financial performance as well as our financial performance is equally important.

“We partnered with ING and Société Générale to convert our main funding facility into a sustainability linked loan with three KPI’s that address both direct and indirect emissions for which we have obtained limited assurance from our auditors. This is an important milestone for us because it underlines the importance of acting today to achieve a better world tomorrow”

Vincent Almering
Group Treasurer

About this report

This is Interfood's Integrated Annual Report for the 2022 calendar year, published on May 16, 2023. The report details our activities and results alongside our financial and non-financial performance during the period, and is intended for our stakeholders including employees, suppliers, customers, LSPs, governments, institutions, and business partners.



We are proud to say that we, as Interfood's trusted sustainability advisors, have been able to support Interfood in their integrated reporting journey over the past two years. Their motivation and dedication for long-term value creation and sustainability are reflected in this comprehensive overview of their 2022 progress"

Tom Emmelkamp

Sustainability Advisory Partner at Ernst & Young

Reporting scope

Interfood Holding B.V. sits at the head of the Group of legal entities. Non-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 non-financial performance of Interfood Holding B.V.

In this Integrated Annual Report, the reporting period for the non-financial reporting is aligned with the reporting period for the financial reporting and covers the 13 geographical markets where we maintained offices and active operations from January 1, 2022, until December 31, 2022. Our scope of reporting does not include markets where products were sold where Interfood does not have active operations.

Please refer to the [Financial statements](#) (note 2 of the Company financial statements) for a complete list of entities included in the sustainability and financial reporting. For the consolidation of information from different entities, Interfood conducted interviews with local data owners, requested data from all entities using data templates, and reviewed consolidated reports from internal databases.

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 the [Stakeholder dialogue](#) chapter.

Reporting guidelines

Interfood has reported in accordance with the GRI Standards for the period January 1, 2022, to December 31, 2022. 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.

Restatements of information

- The information used to collect data for GRI 308-1 and 414-1 in FY2022 differs from FY2021, which explains the difference in percentage. In 2021, 'screened on environmental/social criteria' was interpreted as the number of suppliers that signed the SDR, whilst for FY2022 this percentage equals the suppliers who signed the new SDR including the SCoC.
- Regarding GRI 2-30 (collective bargaining agreements), it was stated that 9% of employees were covered by collective bargaining agreements in the sustainability data performance table in IR2021. This 9% of employees concerned employees in Brazil and Uruguay covered by salary councils, with mandatory salary increases. Since this does not formally count as collective bargaining agreements, this was corrected to 0% for 2021.
- The scope of the KPI regarding 'traceability' has been altered; In 2021, we reported traceability for a limited scope including only offices which use our global ERP system. This year, we report on our full global scope. Therefore, the definition of this KPI has been fine-tuned and respective figures have been altered for both 2021 and 2022.
- Interfood waived its formal ownership of the warehouse in Ittervoort, which resulted in an adjustment in the baseline for GRI 305 on Scope 1 and Scope 2 greenhouse gas emissions.
- In 2021, the target for the sustainable society pillar was set at 5% allocation of annual net income to investments within this pillar, including investment into our dedicated internal Sustainability team. As opposed to the previously communicated

5%, our current target of 2% excludes the costs related to our dedicated internal Sustainability team. We have made the decision to cover only our external financial contribution in our target, as we foresee an ongoing growth and integration of the Sustainability team in the future. Consequently, including the expenses related to employing these colleagues would detract from the goal of this pillar and our objective to integrate successful investments into our everyday business.

- We pride ourselves on being a family-owned Company which gives us the opportunity to work in a flexible, autonomous, and agile way. This is also reflected in the way we treat our employees and respect their labour rights. Thus, collective bargaining agreements are deemed unnecessary.

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. In 2021 Interfood published its first Integrated Annual Report without external assurance with respect to non-financial information, but for 2022 we are seeking limited assurance on the three non-financial KPIs that are part of our sustainability linked loan.

For Interfood, this is an important step towards a more mature ESG policy and reporting of non-financial information. The assurance statement for the financial and non-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 then checked and consolidated at Group level to ensure the highest possible level of reliability, although we note that uncertainties are inherent in measuring methods and data collection. We work with a wide range of expert partners to increase the accuracy of these calculations. The global Scope 1, Scope 2 and Scope 3.6 (business flights) emissions as of 2019 are calculated in tCO₂e (CO₂, CH₄, N₂O) according to the operational control consolidation approach. Primary market-based data was used where available, the remainder being calculated using proxies defined in accordance with GHG protocol guidelines and location-based emission factors derived from CO₂emissiefactoren.nl, Climate transparency and DEFRA.

The Scope 3.4 and 3.9 emissions (transport and distribution) make up the European HUB 2022 baseline, taking an operational control consolidation approach (GHG protocol) focused on CO₂, CH₄, N₂O emissions. Emission factors were derived from [CO₂emissiefactoren.nl](#) and calculations build on the European norm EN16258 specifically tailored to logistics. The assessment was fueled by transport data registered by Interfood (departure and arrival locations, shipment weight, transport mode, cargo type and vehicle type), complemented by two main assumptions. Firstly, as type of road transport is unknown, the heaviest type of road transport is assumed based on the weight of orders. Secondly, emissions were allocated to either Interfood or client based on the incoterms agreed upon.

Invitation to stakeholders and readers

Interfood is keen to engage in ongoing conversation with stakeholders about our sustainability practices so that we can ensure continuous progress.

We invite readers of our Integrated Annual Report to discuss any issues, including the path to a future-proof dairy sector. If you have any questions or suggestions, please 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, “human rights” is closely related to “labour practices and human rights”, but is also connected to “sustainable supply chain and procurement” as well as “business ethics”.

We have aimed to make the list of themes as specific as possible. Nevertheless, some topics may be addressed in multiple themes and sections of this report.

Stakeholder survey

Respondents were asked to rate each of the 20 topics on two aspects:

- 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 on behalf of the following stakeholder groups: customers, suppliers, SDP network, financial institutions, employees, NGOs, and other. 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’ where possible. This concept has been adopted by the European Commission, the GRI, and the current draft Corporate Sustainability Reporting Directive, and implies that materiality must be assessed based on two principles: financial materiality and impact materiality.

Financial materiality concerns the risks and opportunities associated with a particular topic that influence the Company financially, e.g., events that may have effect on future cash flows, or that may influence the undertaking’s ability to continue to use or obtain the resources needed in its productive process. To incorporate a basic form of financial materiality into the assessment, we organised a validation session with our Board in 2021. In this session, we checked whether 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 financial materiality: “data, privacy and cybersecurity”, “sustainable solutions”, and “talent management and skills development”.

