



2022/2023

SUSTAINABILITY REPORT

MEGGLE GROUP



ABOUT THIS REPORT

This sustainability report covers the business year 2022. It is based on the international GRI standards. This is the first time that GRI data has been collected comprehensively for all our production sites.

MEGGLE started publishing sustainability information in 2015 and has since produced a sustainability report every four years. An internal sustainability review is conducted every year. The previous sustainability report for 2018/2019 covered the reporting period 2015-2019. The current report also serves as a systematic preparation for CSRD reporting, which will start in the financial year 2025. The next report will be a CSRD-compliant management report and will be published in 2026.

Reporting at the level of all production sites for the first time following GRI standards proved challenging in terms of data availability. As a result, the report still contains some data gaps, which have been made transparent wherever they occur. The scope of this report covers the following production sites of the MEGGLE Group:

- MEGGLE GmbH & Co. KG in Wasserburg, Germany (MEGGLE Wasserburg)
- MEGGLE Cheese in Altusried, Germany (MEGGLE Cheese)
- MEGGLE Bakery in Gebesee, Germany (MEGGLE Bakery)
- RAJO s.r.o. in Bratislava, Slovakia (RAJO Slovakia)
- MEGGLE BH d.o.o. in Bihac, Bosnia-Herzegovina (MEGGLE Bosnia Herzegovina)
- MEGGLE Srbija d.o.o. in Kragujevac, Serbia (MEGGLE Serbia)

These production sites are legally assigned to MEGGLE GmbH & Co. KG, MEGGLE Functional Products International GmbH or MEGGLE Consumer Products International GmbH, which are subsidiaries of the MEGGLE Group (see organisation chart [here](#)).

Since 2020, M-Back GmbH in Gebesee has been a full member of the MEGGLE Group and has, as of December 2021, officially been called MEGGLE Bakery GmbH. In 2021, MEGGLE acquired the Emmental cheese dairy Stegmann, now called MEGGLE Cheese GmbH. During the reporting period, the new Contract Manufacturing Business Unit was established.

The financial information disclosed relates to the entire scope of the MEGGLE Group and not just to the production sites. The information has been compiled and consolidated in accordance with financial disclosure regulations.

Our organisation has appointed a senior position with responsibility for sustainability issues. The position is held by our Chief Operating Officer (COO), who is a member of our Board of Executive Directors, our highest governance body. Our internal sustainability review and the public sustainability report are reviewed and approved annually by the Board of Executive Directors. The report has not been externally verified.

CONTENTS

01

Page 04

COO LETTER

Page 06

ABOUT MEGGLE



02

Page 15

OUR APPROACH



03

Page 31

STAKEHOLDERS & MATERIALITY



04

Page 38

PRODUCTS



05

Page 47

SUPPLY CHAIN



06

Page 59

ENVIRONMENT



07

Page 76

PEOPLE & CULTURE



08

Page 93

BUSINESS PRACTICES



09

Page 103

KEY FIGURES

Page 122

GRI CONTENT INDEX

Page 132

IMPRINT



DEAR READER,

Since the publication of our last public sustainability report for 2018/19, our business has been significantly impacted by sustainability-related developments, particularly in the area of energy and climate change. Political crises have exacerbated these impacts. Stakeholders are not only demanding transparency in terms of environmental, social and corporate governance (ESG) standards but are also actively engaging with us to ensure that we are committed to sustainable and responsible business practices. Governments, too, along with regulatory bodies, are imposing stricter regulations related to ESG, such as the European Green Deal, the Farm to Fork Strategy, the energy transition to renewables, the EU Taxonomy Regulation, the CSRD and the German Supply Chain Due Diligence Act.

Every day we are inundated with media reports about the severe effects of climate change, environmental crimes, deforestation, species extinction, marine and land pollution from waste, and the contamination of water sources.

Despite this negative narrative, we at MEGGLE are committed to acting responsibly and managing our business with a positive, proactive, far-sighted, yet realistic attitude to the many ESG challenges that lie ahead. Various ESG aspects require our attention, not only within our own operations or those of our first-tier, but also along the whole upstream and downstream value chain. We believe that while all our ESG

efforts must be driven by our responsibility to future generations, they must also contribute to our long-term financial success. To succeed, behavioural change is needed both at an individual and a societal level. We will do our part, but a collective effort is essential for a successful path towards a sustainable future in a global context.

With this in mind, we have reviewed our sustainability materiality and risk assessment, taking into account the requirements of the European CSRD and the evolving ESRS. We have updated our sustainability strategy accordingly and identified areas for action to mitigate our risks and to create opportunities. Our strategic fields of action are underpinned by technological feasibility assessments and sound financial planning for significant future investments. Solid economic returns are an indispensable prerequisite for meeting all potential challenges associated with our key strategic areas:

- Phased energy/carbon/climate transformation concept
- Mitigation plan to prepare for demographic labour shortages
- Mitigation plan for quantitative changes in dairy supply chains
- Preparation for compliance with CSRD reporting for the entire MEGGLE Group (part of this preparation was the GRI reporting for all MEGGLE production sites, as presented in this report)



However, managing sustainability requires a comprehensive responsible management system involving all our operations and every single department. Supply chain transparency is crucial and by communicating openly with all our suppliers, we learn about their sustainability approaches and the associated challenges, which we try to overcome through close collaboration, ensuring ethical and sustainable practices throughout our entire supply chain. And as consumers are adopting ever more sustainable and responsible practices, we are making great efforts to communicate with our customers, understand their needs and explain our journey to them.

We are on our way – and we are confident that our strengths and capabilities will enable us to meet the difficult challenges ahead, as we have done so many times throughout our long history. We are also proud of the key contributions our valued operations staff have made to our significant progress, thanks to their awareness, dedication and professionalism.

Over the next few years, we will work even more intensively on our strategic goals. Our planned energy transition in particular will require massive investments as well as a high level of expertise and skills to meet the technological challenges associated with this change. We will also need to focus on the agricultural sector and work closely with our stakeholders to responsibly manage the carbon impact of milk production.

All of these efforts are closely linked to our people, who remain the most important asset of our company. It is only with their commitment and responsible engagement that MEGGLE can successfully address the sustainability challenges that lie ahead of us.

On behalf of the Management,

A handwritten signature in blue ink, appearing to read 'Marcus Hormuth', written in a cursive style.

Marcus Hormuth

Member of MEGGLE Group Board of Executive Directors



ABOUT MEGGLE



SUSTAINABLE ORGANISATION – FOR THE LONG TERM

Tradition, quality and continuous innovation – for more than 135 years now, this has been MEGGLE's recipe for success. In 1887, Josef Anton Meggle I founded the company as a cheese dairy in the Bavarian town of Wasserburg am Inn, east of Munich. Today, MEGGLE ranks among the most renowned dairy product manufacturers in Europe.

With an eye to the future and the intention to preserve the company's independence, Toni Meggle – grandson of the founder – transformed his family business into the Toni Meggle Foundation in 2019 and transferred all the company's shares to the Foundation, where he is Chairman of the Board. This transformation will enable us, as a medium-sized company, to secure jobs for the long term and stay true to the corporate values that have made us successful for over a century. Today, MEGGLE is a renowned international player, while remaining firmly rooted in its traditions and values, shaped by its history as a family business in its home region of Wasserburg am Inn in Upper Bavaria, where the company remains headquartered.

Our philosophy

From the very beginning, social responsibility as well as stable, long-term and future-oriented business practices have been our guiding principles. Our vision has not wavered since 1887, and our actions today are still guided by social responsibility and a sustainable business outlook. This also applies to our upstream suppliers – in particular our many milk suppliers at all our production sites – who have a huge responsibility for product quality and responsible business practices.

With an attractive portfolio of high-quality products and services, we continue to strengthen our competitive edge in the German and international markets. To ensure that we remain a strong player in these markets with their increasingly sophisticated customer demands and first-class competitors, we have made continuous improvement our top priority.

We always stay close to our markets and customers and are open to implementing new concepts such as plant-based products. In doing so, we uphold our traditional values of quality, creativity and flexibility, which are key factors in our efforts to maintain our independence as a company. As an innovative global player, MEGGLE will continue to grow – grounded in our strong sense of responsibility and long-term orientation – by serving our customers with expertise, consistently high quality and commercial reliability. This is what we live – every single day.

Operation sites
in

20

countries

Production sites
in

4

countries

Representative
office

1



Employees

2,480



Total revenue (in €)

1.47 bn

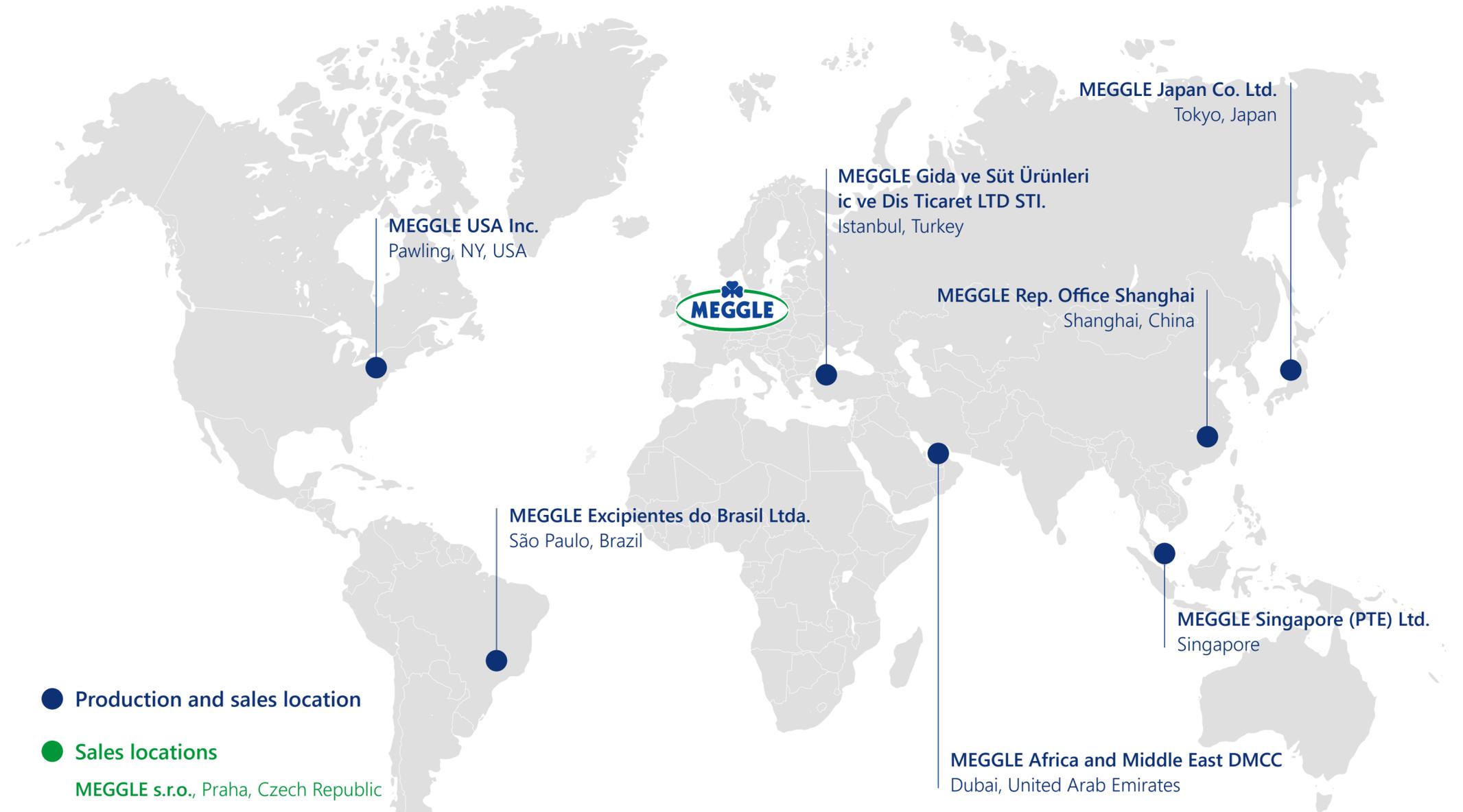
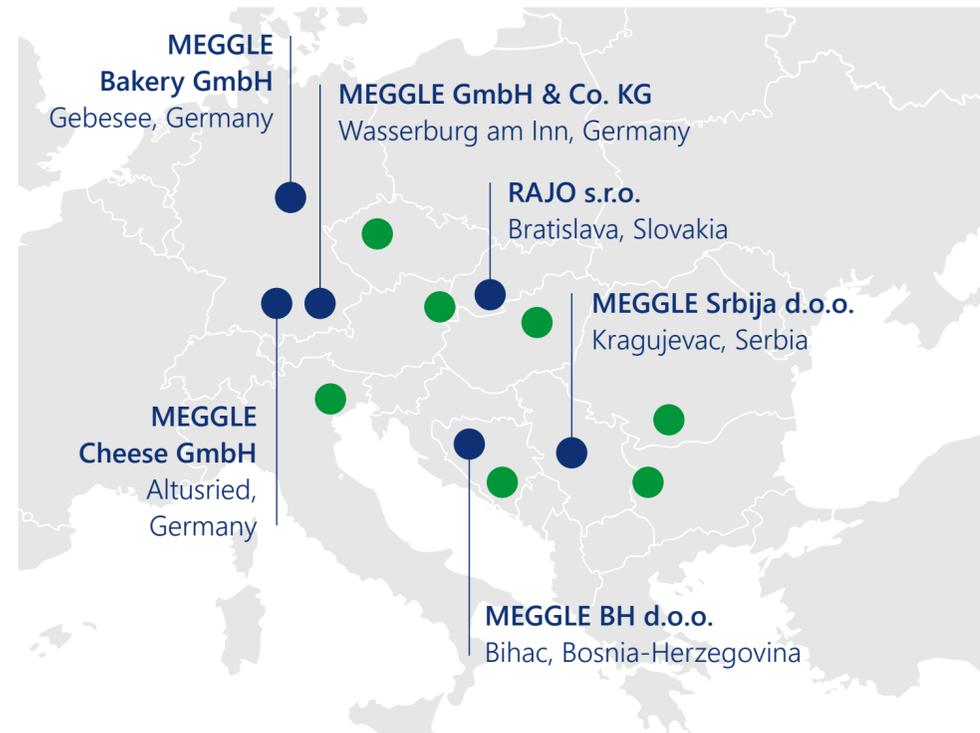


Years of experience

135+



MEGGLE LOCATIONS



- Production and sales location
- Sales locations
- MEGGLE s.r.o., Praha, Czech Republic
- MEGGLE România S.R.L, Bucharest, Romania
- MEGGLE Bulgaria EOOD, Sofia, Bulgaria
- MEGGLE d.o.o., Posušje, Bosnia-Herzegovina
- MEGGLE Croatia d.o.o., Zagreb, Croatia
- MEGGLE Italia S.r.l. con Socio unico, Verona, Italy
- MEGGLE Intertrade GmbH, Vienna, Austria



Consumers around the world appreciate the high quality and delicious taste of MEGGLE products, all of which are the result of more than 135 years of experience and expertise in handling the valuable raw materials milk and whey.

Our two Business Divisions serve a variety of markets, sectors and customers around the world:

- **Business Division Consumer Products**

Our Business Division Consumer Products develops, produces and distributes fresh dairy products, bakery products as well as plant-based foods for consumers and bulk purchasers.

- **Business Division Ingredients**

Our Business Division Ingredients produces functional dry powder products for the food, pharmaceutical and animal feed industries, including contract manufacturing services to customers from the food, life science and pharmaceutical industries.

For more information, see



OUR CORPORATE POLICY

Transparent values and a strong commitment to excellence

Customer orientation

We continually seek to understand and meet the needs and expectations of our customers, which is why we engage with customers and consumers. We see customer satisfaction and loyalty as the measure of everything we do.



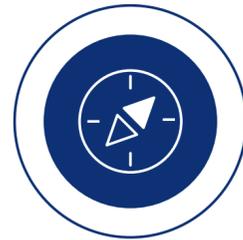
Profitability and earning power

Our mission as a company is to secure the Group's profitability and earning power as well as to improve our market position. All actions taken in pursuit of these goals are guided by the following principles: ethical behaviour towards customers, suppliers, employees, society and the environment, and compliance with legal and safety requirements.



Organisation and management of our corporate culture

The organisational structure of our business is key to our commercial success. We aim to create simple structures with clear assignments of competence and responsibility. We recognise that professional and personal skills are an important competitive factor in the marketplace. Ensuring the ongoing development of skills in all areas of our business is therefore a key management responsibility. Our performance standards are characterised by clearly defined objectives which are supported and monitored by competent management. Targeted communication, both internally and externally, based on strong identification with the company, helps us to achieve our goals. Every day, we strive for continuous improvement, which is the responsibility of everyone involved. We see each product and process failure as an opportunity to stay true to our commitment to continuous improvement and the prevention of mistakes in the future.



Quality culture – products and services

We aim to develop, manufacture and sell optimised products and services that not only meet all relevant regulatory and safety requirements, but also our own high quality and safety standards. We produce and supply food for consumers and semi-finished products for the food, pharmaceutical excipients and animal feed industries. In doing so, we are fully aware of our responsibility to protect consumers and patients and to "feed for food", including compliance with Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) standards.



Sustainability

Our sustainability strategy is based on achieving commercial success through sound business models and future investments, taking responsibility for individuals and society at large – today and for future generations – and for the impact of our actions on natural resources. This includes the responsible use of raw materials as well as the water, energy, air and soil around our sites and along the value chain.

Careful management of risks and opportunities is an integral part of our economic behaviour and the basis of our long-term business success. This requires foresight and can only be achieved through reliable collaboration, dialogue and joint efforts with our stakeholders.



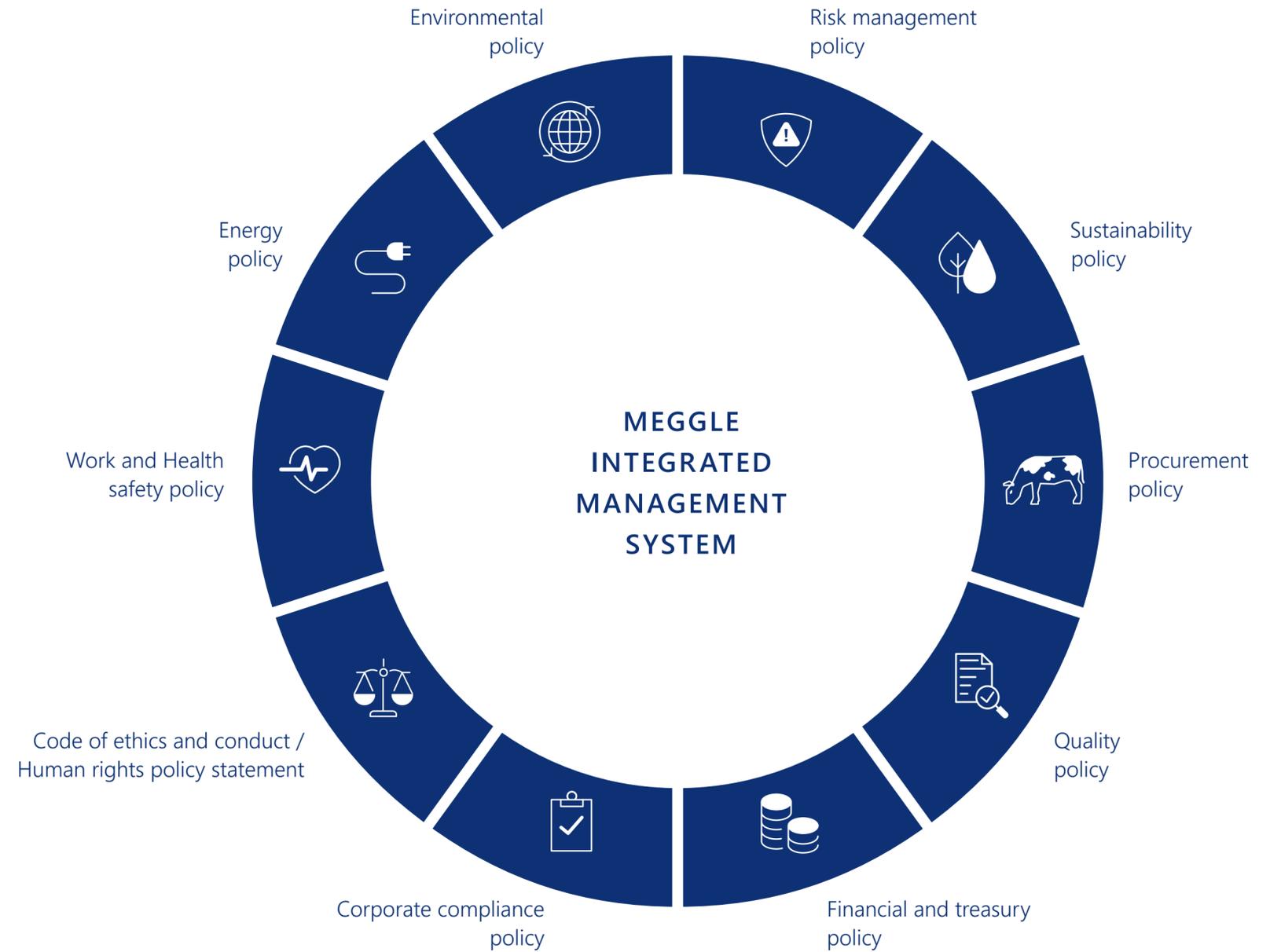
Compliance

We are committed to complying with applicable laws, regulatory standards, company policies and contractual obligations. This is also a requirement for our suppliers and business partners. To this end, we have implemented a compliance management system that is continuously being developed and expanded.



OUR INTEGRATED MANAGEMENT APPROACH

The MEGGLE Group is built on strong values and clear standards of behaviour. Policies form an integral part of our management handbook, which is approved by the Senior Management. All our policies, management systems and standards are part of an integrated management system, which includes the management of sustainability issues. Verification is carried out through an internal audit system, external audits and certifications.



OUR MANAGEMENT STANDARDS

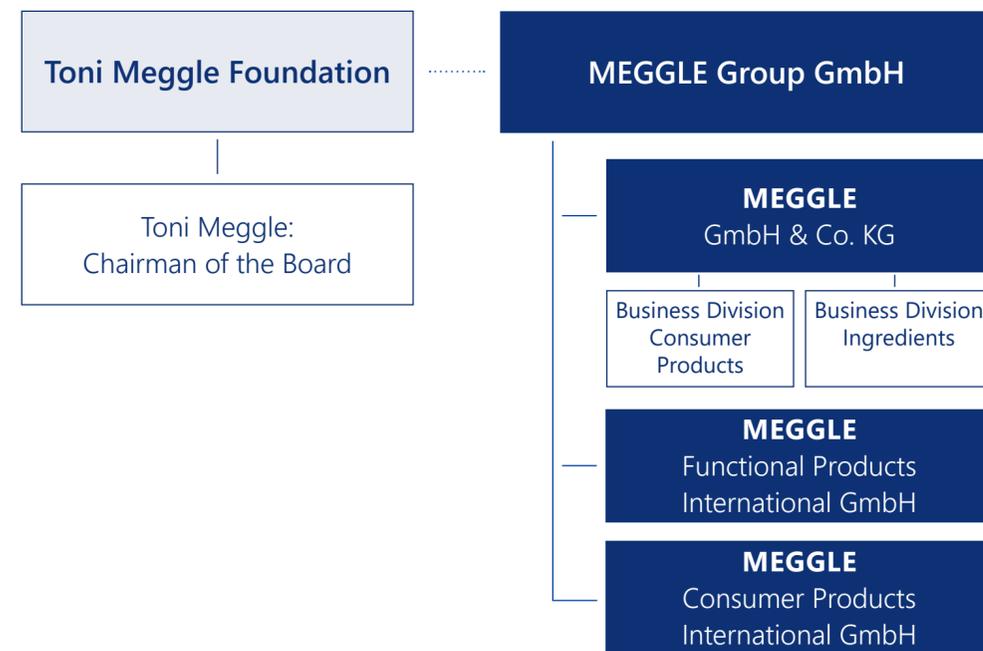
Our international operations are governed by a set of management standards that guide our day-to-day activities and help us implement our issue-based management policies.

Germany	MEGGLE Wasserburg	<ul style="list-style-type: none"> – ISO 9001 (Quality) – ISO 14001 (Environment) – ISO 45001 (Health and Safety) – ISO 50001 (Energy) – Sedex Member and SMETA 4-Pillar-Audit (Sedex Members Ethical Trade Audit) – IFS International Featured Standard Food – GMP+ Standard B2 Quality Control of Feed Ingredients for Animal Feed (PDV) – Q+S System animal feed – FAMI-QS European Code of Practice for Feed Additive and Premixture operators – Organic (according Regulation (EC) No. 834/2007, No. 889/2008) for trading and production (defined products) – RSPO (Roundtable on Sustainable Palm Oil) Supply Chain Certification System – IPEC-PQG GMP Guide Pharmaceutical Excipients – EXCiPACT (GMP and GDP for Pharmaceutical Excipients) – Halal for defined lines – Kosher for defined lines – VLOG (Non GMO) for defined lines – FSSC 22000 (Food Safety system Certification 22000) – Vegan Label
Germany	MEGGLE Bakery	<ul style="list-style-type: none"> – ISO 50001 (Energy) – IFS International Featured Standard Food – Sedex Member
Germany	MEGGLE Cheese	<ul style="list-style-type: none"> – ISO 50001 (Energy) – Kosher for defined lines – IFS International Featured Standard Food – Halal for defined lines – Bio Öko / Bio Land – VLOG (Non GMO) for defined lines
Slovakia	RAJO Slovakia	<ul style="list-style-type: none"> – ISO 9001 (Quality) – ISO 14001 – Kosher for defined lines – Halal for defined lines – IFS International Featured Standard Food – RSPO (Roundtable on Sustainable Palm Oil) Supply Chain Certification System – Sedex Member – Vegan Label
Bosnia and Herzegovina	MEGGLE Bosnia Herzegovina	<ul style="list-style-type: none"> – IFS International Featured Standard Food – Halal for defined lines
Serbia	MEGGLE Serbia	<ul style="list-style-type: none"> – ISO 22000 – Halal for defined lines – IFS International Featured Standard Food



OUR ORGANISATIONAL STRUCTURE

MEGGLE Group GmbH, based in Wasserburg am Inn, is the financial holding company of the Group. It comprises our operational production sites in Germany in the holding company MEGGLE GmbH & Co. KG, the international business activities of our Division Ingredients in MEGGLE Functional Products International GmbH and the international activities of our Division Consumer Products in MEGGLE Consumer Products International GmbH.