Impact materiality must be understood as the degree to which the Company’s activities impact people, and the environment. In 2022, we performed a manual re-assessment of the impact materiality, based on the revised assessment criteria proposed by the GRI and draft European Sustainability Reporting Standards [ESRS]. We carefully evaluated the positive and negative impacts of each material topic and their severity, and the likelihood of occurring, and found no significant under- or over-estimations of impact. No changes were made to the materiality matrix as a result of the impact materiality re-assessment. 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 integrate the double materiality principle following the ESRS. The next materiality assessment will be conducted in 2023.

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.

Topic	Definition
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 unforeseen 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.
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.

Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the integrated report

Our opinion

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 2022 and of its result for the year ended 31 December 2022, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2022 of Interfood Holding B.V. ('the Company') based in Eindhoven.

The financial statements comprise:

- 1 the consolidated and company balance sheet as at 31 December 2022;
- 2 the consolidated and company profit and loss account for the year ended 31 December 2022;
- 3 the consolidated cash flow statement for the year ended 31 December 2022;
- 4 the consolidated statement of comprehensive income for the year ended 31 December 2022; 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 the Company in accordance with 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').

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 16 million.
- 0.44% of Net turnover.

Group audit

- Audit coverage of 94% of total assets.
- Audit coverage of 96% of Net turnover.

Fraud/Noclar and Going concern

- Fraud & Non-compliance with laws and regulations (Noclar) related risks:
 - we identified the presumed risks of fraudulent revenue recognition and management override of controls;
 - we identified a risk relating to bribery and corruption due to the business in high-risk countries and use of working with agents.
 - Going concern related risks: no going concern risks identified.

Key Audit Matters

- Fraudulent revenue recognition throughout the year.
- Valuation of derivatives.
- Bribery and corruption risk due to the business in high-risk countries and use of working with agents.

Opinion

- Unqualified.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 16 million (2021: EUR 11 million). The materiality is determined with reference to the net turnover (0.44%). We consider net turnover as the most appropriate benchmark due to the low-margin business that Interfood operates in and the volatility in result before taxation. Materiality increased compared to last year due to the increase in net turnover. We have also considered misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements identified during our audit in excess of EUR 0.75 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

The Company is at the head of a group of components. The financial information of this group is included in the financial statements of Interfood Holding B.V.

Because we are ultimately responsible for the auditor's report, 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 components reporting for group audit purposes. Our group audit mainly focused on significant components. Components are deemed significant based on their size or risk profile.

We have:

- performed full-scope audit procedures ourselves at the holding entity of the Company;
- made use of the work of other auditors for the full-scope audits at component level in the Netherlands, Singapore, Uruguay and the USA.

The group audit team provided detailed instructions to all component auditors who were part of the group audit, covering the significant audit areas and set out the information required to be reported back to the group audit team. Virtual and in person meetings were held with all component auditors that participated in the group audit, to discuss the audit approach and the audit findings and observations reported to the group audit team. For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Audit response to the risk of fraud and non-compliance with laws and regulations

In the chapters Sustainable operations 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 Conduct, Speak-Up policy, and its Third-Party Due Diligence policy. 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 obtained an understanding of how the Company uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- 2 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;
- 3 evaluated investigations of indications of possible non-compliances and non-conformities in the value chain;
- 4 evaluated correspondence with supervisory authorities as well as a legal confirmation letter.

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.

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 and evaluated key estimates and judgments for bias by the Company's management. 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.
- We incorporated elements of unpredictability in our audit, including applying different sampling criteria for the key audit areas.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did result in a key audit matter.

We refer to the Key Audit Matters below for the fraudulent revenue recognition risk throughout the year and the bribery and corruption risk due to the business in high-risk countries and use of working with agents.

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

Audit response to going concern

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 inquired with the Board of Directors on the key assumptions and principles underlying the Board of Directors' assessment of the going concern risks.
- 3 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.

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

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

Fraudulent Revenue Recognition throughout the year

Description

The operations of The Company can be characterized as a high volume, low margin business, resulting in a relatively high number of revenue transactions. Fraudulent revenue recognition is an inherent risk within the Company.

This risk is specifically related to exceptional non-routine revenue transactions, which we consider transactions that do not follow the regular revenue flow. The engagement team considers this a risk throughout the year.

Our response

We performed substantive audit procedures on the exceptional non-routine revenue transactions, which include amongst others:

- 1 We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries.
- 2 For certain components, we performed data analytics procedures to create 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.

- 3 For certain components, we performed data analytics procedures to create 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. For transactions not part of the population subject to three-way match testing or identified as exceptional non-routine revenue transactions based on predefined criteria, such as sales transactions with no corresponding cost of sales entry, we traced a sample of transactions back to source documentation.
- 4 For certain other components we traced a sample of transactions focusing on the exceptional non-routine revenue transactions back to source documentation.
- 5 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.
- 6 We incorporated elements of unpredictability in our audit, for example by testing a sample of items to determine if there were fictitious customers by verifying customers back to a third-party database.

Our observation

The results of our procedures were satisfactory.

Valuation of derivatives

Description

The valuation of derivatives is inherently complex and prone to error. Partly due to the unobservable input data for over-the-counter derivatives the Company enters into. But also due to the application of cost price hedge accounting for certain derivatives.

Our response

- 1 We evaluated the design and the implementation of internal controls relating to the valuation of derivatives.
- 2 We involved specialists to assist us in assessing the valuation of derivatives and the application of hedge accounting.
- 3 We assessed the hedge documentation to confirm the possibility to apply hedge accounting.
- 4 Together with a specialist we performed specific procedures on futures contracts that have been converted to physical contracts during 2022.

Our observation

The results of our procedures were satisfactory.

Bribery and corruption risk due to the business in high-risk countries and use of working with agents

Description

The Company conducts business in high-risk countries and makes use of agents, resulting in a bribery and corruption risk.

Our response

Together with our forensic specialists we performed the following procedures:

- 1 We evaluated the Company's policies and procedures in relation to working with agents and doing business in high-risk countries.
- 2 We performed specific procedures on commissions and payments to agents, amongst others, by testing transactions back to source information, review the due diligence procedures performed by the Company and perform

screening of agents via open 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, bank account numbers that do not match the bank account numbers of these counterparties included in the creditor master data of the Company.
- 4 We incorporated elements of unpredictability in our audit, including checking that customers were not on a sanctioned country list, verifying appropriate approval of new customers is in place and obtaining insight in transactions from counterparties that are not the contract party by screening transactions of the main bank accounts used for transactions with high-risk countries.

Our observation

Our procedures did not result in material observations.

Report on the other information included in the integrated 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; and

- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the report of the Board of Directors and 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 information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding 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 management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

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 frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends 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 detect all material errors and fraud during our audit. Misstatements can arise from fraud or error 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 these 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 fraud or error, 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 the risk resulting from error, 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 the Board of Directors' 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 a company to cease 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.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

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.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 16 May 2023
KPMG Accountants N.V.

M.H.C.J. Regouw RA

Assurance report of the independent auditor

To: The Board of Directors of Interfood Holding B.V.

Our conclusion

We have reviewed the 2022 Sustainability Key Performance Indicators of Interfood Holding B.V. [“the Company”] based in Eindhoven for the year ended 31 December 2022 [hereafter: ‘Sustainability Key Performance Indicators’]. A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the Sustainability Key Performance Indicators are not prepared, in all material respects, in accordance with the reporting criteria as described in the ‘Reporting criteria’ section of our report.

The sustainability key performance indicators in scope consist of the following indicators:

- EcoVadis score;
- Scope 1 & Scope 2 GHG emissions [MtCO₂e];
- Sustainable sourcing

The Sustainability key performance indicators are disclosed in section Sustainability performance data in the Integrated Report 2022.

Basis for our conclusion

We performed our review in accordance with Dutch law, including Dutch Standard 3000A ‘Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie [attest-opdrachten] [assurance engagements other than audits or reviews of historical financial information [attestation engagements]]. This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the ‘Auditor’s responsibilities’ section of our report.

We are independent of Interfood Holding B.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ [ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence]. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ [VGBA, Dutch Code of Ethics]. We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The Sustainability Key Performance Indicators need to be read and understood together with the reporting criteria. The Board of Directors of the Company is solely responsible for selecting and applying these

reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Sustainability Key Performance Indicators are disclosed in Sustainability performance data in the Integrated Report 2022.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the Sustainability Key Performance Indicators and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the Company.

Scope of the group review

Interfood Holding B.V. is the parent company of a group of components. The sustainability information incorporates the consolidated information of this group of components to the extent as specified in Sustainability performance data in the Integrated Report 2022.

Our group review procedures consisted of both review procedures at corporate [consolidated] level and at component level. Our selection of component in scope of our review procedures is primarily based on the component’s individual contribution to the consolidated information.

By performing our review procedures at component level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group’s sustainability information to provide a conclusion about the sustainability information.

Limitations to the scope of our review

References to external sources or websites in the Sustainability Key Performance Indicators are not part of the Sustainability Key Performance Indicators itself as reviewed by us. Therefore, we do not provide assurance on this information.

The Board of Directors responsibilities

The Board of Directors is responsible for the preparation of the Sustainability Key Performance Indicators in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters. The choices made by The Board of Directors regarding the scope of the sustainability key performance indicators and the reporting policy are summarized on page 166 of the Integrated Report 2022.

Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable that the preparation of the Sustainability Key Performance Indicators are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the Company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Sustainability Key Performance Indicators. This includes the evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the the Board of Directors.
- Obtaining an understanding of the reporting processes for the Sustainability Key Performance Indicators, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the Sustainability Key Performance Indicators where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others:

- Interviewing management and relevant staff at corporate level responsible for the strategy, policy and results;
- Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data of the Sustainability Key Performance Indicators;
- Obtaining assurance information that the Sustainability Key Performance Indicators reconciles with underlying records of the Company;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends.
- Evaluating the consistency of the Sustainability Key Performance Indicators with the information in the report which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the Sustainability Key Performance Indicators.
- Considering whether the Sustainability Key Performance Indicators as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the The Board of Directors regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Eindhoven, 16 May 2023
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 as developed by the IIRC and currently maintained by the IFRS Foundation. It explains how Interfood steers on strategic priorities and uses input capitals to create value for its stakeholders through outputs, outcomes, and impact.



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 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 is 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.

In- and output key capitals

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



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 [38](#) and [43](#).



Definitions

Abbreviation	Definition
IF	Interfood.
UN	United Nations.
SDGs	Sustainable Development Goals.
SLL	Sustainability Linked Loan.
GRI	Global Reporting Initiative. Global organisation that issues guidelines for CSR reporting.
IR	Integrated Reporting.
IIRC	International Integrated Reporting Council. Global organisation that issues guidelines for CSR reporting.
CSRD	Corporate Sustainability Reporting Directive.
MT	Metric Tonnes. A metric unit of mass, one metric tonne is equal to 1,000 kilograms.
KPI	Key Performance Indicator.
HQ	Headquarters.
FTE	Full-time equivalent. Equivalent of the number of employees with a full working week.
Europe	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.
GHG	Greenhouse gas.
CO₂	Carbon dioxide.
CH₄	Methane.

Abbreviation	Definition
N₂O	Nitrous Oxide.
LCA	Life Cycle Assessment.
IDF	International Dairy Federation.
SDP	Sustainable Dairy Partnership.
SAI	Sustainable Agriculture Initiative.
DSF	Dairy Sustainability Framework.
CSR	Corporate Social Responsibility.
ESG	Environmental, Social and Governance.
CoC	Code of Conduct.
SCoC	Supplier Code of Conduct.
ETI Base Code	Ethical Trade Initiative Base Code.
UNGPs	United Nations Guiding Principles on Business and Human Rights.
ILO	International Labour Organisation.
OECD	Organisation for Economic Co-operation and Development.
SDR	Supplier Data Request.
NC	Non-conformity.
LSP	Logistics Service Provider.
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.

Abbreviation	Definition
GFSI	Global Food Safety Initiative.
IFS	International Features Standard on food.
OHS	Occupational Health and Safety.
HACCP	Hazard Analysis and Critical Control Points.
OPRP	Operational Prerequisite Programmes.
PRP	Prerequisite programme.
COA	Certificate of Analysis.
RI&E	Risk Assessment and Evaluation.
ERP System	Enterprise Resource Planning System.
ETR	Effective Tax Rate.
NGO	Non-Governmental Organisation.
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.
EBITDA	Earning 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.
OTC	Over-the-counter. Meaning derivatives sold/bought between two parties outside an exchange.

Terminology

Big four

The Big 4 are the four largest international accounting professional services firms.

Carbon sequestration

Carbon sequestration is the process of storing carbon in a carbon "pool". CO₂ 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 CO₂ using underground reservoirs such as old gas fields.

CO₂

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

CH₄

Methane. A greenhouse gas mainly resulting from enteric fermentation of livestock, land use and other agricultural practices.

CSR

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

CSRD

The Corporate Sustainability Reporting Directive adopted by the EU Parliament which requires companies to report on the impact of corporate activities on the environment and society, and requires the audit of reported information.

Double-counting

In the context of greenhouse gas emission allocation, double-counting implies that emissions or reduction therefore are allocated to or claimed by more one party. Double counting can be avoided via appropriate allocation methods.