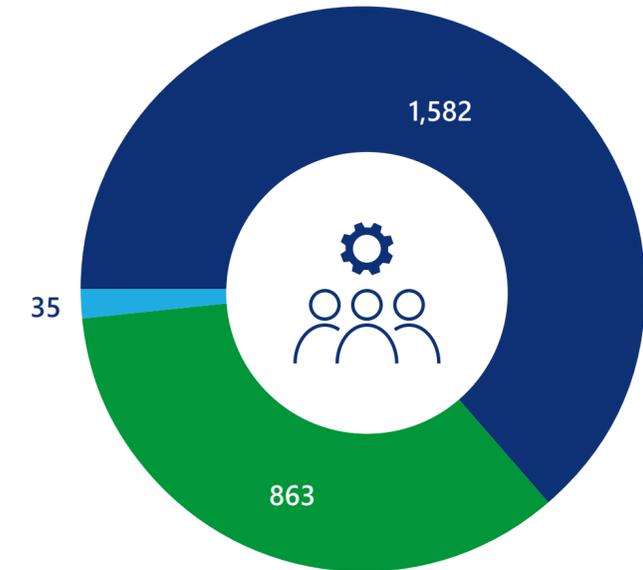


MEGGLE GmbH & Co. KG: Holding company in Wasserburg, Germany, for development, production and distribution of fresh dairy products, bakery products and plant-based food for consumers and bulk consumers, including further German production sites in Altusried (MEGGLE Cheese) and Gebesee (MEGGLE Bakery). Development and production of functional products for the processing, pharmaceutical, food and feed industries.

MEGGLE Consumer Products International GmbH: Holding company for all foreign subsidiaries of the Business Division Consumer Products. Development, production and distribution of the entire white line (yoghurts, drinking milk, cream products, quark) including production sites in Eastern Europe in Bratislava (RAJO Slovakia), Bihac (MEGGLE Bosnia Herzegovina) and Kragujevac (MEGGLE Serbia).

MEGGLE Functional Products International GmbH: Holding company of all foreign subsidiaries of our Business Division Ingredients with sales offices and locations worldwide, including Dubai, Istanbul, São Paulo, Shanghai, Singapore, Tokyo and Pawling (U.S.).

MEGGLE GROUP EMPLOYEES



2,480
MEGGLE Group GmbH (total)

● MEGGLE GmbH & Co. KG	1,582
of which Headquarter Wasserburg	1,019
of which MEGGLE Italia S.r.l	10
of which MEGGLE Bakery GmbH	355
of which MEGGLE Cheese GmbH	198
● MEGGLE Consumer Products International GmbH	863
of which Central Eastern Europe (CEE)	456
of which Central South East Europe (SEE)	407
● MEGGLE Functional Products International GmbH	35



SECURING THE FUTURE OF THE COMPANY

In 2019, the sole owner of the former MEGGLE AG, Toni Meggle, transferred his shares to the Toni Meggle Foundation, which he had set up to secure the continued existence and independence of the MEGGLE Group. At the same time, the move served to reaffirm the MEGGLE Group's commitment to its employees, local communities, suppliers, customers and partners with a clear future concept for the company.

In 2020, MEGGLE AG became MEGGLE Group GmbH. Toni Meggle as Chairman of the Board of the Toni Meggle Foundation will continue to play an important role in the management and future development of the MEGGLE Group, thanks to his extensive experience and entrepreneurial flair. He will be actively supported by his wife, Marina Meggle. As Vice-Chairwoman of the Board, she is her husband's closest advisor, supports him in all important strategic decisions and has made a decisive contribution to the positive development of the company in recent years. Together, Marina and Toni Meggle are actively and strongly committed to the future development of the MEGGLE Group.



In the Foundation's statutes, I have explicitly and irrevocably stipulated that the company may not be sold. By doing this, I have ensured that the MEGGLE Group will remain an independent, medium-sized company for the long term.

Toni Meggle

Chairman of the Board of the Toni Meggle Foundation, grandson of our company founder



OUR APPROACH



02

OUR FRAMEWORK FOR SUSTAINABILITY

Our success as a company is inextricably linked to our performance. MEGGLE competes internationally in complex value chains. Societal expectations regarding ethical production principles, raw materials, environmental and social responsibility as well as business practices have become relevant success factors for our industry in recent years. Environmental and social impacts have developed into a major focus of EU legislation, creating a challenging framework for our business. We are affected both directly and indirectly by the EU's policy for the sustainable transformation, set out in the European Green Deal, which aims to reduce greenhouse gas emissions to 55% below 1990 levels by 2030 and to net zero by 2050.

One of the key action programmes of the Green Deal is the Farm to Fork Strategy, which aims to ensure food security and healthy diets while reducing the environmental and climate footprint of the EU food system. Political commitments to reduce carbon emissions are likely to lead to a reduction in the number of dairy cows and milk volumes in most EU countries. The sustainability expectations and demands of our stakeholders, particularly consumers and B2B customers, remain unabated. However, these demands and expectations come with significant additional costs that need to be balanced with the general demand for affordable food.

Our integrated management approach

MEGGLE's Sustainability Management Principles and Business Guidelines are an integral part of our business management system (see [redacted] and [redacted]).

OUR VALUES AND CULTURE



Our dynamic review process



Our foundation



RESPONSIBILITIES

Sustainability management is an integral part of our overall business management. We see sustainability management as a complex, cross-functional management task with a high degree of responsibility for strategic foresight and long-term business success. At the same time, sustainability shapes our relationship with our stakeholders, guides our day-to-day operations and is an integral part of our regulatory obligations. Sustainability requires effective leadership and strong efforts across virtually all sites and departments. Recognising the cross-sectional nature of sustainability management, we have organised responsibilities in a matrix structure at each production site. To ensure efficient progress, we have established three main levels of responsibility for sustainability, reflecting the extensive fields of action and decision-making levels related to sustainability issues in the MEGGLE Group.

- **Leadership and overall responsibility**
has been assigned to the Board of Executive Directors of the MEGGLE Group under the guidance of the COO. The General Managers of the production sites lead their local teams within the sustainability approach of the MEGGLE Group.
- **Responsibility for the sustainability management system**
has been assigned to the Director Sustainability of the MEGGLE Group, with a focus on the design, integration and development of our sustainability management system, communication, verification, reporting, customer service, audits and ratings.
- **Responsibility for sustainability in operations**
is rooted in the relevant departments at the local production sites.



OUR SUSTAINABILITY POLICY

Our sustainability policy outlines our management approach integrating sustainability issues into the way we run our business.



SUSTAINABILITY RISKS

The systematic management of business risks forms integral part of our business organisation (see [page 18](#)).

Sustainability risks and opportunities are extrapolated from our analysis and understanding of key stakeholder inputs and social, political, economic and technological impacts. Sustainability issues, in particular climate change and demographic labour shortages, combined with political and social impacts, are currently considered to be material, with business, cost and revenue implications.

The Board of Executive Directors has identified three key risks. These risks are mitigated by strategic countermeasures. Other risks are subject to monitoring and control.

MATERIAL RISKS

Climate, energy and carbon emissions

Economic risk due to costs for fossil energy Scopes 1 + 2
Economic and technological risks of the transformation to renewable alternatives

Mitigation strategy

- Invest in
- Hydrogen alternative
 - Biogas alternative + carbon sinks
 - Photovoltaic alternatives

Our supply chain

Economic risk due to reduced quantities and increased costs of dairy/agricultural raw materials
Due to the political, regulatory and negative socio-economic view of agriculture

Mitigation strategy

- Adopt a sourcing strategy
- Enlarge sourcing regions
- Team up with affected stakeholder groups

Our people

Economic risk due to workforce shortage

- Shortage of skilled and educated specialists
- Shortage due to demographics
- Shortage due to emigration from MEGGLE sites in Southeastern Europe

Mitigation strategy

- Strengthen employer branding
- Invest in automation

Impacts on costs and business resilience – potential impact on economic performance – risks continuously monitored – mitigation actions installed and monitored

SURVEILLANCE AND MONITORED RISKS

Climate, energy and carbon emissions

Competitive risk linked to emissions Scope 3 –

- Complexity and costs for reduction of carbon emissions Scope 3, especially from dairy raw materials

Environment

Political risk – water

- Change of drinking water withdrawal notice for Wasserburg site

Economic risks – waste

- Costs for sewage sludge from water purification
- Costs and regulatory complexity of our products' packaging waste

Supply chain

Reputational risks

- Social issues at remote levels of our global supply chain

Animal welfare

- Negative reputation due to issues in our supply chain

Quality risks

- Due to direct and indirect effects of climate change
- Due to regulatory impacts on changes in plastic packaging material

Governance

Compliance risks

- Installation of Group-wide administrative processes for comprehensive systems to comply with various EU ESG regulations (e.g. CSRD, Social Due Diligence Act, regulation on deforestation-free supply chains)
- Installation of audit and verification systems – including Scope 3 requirements

Risks continuously monitored – mitigation measures installed and monitored – adequacy reviewed within the MEGGLE risk management system

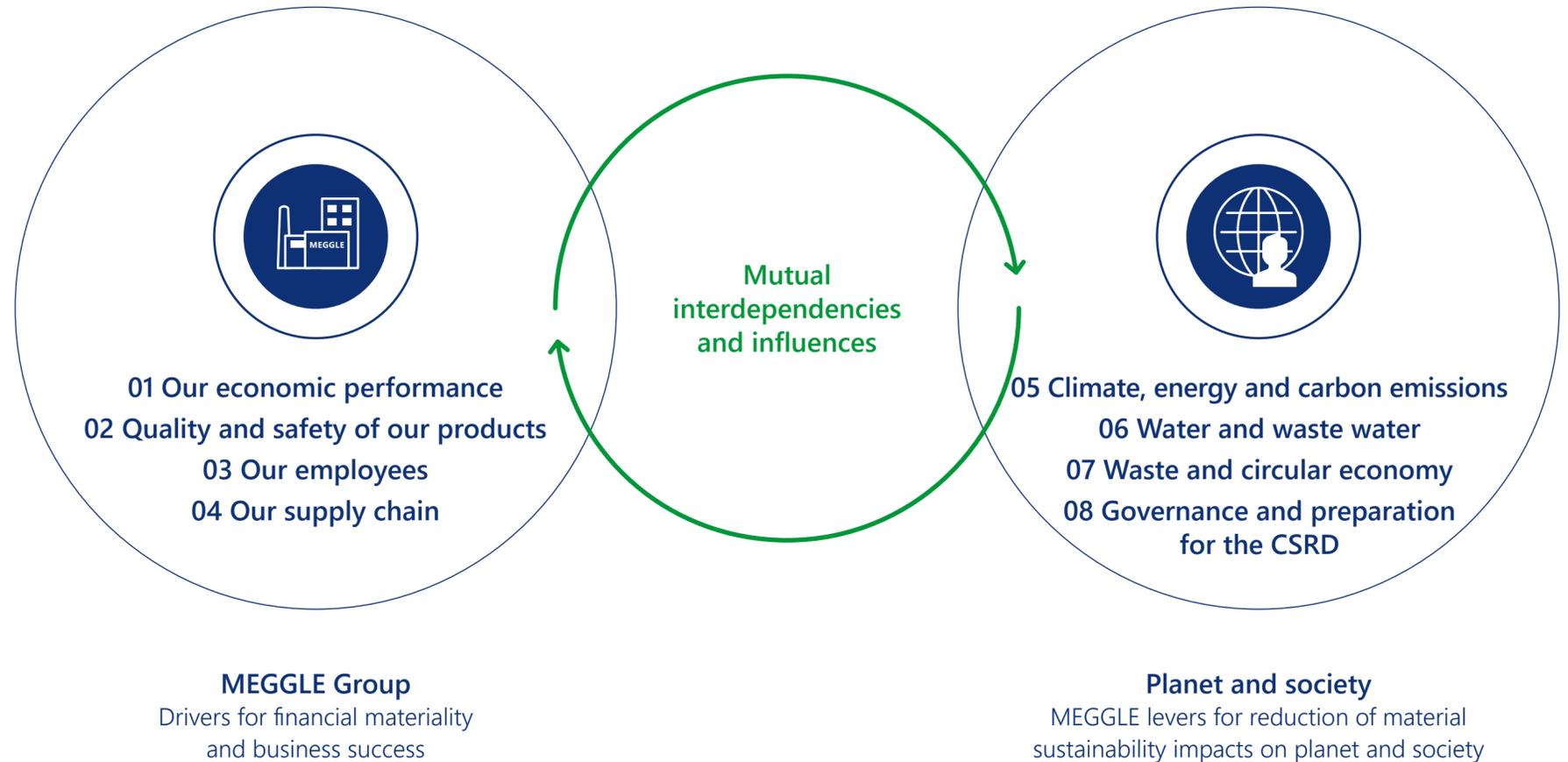


SUSTAINABILITY STRATEGY

The focus areas of our strategy are based on the material sustainability topics we have identified (see).

We have grouped the focus areas into two overarching themes (see chart on the right). The focus areas on the left (MEGGLE Group) are those that are considered critical to our business success. The focus areas on the right (Planet and Society) are those where MEGGLE has direct leverage to create a positive impact for people and the environment.

MEGGLE SUSTAINABILITY FOCUS AREAS



01 OUR ECONOMIC PERFORMANCE

Sustainable business models

First and foremost, stable long-term economic performance is an indispensable prerequisite for any contribution to sustainable development. Our sound business models are designed to put us in a strong position to meet the sustainability challenges ahead. They cover both our ingredients and our consumer products. In addition to our strength in dairy, on which we will continue to focus, we have invested in our dairy alternatives business model for over 15 years. Today, dairy alternatives are a solid contributor to both our ingredients and consumer business revenues.

All Business Units are facing new challenges arising from the sustainability topics (see [Sustainability Report 2023](#)). These issues have become success factors due to customer requirements, costs and supply chain impacts.

Our strategic approach is therefore focused on being close to the markets and our customers' needs, with **innovative** solutions in products and technologies, a competent and flexible **team** to meet these needs and manage the internal processes, as well as a dynamic and responsible **procurement** strategy.



02 QUALITY & SAFETY OF OUR PRODUCTS

Farm to Fork approach

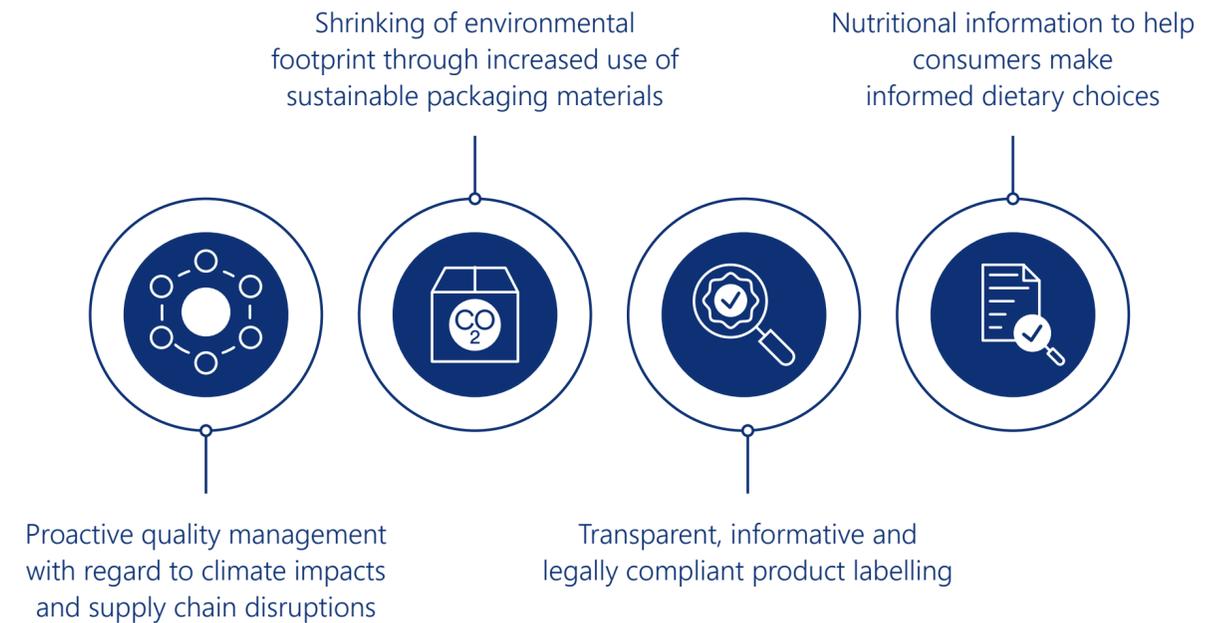
We take a comprehensive approach to the many aspects that lead to safe, high-quality end products and services. Product quality and safety are rooted in our responsibility to our customers and to the people and animals who consume our products as medicines, food or feed.

Sustainability issues can create new quality challenges that require dynamic, proactive foresight, ranging from climate change impacts on raw materials and agricultural practices up to supply chain disruptions. This requires us to work closely with our suppliers to address all relevant quality aspects.

As part of our commitment to high product quality, we also attach great importance to being fully transparent and legally compliant in the labelling of our products, including nutritional information. We want to ensure that consumers can make informed choices about their diet.

STRATEGIC ACTION FIELDS

(see)



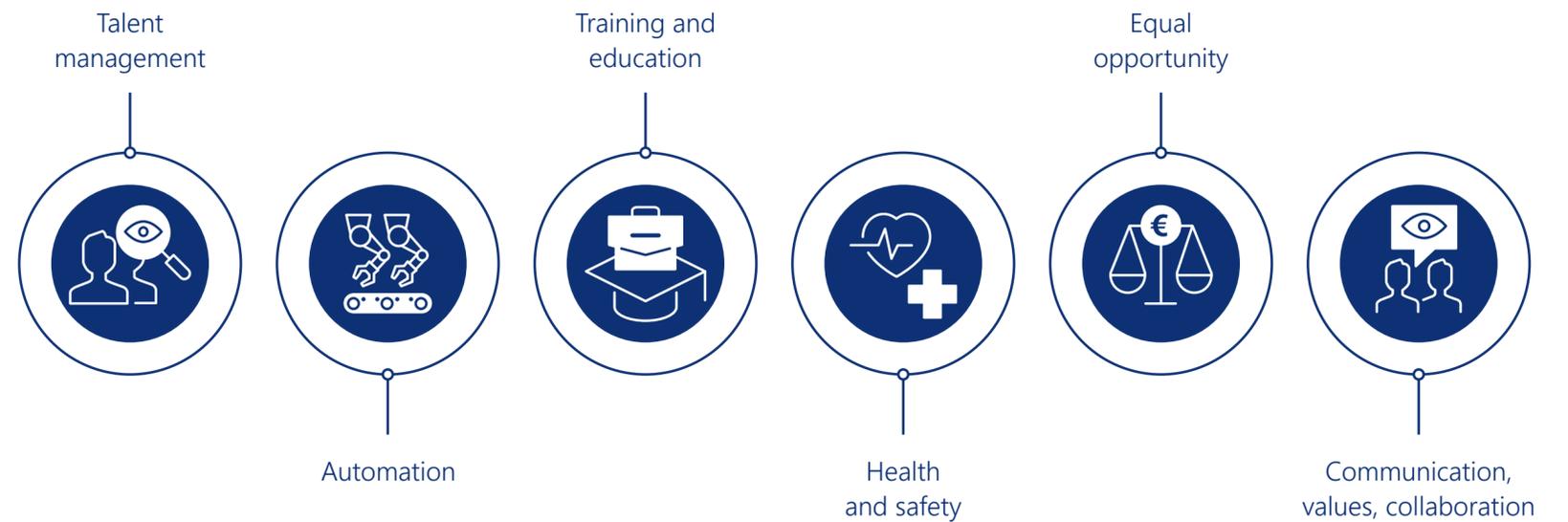
03 OUR EMPLOYEES

Our people are our greatest asset

We believe that our people are critical to the success of our business. Our employees' identification with our values and culture has always been a cornerstone of our success and reputation in the marketplace. We are committed to ensuring that our employees experience our culture of performance, respect and appreciation, competence and leadership as an example of excellence. Our employees value fair pay, freedom of association, equal opportunities, health and safety and the ability to balance work and family life. However, despite the attractive working conditions at MEGGLE, we will foreseeably face a demographic shortage of labour in the future. In addition to our employer branding strategy, we are therefore also investing in automation to replace manual work.

STRATEGIC ACTION FIELDS

(see)



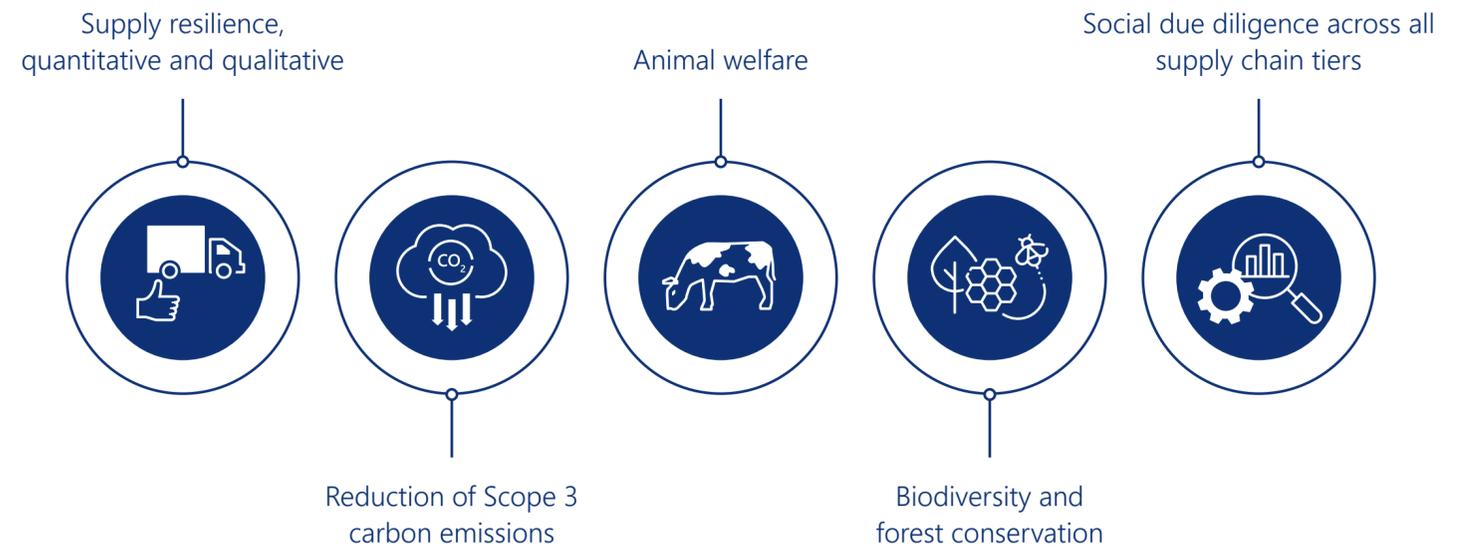
04 OUR SUPPLY CHAIN

Complex challenges and strong collaborations

Most of our key raw materials come directly or indirectly from the agricultural sector. The environmental and social impact of agricultural raw materials has been the focus of regulatory restrictions and stakeholder criticism in the EU in recent years. MEGGLE's sourcing strategy focuses on creating quantitatively and qualitatively resilient and stable supply chains for agricultural raw materials. It is clear to us that this strategy needs to be embedded in a sustainability impact framework. We recognise that our fields of action extend well beyond the boundaries of our business and direct suppliers. Many issues affect the entire food and drink or dairy sector, including the supply chains behind it. Strategically, we believe that our industry needs a collaborative, far-sighted and comprehensive stakeholder dialogue, based on a long-term, broad view of complex value chains rather than short-term, one-off impacts.

STRATEGIC ACTION FIELDS

(see)



05 CLIMATE, ENERGY & CARBON EMISSIONS

Shrinking our footprint

Our production processes run around the clock and require large amounts of energy. We need energy to make products safe through heat treatment and to prevent them from spoilage through baking, drying and cooling. At the same time, energy is an important cost factor that affects our international competitiveness.

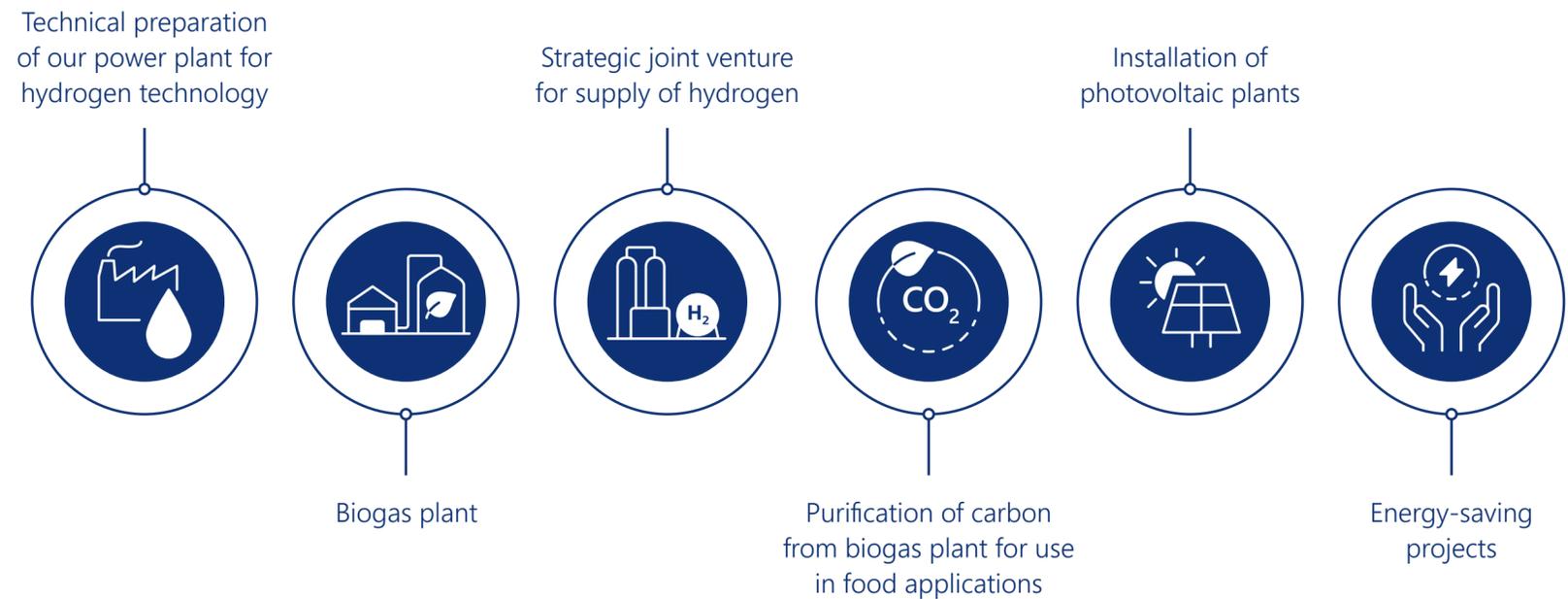
Our climate and energy strategy has been revised to focus on the transition from fossil to renewable energy sources. The biggest challenge is posed by our drying plant in Wasserburg, where we need a **hydrogen supply** to replace fossil gas, which is not yet available in green gas networks.