Downstream

In the context of a supply chain and from an Interfood perspective, downstream refers to all supply chain activities taking place before Interfood activities. This includes activities relating to feed and ingredients, farms, processing, warehousing and transport.

EN 16258

A European Standard which establishes a common methodology for the calculation and declaration of energy consumption and greenhouse gas emissions related to any transport service.

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.

Enteric Fermentation

Enteric Fermentation is a natural part of the digestive process in ruminant animals such as cows. Microbes in the digestive tract, or rumen, decompose and ferment food, producing methane as a by-product.

GHG

Greenhouse Gas. The most important GHGs covered by the Kyoto Protocol are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆).

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.

Governance body members

The Interfood Extended Board.

Grey electricity/energy

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

Grievance Mechanisms

A grievance mechanism is a formal, judicial or non-judicial complaint process open to individuals, workers, communities, consumers and/or civil society organisations adversely impacted by business activities or operations.

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.

N₂O

Nitrous Oxide. A greenhouse gas mainly resulting from fertilised agricultural soils.

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.

Upstream

In the context of a supply chain, and from an Interfood perspective, upstream refers to all supply chain activities taking place after Interfood activities. This includes activities relating to transport, manufacturing, packaging, and retail and consumption.

Sustainability performance data

Sustainability Linked Loan

In 2022, Interfood introduced Sustainability-Linked features in its Borrowing Base Facility, thereby entering a Sustainability-Linked Borrowing-Base Revolving Credit Facility with ING Bank N.V. and Societe Generale S.A. as sustainability coordinators. Three KPIs have been defined as part of this agreement.

Ecovadis score

KPI 1 measures the Interfood Ecovadis score. EcoVadis is an external ESG rating agency which evaluates an organisation's sustainability management system on four themes: environment, labour and human rights, ethics, and sustainable procurement. The EcoVadis assessment is questionnaire-based and tailored to Interfood's global scope, size and industry. The questionnaire is evidence-based, implying that all answers have been complemented by supporting documentation. The assigned ESG rating is between 0 and 100.

Scope 1 and Scope 2 GHG emissions (MtCO_{2e})

KPI 2 measures the total direct (scope 1) and indirect (scope 2) greenhouse gas emissions (GHG) generated by Interfood or any member of the Group expressed in metric tons of carbon dioxide equivalent (MtCO_{2e}) using market-based methodology.

Scope 1 includes emissions from natural gas and company cars. Scope 2 includes emissions from non-renewable electricity and district heating.

Sustainable sourcing

KPI 3 concerns sustainable sourcing. In this regard, sustainable sourcing is defined as "the percentage of the total volume of dairy products purchased from suppliers who have completed the SDP onboarding up until the Stage 1 materiality assessment phase".

Interfood is an active member of the Sustainable Dairy Partnership (SDP), an industry platform developed by the Sustainable Agriculture Initiative (SAI). The platform's ambition is to create a uniform and standardised approach to sustainability

reporting between producers and buyers in the dairy industry. In order to do so, it has developed a five-stage matrix and the SDP reporting hub.

- The five-stage matrix is designed to provide a structure for dairy suppliers to advance with regards to sustainability. Each of the five stages represents a more advanced approach to the following aspects: DSF membership, foundational elements, materiality assessment, action plan, execution support, evaluation & improvement, progress reporting, governance, and stakeholder dialogue.
- The SDP reporting hub provides a uniform and standardised online platform to report progress on the matrix.

Pillar	KPI	Indicator	2022	2021	2020
Overall	SLL-1	Ecovadis score	69 [silver medal]	63 [silver medal]	45 [bronze medal]
Sustainable operations	SLL-2	Scope 1 and Scope 2 GHG emissions (MtCO _{2e})	406	590	805
Sustainable solutions	SLL-3	Sustainable sourcing	3.16%	0%	n/a

Non-financial KPIs

Europe: Netherlands, Poland, Russia, Algeria, Senegal
APAC: United Arab Emirates, China, Singapore, Australia
Americas : United States of America, Mexico, Brazil, Uruguay

The following tables showcase the underlying data of our non-financial KPIs.

Topic	KPI	Indicator	2022	2021	2020
Sustainable Value Chain					
Sustainable Supply Chain and Procurement					
	GRI 308-1	New suppliers that were screened using environmental criteria (based on Supplier Code of Conduct)	58%	n/a	n/a
		Producers	64%	n/a	n/a
		LSP - Transport	52%	n/a	n/a
		LSP - Warehouses	53%	n/a	n/a
		Other	11%	n/a	n/a
	GRI 308-2	Negative environmental impacts in the supply chain and actions taken			
		Number of suppliers assessed for environmental impacts	326	n/a	n/a
		Producers	215	n/a	n/a
		LSP - Transport	74	n/a	n/a
		LSP - Warehouses	35	n/a	n/a
		Other	2	n/a	n/a
		Number of suppliers identified as having actual/potential negative environmental impacts	13	n/a	n/a
		Producers	0	n/a	n/a
		LSP - Transport	13	n/a	n/a
		LSP - Warehouses	0	n/a	n/a
		Other	0	n/a	n/a
		% of suppliers identified as having significant actual/potential negative environmental impacts with which improvements were agreed upon as a result of assessment	0	n/a	n/a
		% of suppliers identified as having significant actual/potential negative environmental impacts with which relationships were terminated as a result of assessment	0	n/a	n/a
	GRI 414-1	New suppliers that were screened using social criteria (based on Supplier Code of Conduct)	58%	0%	n/a
		Producers	64%	0%	n/a
		LSP - Transport	52%	0%	n/a
		LSP - Warehouses	53%	0%	n/a
		Other	11%	0%	n/a
	GRI 414-2	Negative social impacts in the supply chain and actions taken			
		Number of suppliers assessed for environmental impacts	326	n/a	n/a
		LSP - Producers	215	n/a	n/a
		LSP - Transport	74	n/a	n/a
		Warehouses	35	n/a	n/a
		Other	2	n/a	n/a