In addition, we have decided to produce **our own renewable electricity** at several of our production sites where this technology can make a meaningful contribution to our electricity supply through the installation of photovoltaic panels.

As a third pillar, we will build a **biogas plant** in Wasserburg, which will use residues from our production site and supply natural gas to our power plant in a closed cycle. In addition, we plan to use the carbon produced as a by-product of the fermentation process for food applications after it has been purified.

STRATEGIC ACTION FIELDS

(see)



06 WATER & WASTE WATER

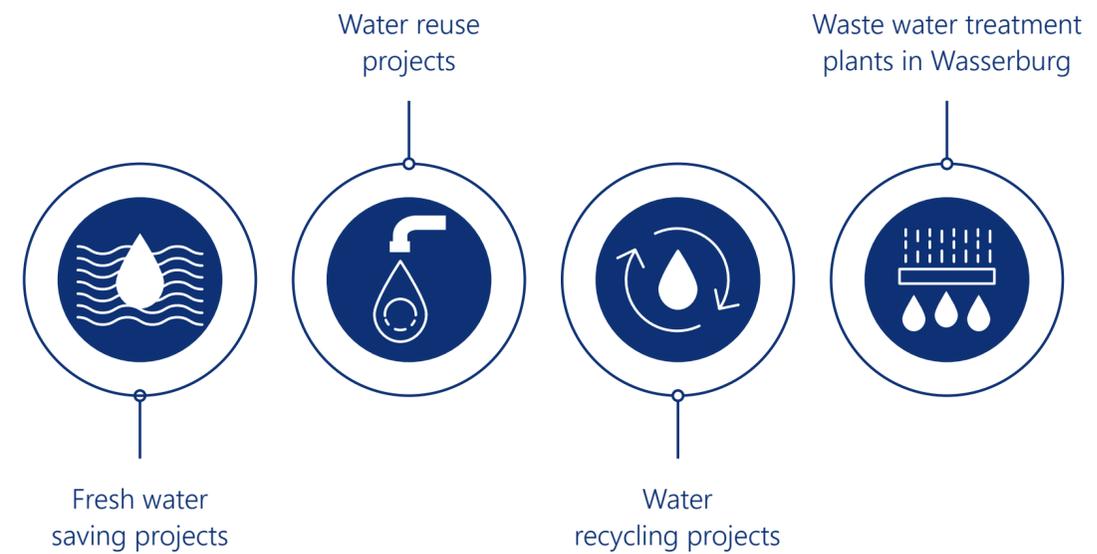
Responsibility for water resources

In order to manufacture our products to high safety standards, it is essential to maintain strict hygienic conditions, which requires a significant amount of water and generates an equally large amount of waste water.

Although none of our production sites is currently experiencing a drinking water shortage, we are aware of our responsibility for water resources. We are therefore working to strategically reduce the amount of fresh water we use and are maintaining our strategy of treating all of MEGGLE's waste water either in our own treatment plants or in public water treatment plants.

STRATEGIC ACTION FIELDS

(see)



07 WASTE & CIRCULAR ECONOMY

Reducing and recycling waste

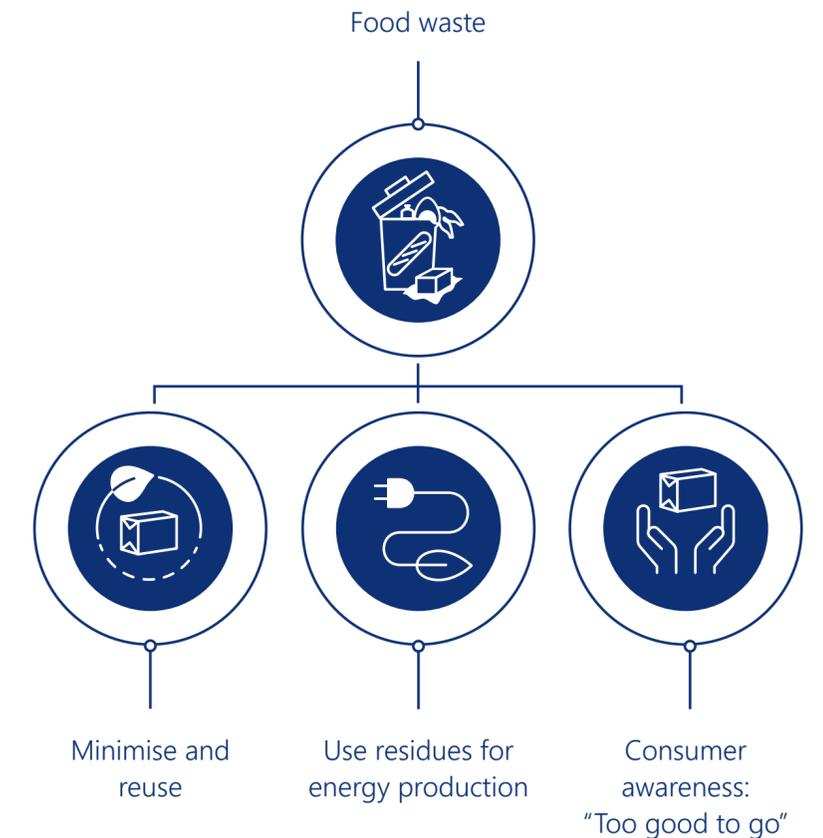
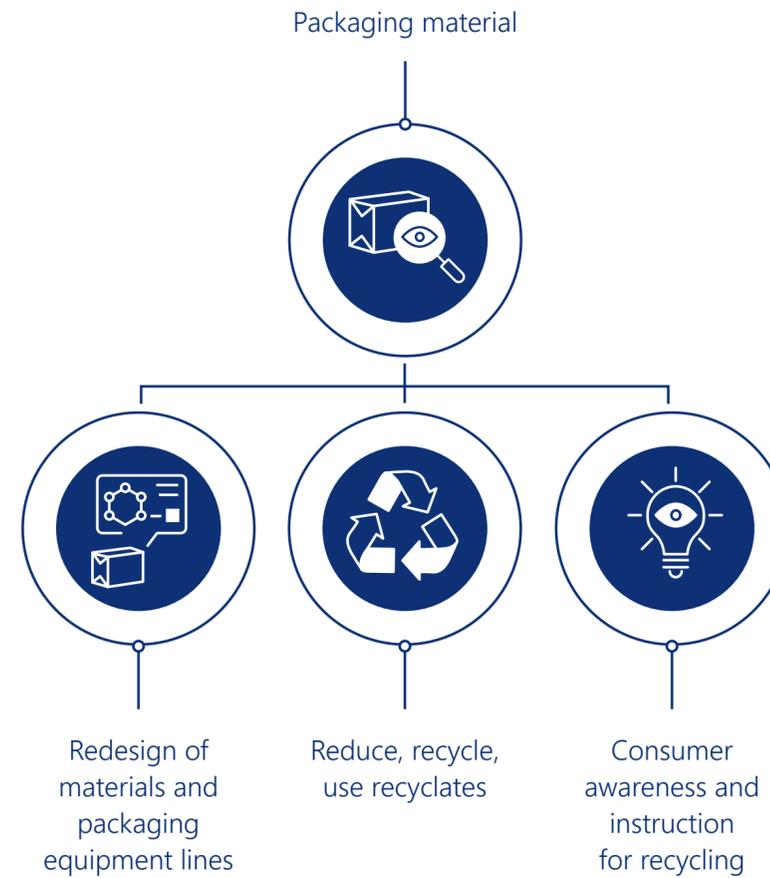
Waste is generated throughout the food production value chain, at the end user of our products, at our suppliers and in the operation of our facilities. The main waste streams are packaging and food waste.

Our strategic approach to internal operations is to minimise waste and maximise recycling for unavoidable quantities. To minimise packaging waste when our products are used by the end consumer, we focus on packaging design and take measures to avoid food waste.

In practice, this often means changing packaging materials that challenge food safety and quality, combined with investments in packaging lines.

STRATEGIC ACTION FIELDS

(see)



08 GOVERNANCE & PREPARATION ON CSRD

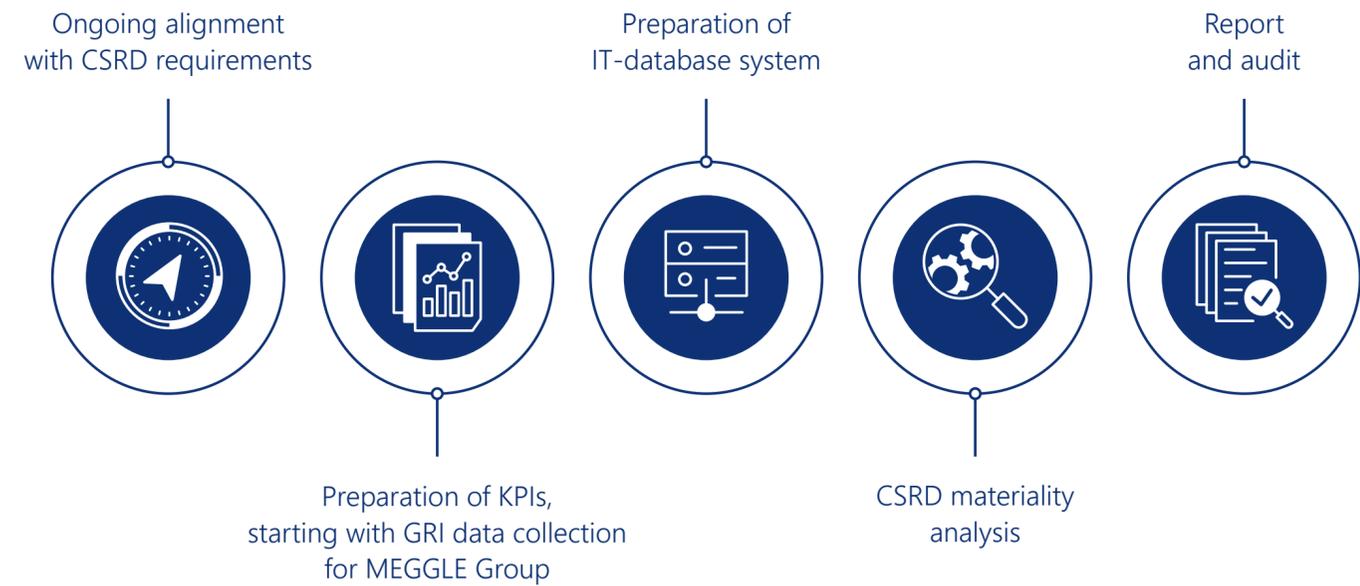
Transparency and ESG governance

Sustainability-related management principles are firmly anchored in the MEGGLE management organisation. Nevertheless, we have placed a strategic focus on the full implementation of the extensive reporting requirements resulting from the European CSRD within the MEGGLE Group.

Strategically, MEGGLE has opted for a step-by-step implementation to enable the audit to be completed in good time.

STRATEGIC ACTION FIELDS

(see)



PROGRESS, CHALLENGES & ACHIEVEMENTS

Since the publication of our 2018/2019 sustainability report, the impact of sustainability on our daily and future business design has continued to grow. Sustainability issues have become an integral part of operational management and strategic decision-making across all our sites.

Focal points of our progress

- MEGGLE sustainability strategy 2032
- Timely and proactive preparation for all regulatory requirements related to CSRD reporting
- MEGGLE sustainability risk analysis and mitigation strategy
- Sustainability investment planning
- Installation of Group sustainability responsibilities
- Installation of GRI reporting for all production sites

Our main challenges

Despite the considerable progress we have made, we continue to face significant challenges. These are the main challenges we have identified:

- **Energy** – particularly for our drying plant, where we need to manage high costs and the technological transition to hydrogen, which is not yet available.
- **The carbon footprint of dairy raw materials** – where the ruminant biological system as a cause of climate change is being called into question, with significant implications for our supply chain.
- **Demographic change** – with potential future implications for our business.
- **Increased stakeholder demands** – the sustainability demands of our stakeholders have increased significantly. Serious efforts to achieve improvements often reveal complex and extensive global value chains, far beyond MEGGLE's sphere of influence, as well as multiple interrelationships and root causes.
- **Additional administrative burdens** – associated with the many legal requirements related to sustainability.
- **Inconsistent consumer behaviour** – we see that in our global markets the willingness of consumers and customers to pay higher prices for more sustainable products varies. Even in markets where society as a whole values sustainable development and products, consumer behaviour tends to be inconsistent. This is why we deliberately balance our efforts and focus on long-term impact.

RATINGS AND AUDITS

Our sustainability performance is regularly audited and benchmarked against international standards. For many customers, sustainability performance has become a criterion in supplier qualification programmes.



(see [➤ ABOUT MEGGLE](#))

EcoVadis silver rating

The following sites are EcoVadis rated: MEGGLE Wasserburg, MEGGLE Bakery, MEGGLE Cheese. In 2022 we received a silver rating for all sites.



CDP rating

Since 2017, MEGGLE Wasserburg has participated in the CDP rating, which supports and encourages us in our strategic approach to water and energy.