Topic	KPI	Indicator	2022	2021	2020
		Number of suppliers identified as having actual/potential negative social impacts	19	n/a	n/a
		LSP - Producers	8	n/a	n/a
		LSP - Transport	10	n/a	n/a
		Warehouses	0	n/a	n/a
		Other	1	n/a	n/a
		% of suppliers identified as having significant actual/potential negative social impacts with which improvements were agreed upon as a result of assessment	0	n/a	n/a
		% of suppliers identified as having significant actual/potential negative social impacts with which relationships were terminated as a result of assessment	0	n/a	n/a
IF-2.1a		All sustainability-related non-conformities, per sustainability related incident category	32	29	n/a
		Security/fraud incident	11	7	n/a
		Occupational health and safety	0	n/a	n/a
		Environmental	13	14	n/a
		Potential food incident	8	8	n/a
IF-2.1b		All non-conformities received, per supply chain partner category	1438	1655	n/a
		Producers	1056	1598	n/a
		Transporters	315	41	n/a
		Warehouses	62	16	n/a
		Other partners	5	0	n/a
IF-2.7		Top 5 NCs reasons (in % of total no. of NCs)	60%	60%	n/a
		Packaging issue	19%	22%	n/a
		Deviation - too high macro values	18%	15%	n/a
		Deviation - chemical / physical values	10%	12%	n/a
		Document issue	8%	5%	n/a
		Contamination - foreign body	5%	6%	n/a
IF-2.8		No. of NCs relative to the no. of orders	1.46%	n/a	n/a
		Europe	1.02%	n/a	n/a
		APAC	8.34%	n/a	n/a
		Americas	1.33%	n/a	n/a
IF-2.9		Average length of NC follow-up, in days	20	38	n/a
		Europe	19	45	n/a
		APAC	28	56	n/a
		Americas	13	13	n/a

Topic	KPI	Indicator	2022	2021	2020
Product Quality and Safety					
	GRI 416-2	Incidents of non-compliance concerning health and safety impacts of products and services	0	0	n/a
	IF-2.2	Proportion of compliant suppliers	97%	97%	n/a
	IF-2.3	Average supplier score	82%	84%	n/a
		Producers	76%	83%	n/a
		Transporters	86%	85%	n/a
		Warehouses	80%	81%	n/a
		Other	85%	88%	n/a
	IF-2.10	IFS Broker Audit result	98%	98%	n/a
		Europe	96.8%	96.8%	n/a
		APAC	99.2%	99.2%	n/a
		Americas	97.5%	n/a	n/a
	IF-2.11	Total number of approved suppliers	1460	n/a	n/a
		Producers	649	n/a	n/a
		Transporters	451	n/a	n/a
		Warehouses	337	n/a	n/a
		Other	23	n/a	n/a
	IF-2.12	Total number of supplier audits performed	44	n/a	n/a
		Europe	36	n/a	n/a
		APAC	5	n/a	n/a
		Americas	3	n/a	n/a
Traceability and Transparency					
	IF-2.4	First-tier traceability based on traceability tests	99%	100%	n/a
Climate Change					
	GRI 305-3	Indirect (Scope 3) GHG emissions: 3.4 and 3.9 Upstream and downstream transport and distribution (tCO ₂ e)	28,737	n/a	n/a
	IF-2.5	Number of Logistics Service Providers with a completed carbon footprint assessment	0	n/a	n/a
		Transporters	0	n/a	n/a
		Warehouses	0	n/a	n/a
	IF-2.6	Volume organised by Logistics Service Providers with a completed carbon footprint assessment	0	n/a	n/a
		Transporters	0	n/a	n/a
		Warehouses	0	n/a	n/a

Topic	KPI	Indicator	2022	2021	2020
Sustainable Employer					
Labour Practices and Human Rights					
GRI 2-30	Collective bargaining agreements		0%	0%	n/a
		Europe	0%	0%	n/a
		APAC	0%	0%	n/a
		Americas	0%	0%	n/a
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage			n/a	n/a
		Male	2.52	n/a	n/a
		Female	1.84	n/a	n/a
		EMEA		n/a	n/a
		Male	1.80	n/a	n/a
		Female	1.68	n/a	n/a
		APAC		n/a	n/a
		Male ⁹	6.15	n/a	n/a
		Female	2.49	n/a	n/a
		Americas		n/a	n/a
		Male	1.99	n/a	n/a
		Female	1.85	n/a	n/a
GRI 202-2	Proportion of senior management hired from the local community		71%	82%	n/a
		Europe	100%	100%	n/a
		APAC	40%	67%	n/a
		Americas	33%	33%	n/a
GRI 401-3 [4]	Parental leave				
		Europe			
		Number of employees that were entitled to parental leave	53	n/a	n/a
		Male	22	n/a	n/a
		Female	31	n/a	n/a
		Number of employees that took parental leave	18	34% ⁷	n/a
		Male	3	33% ⁷	n/a
		Female	15	36% ⁷	n/a
		Number of employees that returned to work after parental leave	18	n/a	n/a
		Male	3	n/a	n/a
		Female	15	n/a	n/a
		Total number of employees returning from parental leave in the prior reporting periods [2021]	15	n/a	n/a
		Male	4	n/a	n/a
		Female	11	n/a	n/a

Topic	KPI	Indicator	2022	2021	2020
		No. of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	12	n/a	n/a
		Male	4	n/a	n/a
		Female	8	n/a	n/a
		Return to work rate	100%	n/a	n/a
		Male	100%	n/a	n/a
		Female	100%	n/a	n/a
		Retention rate	86.5%	n/a	n/a
		Male	100%	n/a	n/a
		Female	73%	n/a	n/a
		APAC			
		Number of employees that were entitled to parental leave	1	n/a	n/a
		Male	0	n/a	n/a
		Female	1	n/a	n/a
		Number of employees that took parental leave	1	34% ⁷	n/a
		Male	0	33% ⁷	n/a
		Female	1	36% ⁷	n/a
		Number of employees that returned to work after parental leave	0	n/a	n/a
		Male	0	n/a	n/a
		Female	0	n/a	n/a
		Total number of employees returning from parental leave in the prior reporting periods (2021)	0	n/a	n/a
		Male	0	n/a	n/a
		Female	0	n/a	n/a
		No. of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	n/a	n/a
		Male	0	n/a	n/a
		Female	0	n/a	n/a
		Return to work rate	0%	n/a	n/a
		Male	n/a	n/a	n/a
		Female	0%	n/a	n/a
		Retention rate	0%	n/a	n/a
		Male	n/a	n/a	n/a
		Female	0%	n/a	n/a
		Americas			
		Number of employees that were entitled to parental leave	3	n/a	n/a
		Male	3	n/a	n/a
		Female	0	n/a	n/a

Topic	KPI	Indicator	2022	2021	2020
		Number of employees that took parental leave	3	34% ⁷	n/a
		Male	3	33% ⁷	n/a
		Female	0	36% ⁷	n/a
		Number of employees that returned to work after parental leave	3	n/a	n/a
		Male	3	n/a	n/a
		Female	0	n/a	n/a
		Total number of employees returning from parental leave in the prior reporting periods [2021]	4	n/a	n/a
		Male	1	n/a	n/a
		Female	3	n/a	n/a
		No. of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	4	n/a	n/a
		Male	1	n/a	n/a
		Female	3	n/a	n/a
		Return to work rate	100%	n/a	n/a
		Male	100%	n/a	n/a
		Female	n/a	n/a	n/a
		Retention rate	100%	n/a	n/a
		Male	100%	n/a	n/a
		Female	100%	n/a	n/a
Diversity, Inclusion and Equal Opportunity					
	GRI 2-7 [1]	Employee overview, by region, contract type, and employment type	335	350	n/a
		Europe	217	242	n/a
		Permanent employees headcount	188		n/a
		Male	87		n/a
		Female	101		n/a
		Temporary employees headcount	29		n/a
		Male	20		n/a
		Female	9		n/a
		Non-guaranteed hours employees headcount	0		n/a
		Male	0		n/a
		Female	0		n/a
		Full-time employees headcount	168		n/a
		Male	98		n/a
		Female	70		n/a
		Part-time employees headcount	49		n/a
		Male	3		n/a
		Female	46		n/a

Topic	KPI	Indicator	2022	2021	2020
		APAC	53	52	n/a
		Permanent employees headcount	39		n/a
		Male	16		n/a
		Female	23		n/a
		Temporary employees headcount	14		n/a
		Male	8		n/a
		Female	6		n/a
		Non-guaranteed hours employees headcount	0		n/a
		Male	0		n/a
		Female	0		n/a
		Full-time employees headcount	53		n/a
		Male	24		n/a
		Female	29		n/a
		Part-time employees headcount	0		n/a
		Male	0		n/a
		Female	0		n/a
		Americas	65	56	n/a
		Permanent employees headcount	64		n/a
		Male	30		n/a
		Female	34		n/a
		Temporary employees headcount	1		n/a
		Male	1		n/a
		Female	0		n/a
		Non-guaranteed hours employees headcount	0		n/a
		Male	0		n/a
		Female	0		n/a
		Full-time employees headcount	60		n/a
		Male	29		n/a
		Female	31		n/a
		Part-time employees headcount	5		n/a
		Male	2		n/a
		Female	3		n/a

Topic	KPI	Indicator	2022	2021	2020		
GRI 2-8 ³	No. of workers who are not employees		11	6	n/a		
		Europe	9		n/a		
		APAC	2		n/a		
		Americas	0		n/a		
GRI 405-1	Diversity of senior management, commerces, and other employees	# of governance body members (2021 in % of total)	5	8%	n/a		
		% Male	80%		n/a		
		% Female	20%		n/a		
		% <30 years old	0%		n/a		
		% between 30 and 50 years old	40%		n/a		
		% > 50 years old	60%		n/a		
		# of employees in category 'senior management', excl. governance body members	14		n/a		
		% Male	71%		n/a		
		% Female	29%		n/a		
		% <30 years old	0%		n/a		
		% between 30 and 50 years old	71%		n/a		
		% > 50 years old	29%		n/a		
		# of employees in category 'commerce' (2021 in % of total)	72	20%	n/a		
		% Male	89%		n/a		
		% Female	11%		n/a		
		% <30 years old	37%		n/a		
		% between 30 and 50 years old	57%		n/a		
		% > 50 years old	6%		n/a		
		# of employees in category 'other' (2021 in % of total)	245	72%	n/a		
		% Male	32%		n/a		
		% Female	68%		n/a		
		% <30 years old	25%		n/a		
		% between 30 and 50 years old	66%		n/a		
		% > 50 years old	9%		n/a		
		GRI 406-1	No. incidents of discrimination		0	n/a	n/a
		IF-3.5	Average age		36	36	n/a
Europe	37			n/a	n/a		
APAC	36			n/a	n/a		
Americas	34			n/a	n/a		
IF-3.6	No. of nationalities		30	28	n/a		

Topic	KPI	Indicator	2022	2021	2020
Occupational Health and Safety					
	IF-3.8	Employee sick leave rate	2.89%	0.86%	n/a
		Europe	3.87%	1.19%	n/a
		APAC	0.40%	n/a	n/a
		Americas	1.30%	0.53%	n/a
	IF-3.9	Non-conformities related to Occupational Health and Safety (internal)	0	n/a	n/a
		Europe	0	n/a	n/a
		APAC	0	n/a	n/a
		Americas	0	n/a	n/a
	IF-3.10	OHS risk assessment and evaluation (RI&E) follow-up rate	100%	n/a	n/a
		Europe	100%	n/a	n/a
		APAC	n/a	n/a	n/a
		Americas	n/a	n/a	n/a
Talent Management and Skills Development					
	GRI 404-3	% of employees receiving regular performance and development reviews	88%	83%	n/a
		Europe	90%	76%	n/a
		Male	86%		n/a
		Female	94%		n/a
		Senior management	71%		n/a
		Commerce	73%		n/a
		Other	95%		n/a
		APAC	91%	100%	n/a
		Male	89%		n/a
		Female	92%		n/a
		Senior management	100%		n/a
		Commerce	93%		n/a
		Other	88%		n/a
		Americas	85%	100%	n/a
		Male	81%		n/a
		Female	88%		n/a
		Senior management	100%		n/a
		Commerce	42%		n/a
		Other	95%		n/a
	GRI 401-1 ²	New employee hires	74 [27%]	27%	n/a

Topic	KPI	Indicator	2022	2021	2020
		Europe	35 [16%]	11%	n/a
		Male	22		n/a
		Female	13		n/a
		< 30 years old	20		n/a
		between 30 and 50 years old	13		n/a
		> 50 years old	2		n/a
		APAC	18 [34%]	15%	n/a
		Male	9		n/a
		Female	9		n/a
		< 30 years old	6		n/a
		between 30 and 50 years old	12		n/a
		> 50 years old	0		n/a
		Americas	21 [32%]	43%	n/a
		Male	13		n/a
		Female	8		n/a
		< 30 years old	12		n/a
		between 30 and 50 years old	9		n/a
		> 50 years old	0		n/a
		Employee turnover (employees that left the company)	88 [28%]	13%	n/a
		Europe	54 [25%]	9%	n/a
		Male	22		n/a
		Female	32		n/a
		< 30 years old	11		n/a
		between 30 and 50 years old	38		n/a
		> 50 years old	5		n/a
		APAC	23 [43%]	15%	n/a
		Male	9		n/a
		Female	14		n/a
		< 30 years old	6		n/a
		between 30 and 50 years old	15		n/a
		> 50 years old	2		n/a
		Americas	11 [17%]	14%	n/a
		Male	7		n/a
		Female	4		n/a