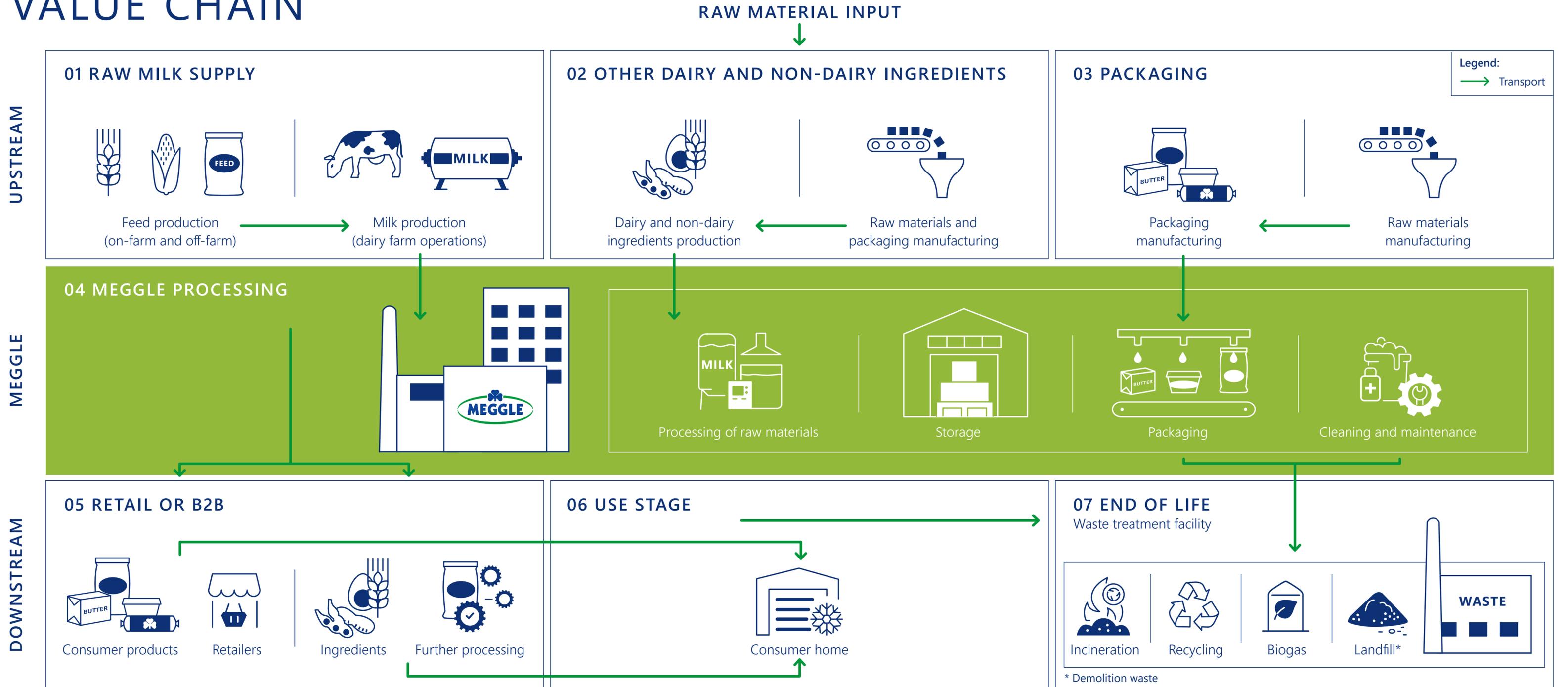


Sedex

MEGGLE Group GmbH has been registered with Sedex since 2011 for our production sites MEGGLE Wasserburg, MEGGLE Bakery and RAJO Slovakia. Sedex requires recognition of the ETI Base Code. The most recent Sedex Members Ethical Trade Audit (SMETA 4-pillar), based on SMETA's Best Practice Guidance, was carried out at MEGGLE Wasserburg in 2023. Its four pillars are: Labour Standards, Health and Safety, Environment and Business Practices.



VALUE CHAIN



STAKEHOLDERS & MATERIALITY



Q3

OUR APPROACH TO STAKEHOLDER ENGAGEMENT & MATERIALITY

The MEGGLE Group has a long tradition of ongoing dialogue with its stakeholders. Maintaining responsible and conscious interaction with our many internal and external stakeholders is of strategic importance to us and is therefore an integral part of our business management process. We are also committed to stakeholder dialogue as a means of identifying and assessing risks and opportunities at an early stage (for an overview of our sustainability risks see [page 28](#)). We conduct this form of dialogue in accordance with clearly defined business responsibilities and appropriate channels. Dialogue takes place at all levels of the organisation. This enables us to identify relevant issues to work on with both internal and external stakeholders.

MEGGLE's corporate culture in relation to our stakeholder approach has developed organically over the years. We have documented our stakeholder approach in our Management Handbook, which has been approved by our Board of Executive Directors, the highest governance body of our organisation. We plan to complete this process in line with the CSRD in 2024. Our process for identifying material topics takes into account stakeholder suggestions and subjects them to a long-term 360° assessment. The material topics are then defined in a dynamic process and re-evaluated periodically.

Sustainability and stakeholder dialogue

When it comes to sustainability, we recognise the multiple and reciprocal interactions our stakeholders have with our business. Stakeholders include our employees, our shareholder, investors and capital markets, dairy farmers, suppliers, government agencies, insurance companies, B2B customers, food retailers, consumers, the competitive environment, NGOs, the local environment and society at large.

We have delegated stakeholder engagement to the appropriate business functions. The delegation structure and reporting of stakeholder issues are clearly assigned and directly linked to business responsibilities.

Our ongoing stakeholder consultation supports our Board of Executive Directors in identifying and managing economic, environmental, social and governance issues, as well as sustainability impacts, risks and opportunities. Key issues are discussed at the monthly Executive Board meeting. Our annual Sustainability Management Review summarises progress, future prospects and targets.

For example, in 2022 we focused on our employees. We decided to update information on workplace culture with an externally managed employee survey at all our German sites. Our Health and Safety and Environmental Event Day provided opportunities for personal health checks and

ideas for environmental commitment. We engaged with customers and suppliers on energy, the climate and carbon reduction. Supplier sustainability audits provided insight into the future sustainability goals of our packaging suppliers. We also learned about the challenges our herb suppliers face in relation to climate change, pesticide restrictions and biodiversity. Neighbours and local communities were consulted on local emissions issues such as noise and air pollution.

Depending on the issue, there are delegations to relevant associations such as the Milk Industry Association (MIV), the German Food Association (Lebensmittelverband Deutschland e.V.), etc.



KEY STAKEHOLDER TOPICS AND INTERACTIONS

Given the scale and complexity of the sustainability challenge, understanding the diverse interests of our stakeholders can be a demanding task. We take care to incorporate stakeholder expectations into our assessment of sustainability issues, as our progress and long-term business performance are inextricably linked to our joint efforts and collaboration with our stakeholders. To this end, we engage with our key stakeholders on a daily basis, not only to understand their expectations, but also to keep abreast of relevant developments.

In recent years, our B2B customers and retailers in particular have stepped up their dialogue on sustainability, often announcing future requirements in advance.

We have implemented a matrix system to identify stakeholders and assign responsibilities for managing the resulting key issues. Rules and relevant stakeholders are defined in our management system. An internal evaluation process is in place and feedback to stakeholders is provided through established communication partners. Further information on stakeholder issues can be found in the following chapters.

KEY STAKEHOLDER TOPICS 2019-2023

	Actions taken	Stakeholder groups
Environmental		
Climate, energy and carbon emissions	Scopes 1 + 2 Energy reduction projects Transformation concept	Board of the Toni Meggle Foundation, Board of Executive Directors, customers, retailers, financial institutions
Product Carbon Footprint (PCF)	Customers preparing Scope 3 reduction strategy	Customers
Corporate Carbon Footprint (CCF)	Project CCF for all MEGGLE sites Preparation of CSRD for MEGGLE Group	Board of the Toni Meggle Foundation, Board of Executive Directors, EU regulator
Water stewardship	Water reduction projects	Board of the Toni Meggle Foundation, Board of Executive Directors, local communities, local authorities, customers, financial institutions
	Waste water projects	
Social		
Health and Safety management	Various projects	Board of Executive Directors, customers, insurance, works council, all departments, employees
Employee qualification programmes	A huge variety of projects and programmes	Board of Executive Directors, all departments, works council, employees
Improvement of working conditions and counteracting labour shortage	Automation projects	Board of Executive Directors, employees, works council, financial institutions
Governance		
Onboarding of new MEGGLE Cheese production site	Merger project	Board of the Toni Meggle Foundation, Board of Executive Directors, employees, works council, local communities



	Actions taken	Stakeholder groups
Governance		
Closure of production sites in Bulgaria and Croatia	Project for closure of sites	Board of the Toni Meggle Foundation, Board of Executive Directors, employees, works council, local communities
Bribery, corruption, good business conduct	Communication of installed system	Customer, retailers
Verification of installed governance systems by third party	Audits and certifications	Audits and certifications
Contractual duties for sustainability issues	Assessment and installation of corresponding requirements	Customers, retailers
Compliance with regulatory duties on sustainability	Projects to install processes and resources for compliance with new regulatory requirements, e.g. CSRD	Board of Executive Directors, financial institutions, regulators, authorities
Supply chain		
Environmental		
CCF – SBTi – Scope 3	Project for changing literature-based data to primary data	Board of the Toni Meggle Foundation, Board of Executive Directors, suppliers, customer, retailers
Deforestation	Project for implementation of deforestation transparency	Suppliers, regulators, authorities, customers, retailers, society
Packaging materials used for circular economy	Defined projects	Suppliers, customers, retailers
Social		
Social due diligence act	Project installation of procedures, risk assessment, data tool	Board of Executive Directors, suppliers, customer, retailers, regulator, authorities, society
Animal welfare	Project for data evaluation and third-party consultancy for improvement on farms Installation of QM-Milch as auditing standard for all raw milk suppliers at RAJO Slovakia, MEGGLE Wasserburg, MEGGLE Cheese	Board of Executive Directors, suppliers, customers, retailers, regulators, authorities, society
Governance		
Bribery, corruption, good business conduct	Communication of installed systems	Customers, retailers

Customer sustainability topics

The number of sustainability enquiries from our customers has approximately doubled over the past two years. These requests reflect our customers' efforts to obtain sustainability data from their suppliers and to prepare for regulatory changes such as the Corporate Sustainability Reporting Directive (CSRD) and the German Supply Chain Due Diligence Act (LkSG). There has been a significant qualitative change in the demand for information on carbon emissions. Many retail customers are pushing for a commitment to SBTi targets, while B2B customers are more likely to request information on the Product Carbon Footprint (PCF) of the products they buy.

Local communities and authorities

MEGGLE has always been deeply rooted in the regions in which we operate. We believe that social responsibility for our local communities also includes the well-being of our employees outside of work.

At our headquarters and main production site in Wasserburg, Germany, engagement with the local community is part of our company's history. At all our production sites, activities and dialogue channels evolve according to regional issues and the current needs of our local stakeholders.





Emissions management

At MEGGLE, we also attach great importance to regular dialogue with local authorities and residents on issues relating to our business activities, the most important of which in terms of sustainability are water, noise and odour.

Water

At our Wasserburg site, we have our own wells from which we draw large quantities of water for our operations. In 2021, our water permit was extended for another 20 years.

At MEGGLE Cheese in Altusried, rainwater run-off can be a problem during heavy rainfall, when rainwater from our system can temporarily seep into the groundwater. In this case, we consult with the local authorities. To prevent this from occurring again in the future, we will install a new pipe system.

We have successfully installed a flotation plant at the MEGGLE Bakery to reduce the chemical oxygen demand (COD) of our wastewater effluent and reduce the load on the local sewage treatment plant.

Noise

At our Wasserburg site, we received complaints about noise emissions, which we were able to resolve by eliminating major noise sources in 2022 and 2023. At MEGGLE Cheese, complaints from local residents about unusual noise from lorries were resolved individually with the neighbours and the authorities. We did not receive any noise complaints in 2022 at the MEGGLE Bakery, RAJO, Bihac and Srbija sites.

Odour

At our RAJO site, we received complaints in 2022 about odour from the wastewater treatment plant and the sewer system. To remedy this, we implemented relevant measures and increased controls.



Corporate citizenship and sponsoring

MEGGLE supports a wide range of regional sport, culture and social life in local communities. Our sponsoring activities include:

- The **MEGGLE Gründerpreis**, a prestigious annual award for successful, innovative regional entrepreneurship in Bavaria/Germany, was suspended in 2022 due to the pandemic and was resumed in 2023 with a total of €50,000 in prize money.
- After many years of commitment, MEGGLE Wasserburg again donated €50,000 to the children's charity **Ein Herz für Kinder** in 2021.
- RAJO Slovakia sponsored **Nadacia COOP** with a €40,000 sponsorship for the years 2022 and 2023. The beneficiaries will be children with congenital diseases. The COOP Jednota Foundation supports the Slovak healthcare sector with the aim of improving the quality of treatment for as many patients as possible.
- RAJO Slovakia also sponsored the **Slovak University of Technology in Bratislava** with €21,840 in 2023 to cover the cost of new fume hoods for the Faculty of Chemical and Food Technology at the Slovak University of Technology.
- MEGGLE Croatia donated €8,866 EUR to **RTL "Wir helfen Kindern"** (We Help Children) in 2023. The project raises funds for the purchase of medical equipment and vehicles to help sick children. The project has been running for one year and has been covered by the media (TV, press).