Topic	KPI	Indicator	2022	2021	2020
		< 30 years old	7		n/a
		between 30 and 50 years old	4		n/a
		> 50 years old	0		n/a
Sustainable Operations					
Risk Management					
	IF-4.1	Results of internal audits performed [%]	79%	81%	n/a
	IF-4.2	The % of controls tested	75%	0%	n/a
Business Ethics					
	GRI 2-16	Communication of critical concerns			
		Total number of critical concerns that were communicated to the highest governance body	2	n/a	n/a
	GRI 2-27	Compliance with laws and regulations			
		Total number of significant instances of non-compliance with laws and regulations during the reporting period	0	n/a	n/a
		Total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period	0	n/a	n/a
	GRI 205-2 ⁴	Total no. and % of governance body members who have signed our Code of Conduct (CoC)			
		% of governance body members that signed the CoC	80%	n/a	n/a
		Total number of governance body members	5	n/a	n/a
		Number of governance body members that signed the CoC	4	n/a	n/a
		Number of employees that signed the Code of Conduct (containing IF's anti-corruption policies and procedures)	308	n/a	n/a
		% of employees that signed the Code of Conduct	92%	n/a	n/a
		Europe	95%	n/a	n/a
		Senior management	83%	n/a	n/a
		Commerce	92%	n/a	n/a
		Other	97%	n/a	n/a
		APAC	85%	n/a	n/a
		Senior management	100%	n/a	n/a
		Commerce	74%	n/a	n/a
		Other	90%	n/a	n/a
		Americas	85%	n/a	n/a
		Senior management	100%	n/a	n/a
		Commerce	36%	n/a	n/a
		Other	98%	n/a	n/a

Topic	KPI	Indicator	2022	2021	2020
		Total number and % of governance body members who have received training on anti-corruption	60%	n/a	n/a
		% of governance body members that received training on anti-corruption	60%		
		Total number of governance body members	5		
		Total number of governance body members that received training on anti-corruption	3		
		Total number and % of business partners who have signed our Code of Conduct			
		Agents [#]	15	n/a	n/a
		Agents [%]	100%	n/a	n/a
		Suppliers [#]	326	n/a	n/a
		Suppliers [%]	58%	n/a	n/a
		% of employees that have received training on anti-corruption	96%	n/a	n/a
		Number of employees that have received training on anti-corruption	322	n/a	
		Europe	100%	n/a	n/a
		Senior management	100%	n/a	n/a
		Commerce	100%	n/a	n/a
		Other	100%	n/a	n/a
		APAC	88%	n/a	n/a
		Senior management	100%	n/a	n/a
		Commerce	74%	n/a	n/a
		Other	90%	n/a	n/a
		Americas	100%	n/a	n/a
		Senior management	100%	n/a	n/a
		Commerce	100%	n/a	n/a
		Other	100%	n/a	n/a
GRI 205-3		Confirmed incidents of corruption and actions taken			
		Total number of confirmed incidents of corruption	0	0	n/a
		Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	n/a	n/a
		Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	n/a	n/a
		Public legal cases regarding corruption brought against the organisation	0	n/a	n/a
IF-4.5		Number of incidents reported via the external Speak-Up hotline	0	n/a	n/a
IF-4.6		The % of agents with whom contracts have been signed	73%	n/a	n/a
IF-4.7		Results of the audits performed on our top four agents	50%	n/a	n/a
Data, Privacy and Cybersecurity					
GRI 418-1		Number of substantiated complaints concerning breaches of customer privacy	0	0	n/a

Topic	KPI	Indicator	2022	2021	2020
		Number of complaints received from outside parties and substantiated by the organisation	0	0	n/a
		Number of complaints from regulatory bodies	0	0	n/a
		Number of identified leaks, thefts or losses of customer data	0	0	n/a
Taxation and Economic Contribution					
	IF-4.3	% of on-time tax payments	99.70%	100%	n/a
Climate Change					
	IF-4.4	Commercial effective tax rate	18.5%	21.1%	18.2%
	GRI 305-1	Direct (Scope 1) GHG emissions (tCO ₂ e)	337	322	535
	GRI 305-2	Energy indirect (Scope 2) GHG emissions (tCO ₂ e)	69	268	270
	GRI 305-3	Indirect (Scope 3) GHG emissions: 3.6 Business flights (tCO ₂ e)	713	228	307
	GRI 305-4	GHG emissions intensity (tCO ₂ e/FTE)	3.61	2.67	3.82
	GRI 302-1	Energy consumption within the organisation (GJ)	7,704	7,594	10,584
	GRI 302-2	Energy consumption outside of the organisation (GJ)	612,520	194,806	261,616
	GRI 302-3	Energy intensity (GJ/FTE)	2,027	659	935
Sustainable Society					
	IF-5.1	% of prior year net income spent on sustainable society	1.5%	n/a	n/a

Footnotes

*	KPI	Note
1	GRI 2-7	This data is described in headcount (not FTE) and numbers are reported at the end of year (not average across period).
3	GRI 2-8	This includes: two contract workers from an outsourcing company (one Logistics coordinator and one Finance admin), and nine temporary employees/trainees via an agency (Finance Invoicing, Financial Control, Logistics Support, Global HR, QA).
2	GRI 401	This data is described in headcount (not FTE) and these specific #s for this KPI are reported as average across period (not of the end of year).
4	GRI 401-3	Numbers from 2021 consolidated across regions, due to a different calculation method.
5	GRI 308-1	Note that the definition and method of this KPI has been adapted, refer to the 'About this report' section for details.

GRI content index

The following table showcases the GRI disclosures included and where they may be found in the report.

Statement of use

Interfood has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.

GRI 1 used

GRI 1: Foundation 2021

GRI Standard / Other source	Disclosure	Location	Omission		
			Requirement omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	1. The organisation and its reporting practices				
	2-1 Organisational Details	A & D: 8 B & C: 84			
	2-2 Entities included in the organisation's sustainability reporting	A: 111 B: 148 - 150 C: 148 - 150			
	2-3 Reporting period, frequency and contact point	A, B, C & D: 148 - 150			
	2-4 Restatements of information	A: 149			
	2-5 External assurance	A & B: 152 - 159			
	2. Activities and workers				
	2-6 Activities, value chain and other business relationships	A, B, C: 18 - 21 D: 68			
	2-7 Employees	172 - 173			
	2-8 Workers who are not employees	A, B, C: 174			
	3. Governance				
	2-9 Governance structure and composition	A: 85 B: 89 C i, iii, iv: 85 C v: 88 C vii: 85	C ii C vi C viii	Not applicable Not applicable Not applicable	Private company Small company No supervisory board
2-10 Nomination and selection of the highest governance body	A & B: 86				
2-11 Chair of the highest governance body	A & B: 86, 88				
2-12 Role of the highest governance body in overseeing the management of impacts	A: 89 B & C: 89				