External initiatives and memberships

Our organisation endorses or supports the following external charters, principles and initiatives:

- amfori BSCI code
- SEDEX Member
- Umweltpakt Bayern (Environmental Pact Bavaria)
- IHK task group for responsible business conduct (Chambers of Commerce and Industry for Munich and Upper Bavaria)
- IHK task group for environmental matters (Chambers of Commerce and Industry for Munich and Upper Bavaria)

Our organisation is a member of the following associations and interest groups:

- Die Familienunternehmer e.V. (Working group of family-owned businesses)
- Milchindustrie-Verband e.V. MIV (German Dairy Association)
- European Whey Products Association EWPA
- European Dairy Association EDA
- Lebensmittelverband Deutschland e.V. (Food Federation Germany)
- Forschungskreis Ernährungsindustrie FEI (Research Association of the German Food Industry)
- Deutsche Landwirtschaftsgesellschaft e.V. DLG (German Agricultural Society)
- IHK (Industrie- und Handelskammer) München und Oberbayern (Chamber of Commerce and Industry for Munich and Upper Bavaria)
- Vereinigung der Bayrischen Wirtschaft vbw (Intersectoral Representation of the Interests of the Bavarian Economy)
- Verband Deutscher Großbäckereien e.V. (Association of German Industrial Bakeries)



MATERIALITY

Materiality assessment

Identifying material issues forms the basis for MEGGLE’s strategic work on sustainability (). As part of this, we collect stakeholder perspectives and identify impacts for MEGGLE. In 2023, we carried out an update of our 2019 :

- We considered whether we needed to change any of our material topics following ongoing stakeholder dialogue.
- In preparation for the CSRD reporting requirement, we compared the list of material topics with the material industry topics defined in the draft of the overarching industry standard (DRAFT ESRS SEC 1) relevant to our industry (NACE industry category Manufacturing/Food and Beverages).
- We then grouped the material topics in a consistent manner according to environmental, social and governance (ESG) aspects and aligned its wording with the CSRD reporting requirements.

In our updated assessment, the following topics were newly identified as material:

- Biodiversity (as part of “Supply chains – environmental impacts”)
- Taxes (as part of “Business conduct”)
- Customer privacy (as part of “Business conduct”)
- Procurement practices (as part of “Regional presence”)

A new, comprehensive materiality assessment based on the principle of double materiality will be carried out in 2024 in preparation for the CSRD reporting requirements.

MEGGLE MATERIAL TOPICS 2022/2023



Environmental

- Waste and circularity
- Materials
- Energy
- Emissions
- Water
- Supply chain – environmental impacts



Social

- Employees – working conditions and equal opportunity
- Supply chain – working conditions
- Product quality



Governance

- Business conduct



Economic

- Economic performance
- Regional presence



PRODUCTS

0044

OUR PRODUCT RANGE

The MEGGLE Group can proudly look back on more than 135 years of experience and expertise in handling valuable dairy raw materials and processes. Today, we produce a wide range of dairy and non-dairy products for regional and global markets. These include consumer food products as well as ingredients for the pharmaceutical, food and feed industries. We sell our consumer products directly to retailers and our ingredient products to industrial customers for further processing, mainly through global distribution partners.

The range of our products, markets and customers is reflected in the organisational structure of our Business Divisions.

Sustainability issues arise for all sites, products and markets. Actions to be taken affect our operations and organisation, as well as our profitability and competitiveness.



OUR BUSINESS DIVISIONS

Consumer Products

Different markets, different needs: the MEGGLE Business Division Consumer Products meets these needs and fulfils the wishes of our customers according to the specific requirements of each country and market.

Our product range is extremely broad and includes dairy products such as milk, cream, premium butter, butter specialities including herb butter, yoghurts and desserts, cheese and spreads, as well as our chilled baguettes. A range of plant-based dairy alternatives rounds off the portfolio and enriches consumer choice. Our consumer products are mainly sold in regional European markets.

In addition to our consumer products, MEGGLE Food Service has for many years offered a special range of products for professional caterers such as canteens, hotels and restaurants. In addition to butter and a wide range of spreads, we also offer butter preparations and various cream products.

Our product range is characterised by high quality products that our customers can rely on, clear and easy-to-understand consumer benefits, outstanding taste and excellent value for money.



We are the market leader in butter specialities.





The pharmaceutical industry has relied on our products and knowhow for almost 70 years.

Ingredients

Our **Business Division Ingredients** serves customers worldwide with ingredients for further industrial processing.

Our **Excipients** Business Unit is a valued partner to the pharmaceutical industry. In our almost 70 years in the market, we have developed a diverse product portfolio: pharmaceutical excipients for direct compression, granulation, capsules, sachets, powder blends and dry powder inhalers. With its broad product portfolio, intelligent innovations and exceptional product quality, MEGGLE Excipients has been a front-runner in the global pharmaceutical excipient business and is ready to meet the expectations of customers worldwide.

The **Food Ingredients** Business Unit develops, manufactures and distributes products for the food processing industry in the dairy, nutrition, savoury, bakery and confectionary sectors, as well as products for specific customer requirements. Our products are based on the raw materials milk and whey, as well as plant fats, and are used as ingredients in various segments of the food industry. The portfolio is complemented by various single ingredients such as lactose, WPC, casein, caseinate and buttermilk powder.

Food ingredients with excellent functionality and taste





Thanks to the partial removal of lactose, our product is twice as rich in protein as regular whey powder.

Our **Feed Ingredients** Business Unit specialises in the production and global supply of partially delactosed whey powders. Thanks to the partial removal of lactose, our product is twice as rich in protein as a regular whey powder. Partially delactosed whey powders are ideal ingredients for use in the milk substitute, compound feed and pet food industries and are considered to be an extremely high-quality source of protein compared to regular whey powders. Highly specialised technologies and state-of-the-art production facilities enable us to manufacture combined products from vegetable fat and partially delactosed whey powders.

In each product segment, our application engineers work closely with customers to develop, design and implement solutions and concepts to ensure the success of the end product. The Food Ingredients Business Unit is all about customer-focused service – personal, expert support from the very first meeting all the way to the reliable delivery.

Our **Contract Manufacturing** Business Unit provides contract manufacturing service to customers from the food, life science and pharmaceutical industries. The provision of customised solutions, expert support and comprehensive services are essential in this sector.

Our core expertise in Contract Manufacturing is spray drying, complemented by agglomeration and mixing services. We support our customers in development and production, offering tailor-made solutions and implementing individual customer requirements. Expert support, intensive service and quality are the basis of our success.



HIGH QUALITY STANDARDS – A SUSTAINABLE FOUNDATION



The outstanding quality and safety of MEGGLE products and our efficient customer service have always earned us the trust of our customers and are therefore an important cornerstone of our business success. The quality and safety of our products reflect the reliability and dependability we seek to offer our customers and the patients and animals who directly or indirectly consume our products as food, feed or medicines.

We work to maintain our high quality standards through continuous improvement in all our operations – with all our colleagues on board. We take the same approach to our sustainability efforts, which have become an integral part of our management system. We are consciously working to continuously increase these efforts. This requires complex coordination on the part of all our colleagues at MEGGLE as well as targeted collaboration with our customers and suppliers.

We continuously improve our performance by investing in product development, innovations in equipment, processes and hygiene at our production sites.

The status and development of the quality of our products and supporting processes are reported annually to the Executive Board and are extensively verified through audits and inspections by our customers, independent certification bodies and authorities.

Product responsibility in the business world, as it is commonly understood, is no longer limited to product quality and safety, but also includes taking responsibility for ESG issues – for the long term. MEGGLE strives to incorporate competitive, forward-looking sustainability approaches into new product developments, engineering technologies, ingredients and packaging concepts. We are aware that our main ESG footprint is quantitatively related to our current, successful product range. For this reason, we are also focusing our attention on the overarching sustainability challenges associated with our ESG intentions.

See chapters:



CONSUMER & PATIENT HEALTH AND SAFETY

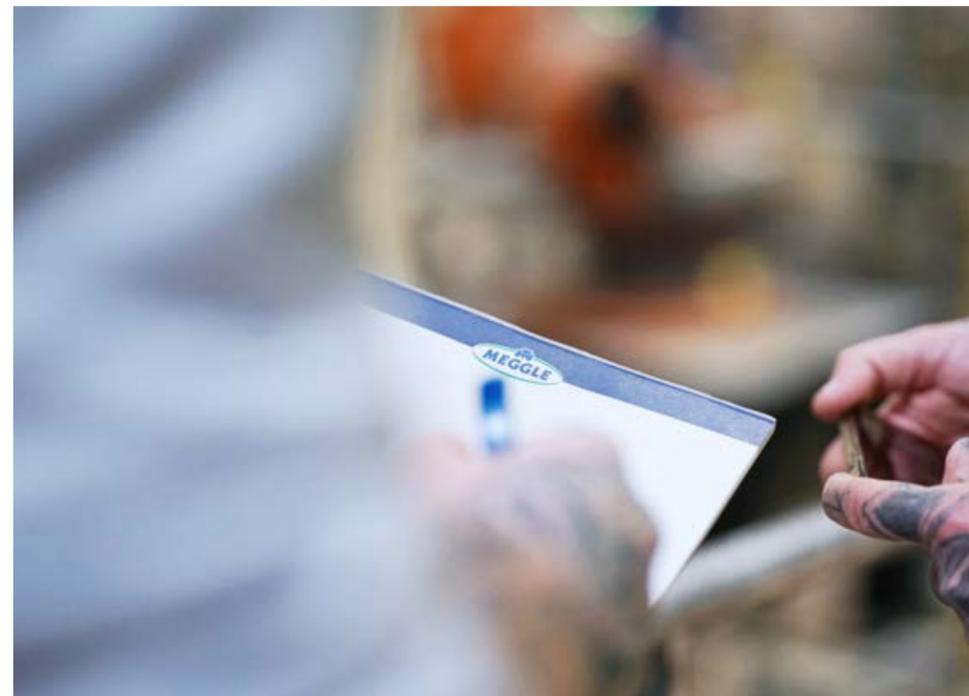
We thoroughly assess the health and safety implications of all our product and service categories throughout their lifecycle. All MEGGLE colleagues are aware of their responsibility when it comes to the health and safety effects that our products may have on consumers and patients.

Our quality management system provides the basis for continuous and reliable quality, ensuring that all our products are safe and healthy. All MEGGLE sites have established top international quality standards, which are verified and certified by independent third parties (see management standards in chapter).

In this way, our entire range of product and services has been assessed for health and safety impacts throughout their life cycle.

In addition, all our production sites are subject to legal controls by the relevant authorities with regard to the potential comprehensive impacts on product safety and legality. Besides inspections and certification audits, we routinely receive a high number of customer audits.

In the reporting year, MEGGLE complied with all legal obligations to keep relevant authorities informed about changes and required data. In 2022, we faced one public recall from our RAJO Slovakia production site due to a foreign body detected by a consumer and attributed to our product. No one was harmed or injured.



INSPECTIONS AND AUDITS IN 2022

29

inspections by the authorities to monitor food and feed safety



40

successful quality management certification audits



28

customer audits in addition to official inspections and certification audits

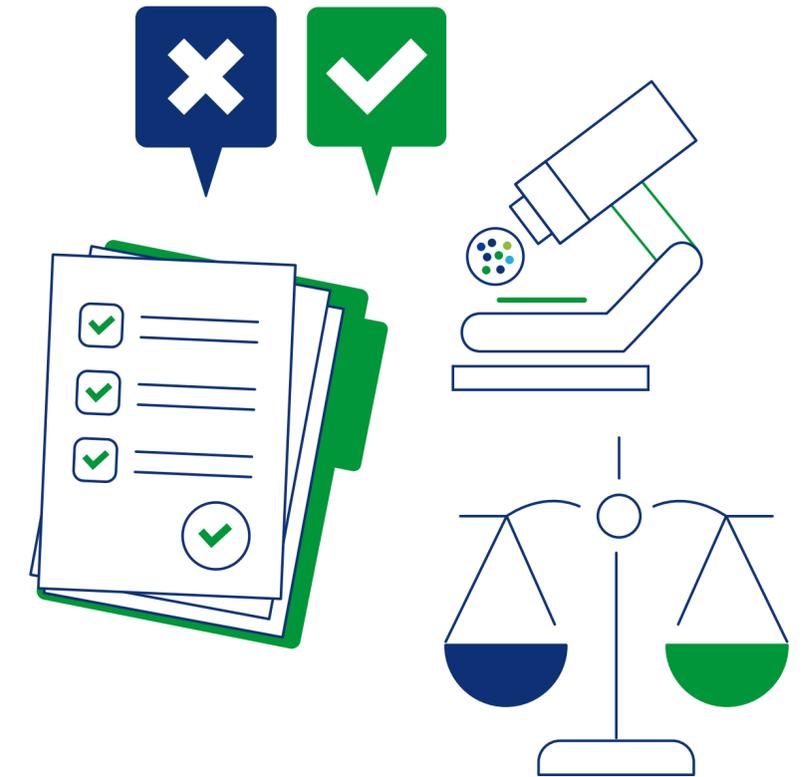


MARKETING & PRODUCT LABELLING

Honest, legally compliant labelling and marketing practices are embedded in our management principles and organisational structure. As such, our labelling practices comply with relevant EU legislation and consumer information requirements. All marketing and labelling designs, including aspects that could potentially mislead consumers, are checked for legal compliance. We also support our industrial and retail customers in meeting these obligations by providing them with comprehensive information. MEGGLE provides consumers with additional information via our website and on individual request. In addition, our labels are designed to provide specific information about certain attributed product qualities. These include labels relating to organic production, the use of palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO), and suitability for special diets such as vegan, kosher and halal.

No major incidents of non-compliance concerning product and service information or labelling were reported in 2022. Where official complaints were received from the competent authorities, justifications were provided, or labelling was adjusted accordingly.

During the reporting period, our organisation complied with all regulations and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship.



100% of our products are assessed for compliance with regulatory requirements for correct labelling of ingredients, composition, safe use and disposal where applicable.



COMPLAINTS & NON-CONFORMITY

Customer complaint management is an integral part of our quality management system at all MEGGLE locations. We regard customer complaints as an important indicator of how our customers perceive our performance.