GRI Standard / Other source	Disclosure	Location	Omission		
			Requirement omitted	Reason	Explanation
2-14	Role of the highest governance body in sustainability reporting	A: 89	2-14 B	Not applicable	The HGB is responsible for reviewing and approving the reported information, as described under 2-14B
2-15	Conflicts of interest	A & B: 85			
2-16	Communication of critical concerns	A & B: 63	2-16 B	Confidentiality restraints	The nature of critical concerns is known, but not published due to confidentiality
2-17	Collective knowledge of the highest governance body	A: 89			
2-18	Evaluation of the performance of the highest governance body	A, B & C: 89			
2-19	Remuneration policies	n/a	2-19 A & B	Confidentiality restraints	Private company
2-20	Process to determine remuneration	n/a	2-20 A & B	Confidentiality restraints	Private company
2-21	Annual total compensation ratio	n/a	2-21	Confidentiality restraints	Private company
4. Strategy, policies and practices					
2-22	Statement on sustainable development strategy	A: 6 - 7			
2-23	Policy commitments	A - F: 51 - 53, 63 https://www.interfood.com/en/about-us/our-business-ethics-and-policies/			
2-24	Embedding policy commitments	A: 63 - 64, 92 A i: 89			
2-25	Processes to remediate negative impacts	A & C: 46, 50, 56, 62, 70 B: 63 D: - E: 63	2-25 D	Not applicable	Stakeholders are currently not involved in design and improvement
2-26	Mechanisms for seeking advice and raising concerns	A: 63			
2-27	Compliance with laws and regulations	n/a	2-27	Not applicable	No instances of non-compliance and fines occurred during the reporting period
2-28	Membership associations	A: 72			
5. Stakeholder Engagement					
2-29	Approach to Stakeholder Engagement	A: 32 - 33			
2-30	Collective bargaining agreements	A & B: 149	2-30	Not applicable	Small company

GRI Standard / Other source	Disclosure	Location	Omission		
			Requirement omitted	Reason	Explanation
GRI 2: General Disclosures 2021	3-1 Process to determine material topics	A & B: 150 - 151			
	3-2 List of material topics	A, B: 150			
Diversity, inclusion, and equal opportunity					
GRI 3: Material topics 2021	3-3 Management of material topics	A & B: 34 - 37 C: 57 D: 57 E: 56 F: 32			
GRI 202: Market presence 2016	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	165			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance	174			
	405-2 Ratio of basic salary and remuneration of women to men	-	A & B	Confidentiality constraints	Private company
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	174			
Business Ethics					
GRI 3: Material topics 2021	3-3 Management of material topics	A & B: 34 - 37 C: 63 D: 63 E: 62 F: 32			
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	-	A & B	Information unavailable	A qualitative risk assessment was done, no number of operations assessed for risks was tracked. We expect to start collecting this data in FY2023
	205-2 Communication and training about anti-corruption policies and procedures	177 & 178			
	205-3 Confirmed incidents of corruption and actions taken	178			
Climate Change					
GRI 3: Material topics 2021	3-3 Management of material topics	A & B: 34 - 37 C: 54, 48 D: 50 - 55, 46 E: 50 - 55, 46 - 49 F: 32			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	A – E: 179, 68 F & G: 149			
	302-2 Energy consumption outside of the organisation	A & B: 175, 68, 166, 64 C: 149			
	302-3 Energy intensity	175			
	302-4 Reduction of energy consumption	A – D 68, 149			

GRI Standard / Other source	Disclosure	Location	Omission		
			Requirement omitted	Reason	Explanation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	A & C: 179, 68 B: 36 D: 68 E & F: 149 G: 68, 149			
	305-2 Energy indirect (Scope 2) GHG emissions	A & C: 179, 68 B: 36 D: 68 E & F: 149 G: 68, 149			
	305-3 Other indirect (Scope 3) GHG emissions	A & C: 179, 166, 68, 64 B: 36 D & F: 149 E & G: 54 & 149			
	305-4 GHG emissions intensity	179			
	305-5 Reduction of GHG emissions	A, C, D & E: 68 B: 36			
Labour practices and human rights					
GRI 3: Material topics 2021	3-3 Management of material topics	A & B: 34 - 37 C & D: 57 E: 56 F: 32			
	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	175 - 177		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	401-2	Not applicable	There is no difference in benefits between temporary and permanent employees
	401-3 Parental leave	170 - 172			
Occupational health and safety					
GRI 3: Material topics 2021	3-3 Management of material topics	A & B: 34 - 37 C & D: 60 E: 56 F: 32			
	GRI 403: Occupational health and safety 2018	403-1 Occupational H&S management system	-	403-1	Not applicable Office-based business
	403-5 Worker training on occupational H&S	A: 60			
	403-6 Promotion of worker health	-	403-6	Not applicable Office-based business	
Talent Management and Skills Development					
GRI 3: Material topics 2021	3-3 Management of material topics	A & B: 34 - 37 C & D: 59 E: 56 F: 32			

GRI Standard / Other source	Disclosure	Location	Omission		
			Requirement omitted	Reason	Explanation
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	-	404-1A	Information not available	The HR system does not yet allow for registration of total training hours. We are currently working to implement this feature.
	404-2 Programmes for upgrading employee skills and transition assistance Programmes	A: 59	404-2B	Not applicable	There are no transition assistance programmes provided to facilitate continued employability
	404-3 Percentage of employees receiving regular performance and career development reviews	175			
Sustainable supply chain and procurement					
GRI 3: Material topics 2021	3-3 Management of material topics				A & B: 34 - 37 C & D: 51 E: 50 F: 32
GRI 308: Supplier Environmental Assessment 2016	308-1 [New] suppliers that were screened using environmental criteria				167, 149
	308-2 Negative environmental impacts in the supply chain and actions taken				167, 51
GRI 414: Supplier social assessment 2016	414-1 Suppliers that were screened using social criteria				167
	414-2 Negative social impacts in the supply chain and actions taken				167 - 168, 51
Product quality and safety					
GRI 3: Material topics 2021	3-3 Management of material topics				A & B: 34 - 37 C & D: 53 E: 50 F: 32
GRI 416: Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	-	416-1A	Not applicable	Interfood does not produce any products, it only supplies ingredients and products on behalf of other parties
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services				169

GRI Standard / Other source	Disclosure	Location	Omission		
			Requirement omitted	Reason	Explanation
Data privacy and cybersecurity					
GRI 3: Material topics 2021	3-3 Management of material topics				A & B: 34 - 37 C & D: 65 - 66 E: 62 F: 32
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data				178 - 179
Traceability and transparency					
GRI 3: Material topics 2021	3-3 Management of material topics				A & B: 34 - 37 C & D: 52 - 54 E: 50 F: 32
Risk management					
GRI 3: Material topics 2021	3-3 Management of material topics				A & B: 34 - 37 C: 91 D: 84, 91 E: 50 F: 32
Sustainable solutions					
GRI 3: Material topics 2021	3-3 Management of material topics				A & B: 34 - 37 C: 46 - 49 D: 46 - 49 E: 46 - 49 F: 32