We therefore follow up every complaint thoroughly and see it as an opportunity for improvement. We also typically find that customers truly appreciate our efforts to get to the bottom of the cause of their complaint and provide an explanation.

Significant non-conformity cases also tend to lead to improvements and strengthen our overall quality performance.

In 2022, the entire MEGGLE Group received only seven official complaints from the authorities. Four of these complaints related to product labelling. MEGGLE explained its regulatory rationale and the relevant authorities decided to follow our approach. The required labelling changes were implemented.



SUPPLY CHAIN



05

OUR PROCUREMENT POLICY

At MEGGLE, supply chain excellence has been a key success factor throughout our history. Our business models are shaped to a large extent by how we manage our supply chain. And this has implications for the quality and safety of our products, our economic performance and the high level of reliability we offer our customers.

Through stakeholder dialogue and a sustainability risk assessment, we have identified supply chain issues as material to our business. A large proportion of the sustainability requirements requested by our stakeholders relates to our supply chain. Far from being limited to our first-tier suppliers, supply chain impacts extend well beyond the product we buy and how it is produced. They can extend to issues such as the long-term climate effects of land-use change.

COLLABORATION FOR GREATER SUSTAINABILITY AND RESILIENCE*

Sustainability and animal welfare

We are committed to raising awareness within our own company that environmental standards and human rights in the supply chain are part of our responsibility. We expect and seek to develop environmental awareness and ethical behaviour in our suppliers.

We work with our raw milk suppliers on issues such as animal welfare, animal health and related indicators, feeding systems and feed quality as well as the use of veterinary medicines. All our raw milk suppliers in the European Union are audited or certified to the German QM-Milch standard, and all raw milk suppliers to our non-EU sites are audited to the MEGGLE internal standard.



Awareness and responsibility in procurement

We are committed to complying with applicable laws, regulatory standards, company-specific rules and contractual obligations. We also pass these requirements on to our suppliers. We condemn all forms of corruption and bribery.



Continuous improvement

We are committed to an open, professional exchange of experience and involve our suppliers as much as possible in our processes and progress. We qualify our suppliers, set measurable targets and work together to find efficient and targeted solutions.



* Excerpts from our procurement policy



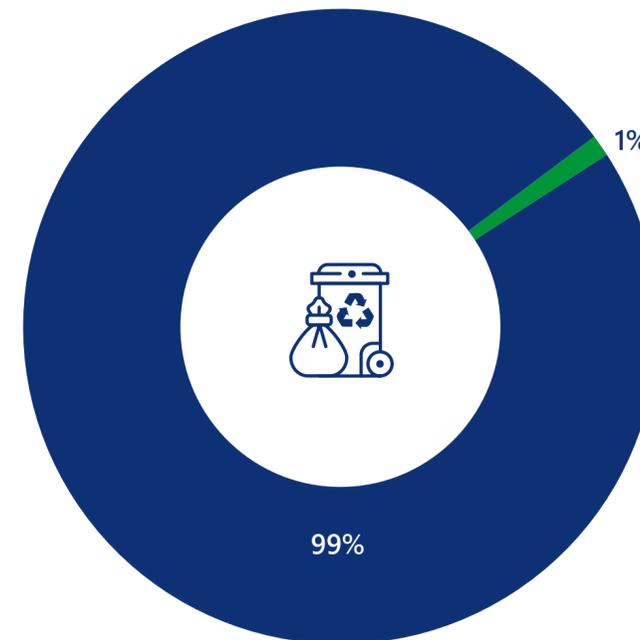
OUR RAW MATERIALS

Of our raw materials, 99% are classified as renewable. This is because our product portfolio, which includes food, feed and pharmaceutical excipients, is mostly based on milk or plant crops.

Food ingredients account for over 97% of our total raw materials. Of these, 91% are dairy ingredients, which include raw milk from our farmers and milk-based products such as cream or whey from other dairies. Other key ingredients for different sites include bakery ingredients, fats and oils for dairy alternatives and fruit and sugar for fermented dairy products.

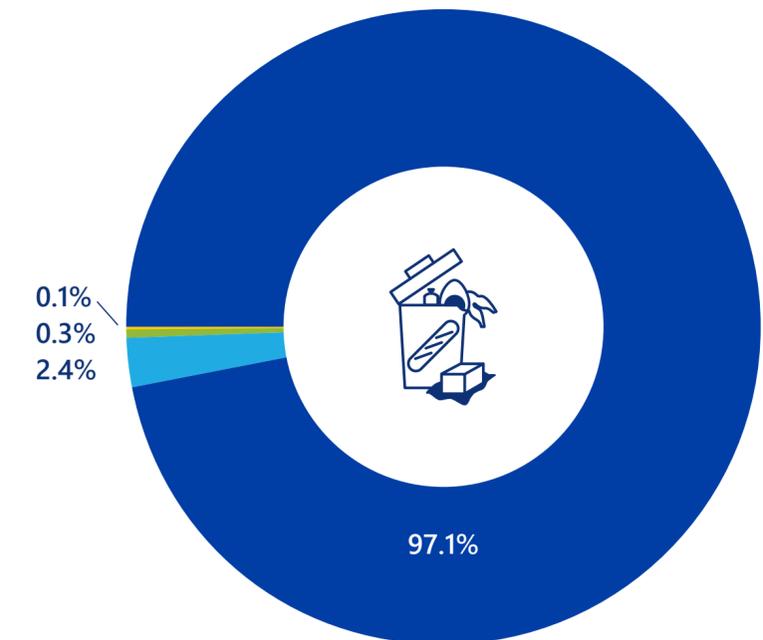
BREAKDOWN OF RAW MATERIALS

Renewable and non-renewable raw materials



Materials (total)	1,260,840 t
Renewable	1,247,038 t
of which food ingredients	1,224,630 t
of which packaging materials	18,313 t
of which food detergents	4,095 t
Non-renewable	13,802 t
of which packaging materials	12,223 t
of which auxiliary materials	1,580 t

Composition of raw materials



Food ingredients	1,224,630 t
of which dairy ingredients (90.8%) (raw milk, cream, whey, butter, milk, powders)	1,145,733 t
of which further ingredients (2.4%) (fruit, vegetables, additives, sugar, glucose syrup)	30,163 t
of which bakery ingredients (2.1%)	25,869 t
of which oils and fats (1.5%)	18,926 t
of which herbs and spice (0,3%)	3,938 t
Packaging materials	30,536 t
Detergents	4,095 t
Auxiliary materials	1,580 t



OUR SUPPLIERS

For our sites in the European Union, we only use EU-based first-tier suppliers, with very few exceptions. These suppliers are generally located within a reasonable distance to our manufacturing sites. Our sites in Bosnia and Herzegovina and Serbia work with local suppliers as well as suppliers from neighbouring regions and the European Union.

We need to be aware that there is almost always a link to global supply chains at the deeper levels of complex value chains.

Supplier risk assessment

As part of our supplier qualification process, we request information on management systems and compliance with environmental and social criteria.

In addition to the established process, our German sites have started to prepare for the German Supply Chain Due Diligence Act, which was passed in 2021. It aims to reduce and prevent human rights and environmental abuses in supply chains. MEGGLE is subject to this legislation as of 2024. We have already adapted our existing BSCI-based supply chain risk assessment to the new legislation for all German sites.

Our risk assessment approach is based on the guidelines issued by the German regulatory authority, the Federal Office of Economics and Export Control (BAFA). It covers 13 human rights and environmental conventions, which we assess on a country-by-country basis using referenced, publicly available data. Two risk dimensions are analysed: risks at the level of the country in which the supplier is based, resulting in a risk classification of “no risk” or “risk country”; risks of suppliers based in countries with an assigned risk are further assessed on an individual basis. This is done by requesting certification standards or conducting audits. In addition to this risk assessment, any information indicating a significant risk must be investigated and followed up.

The risk assessment of our German sites identified three suppliers located in two risk countries. These suppliers will be subject to further requests for a final risk assessment. If we find human rights or environmental violations, a process is initiated that includes the right for the supplier to remedy the non-compliance. If the supplier fails to take corrective action, we may terminate the business relationship.

We are closely following the development of the European Corporate Sustainability Due Diligence Directive (CSDDD) to ensure that the MEGGLE Group is well prepared for even stricter requirements when they come into force.

SCREENING OF SUPPLIERS FOR ENVIRONMENTAL AND SOCIAL CRITERIA

At our German sites MEGGLE Wasserburg, MEGGLE Cheese and MEGGLE Bakery, 100% of our suppliers are assessed for compliance with social and environmental criteria in accordance with the requirements of the German Supply Chain Duty Diligence Act.

Suppliers in total (German sites)

1,430



New suppliers assessed in 2022

122



SUPPLY CHAIN CHALLENGES

We are faced with a wide range of dynamic sustainability challenges in our supply chain (see [page 49](#)).

At MEGGLE, we believe that to make real progress, we need to engage with our suppliers on how to address their many sustainability challenges. Knowledge and understanding are needed to find solutions that provide optimal leverage without compromising other sustainability objectives. Here are some of the sustainability challenges we are working on with our suppliers:

- **Raw materials**

Our most important raw materials come directly or indirectly from the agricultural sector. The environmental and social impacts of agricultural raw materials have been the focus of regulatory restrictions and stakeholder criticism in the EU in recent years.

- **Dairy farmers**

We recognise the challenges our dairy farmers face in securing the personal and economic future of their farms and families. In particular, requirements to reduce the environmental footprint and carbon emissions from milk production and improve animal welfare standards require significant investment and a long-term perspective.

- **Plant crop suppliers**

Our suppliers of plant crops, such as herbs and wheat, are particularly vulnerable to climate change. It is therefore important that we strengthen our dialogue with them to ensure that our supply remains resilient in the long term.

- **Palm oil**

We have RSPO supply chain certification for our palm oil-based products. However, it is mainly our European customers who ask for certification. Non-European societies do not seem to have the same awareness of certified palm oil-based products. As a result, international compatibility requires us to manage different customer requirements.

- **Packaging material**

All our suppliers of packaging material are working on their sustainability programmes. We collaborate with them as much as possible to manage potential quality-related impacts on product quality and shelf life, packaging equipment performance and consumer perception (see [page 50](#)).



OUR STRATEGIC ACTION FIELDS

Resilience

We work with our suppliers to make our supply chains resilient to sustainability impacts which affect both product quality and quantity. We seek to mitigate developments resulting from supply chain disruptions, climate change impacts, social and regulatory restrictions including deforestation, biodiversity, social due diligence and animal welfare.

Carbon emissions

- We work with our suppliers and other stakeholders to achieve regionally appropriate carbon reduction targets for our dairy-based raw materials.
- We work with our logistics partners to reduce carbon emissions.
- We are progressively refining our Scope 3 emissions database from literature-based values to representative primary data from our suppliers.

Biodiversity and forest conservation

We work with our suppliers to reduce biodiversity loss and deforestation by

- reducing the use of overseas feed for our dairy ingredients;
- using vegetable fats and oils with appropriate certification schemes;
- using wood-based materials with appropriate certification schemes.

Animal welfare

We work with stakeholders to implement locally appropriate animal welfare transition programmes.

Social responsibility

We are currently implementing a system to improve transparency on social responsibility in our supply chains by extending our BSCI commitment to all sites, as appropriate.

See also



SUPPLY CHAIN RELATED CARBON FOOTPRINT

Suppliers of dairy materials

Dairy products are our most important raw material. MEGGLE purchases raw milk directly from independent **farmers** and farmer supply associations, which accounts for 52% of our total materials used. We also purchase milk-based products such as cream, whey, butter and powder from other **dairy producers**, either directly or via traders. These products account for 39% of our total dairy materials.

Sustainability issues affect both groups, although the key issues vary in scale according to country and region, landscape and climate, farm size, farming.

We believe that the image of farmers in society should be improved by recognising and promoting their essential contribution to key sustainability developments. It is clear that farmers are on the front line of climate change impacts. We need to recognise that changing animal welfare standards will also require significant investment for many farmers, which will take decades to recoup and will be a major economic challenge, especially for small farmers.

Milk ingredients account for 82.5% of our Corporate Carbon Footprint (CCF). However, systems for calculating the carbon emissions associated with milk are far from standardised within the peer.

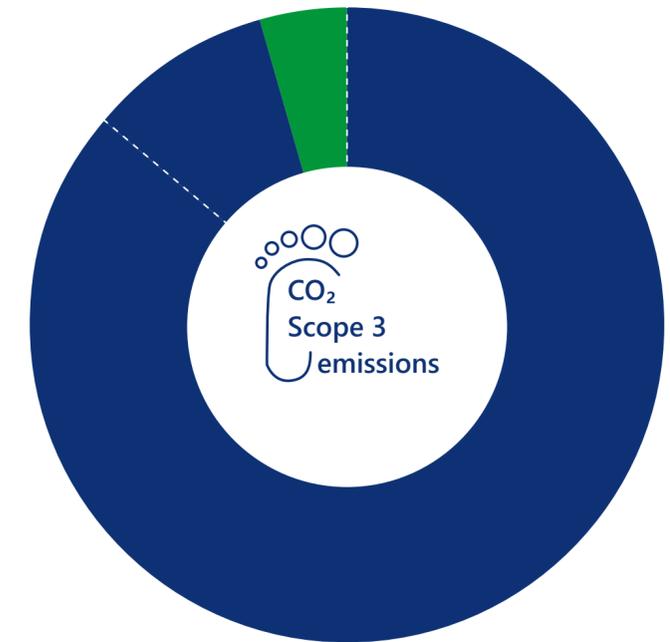


82.5%

of our scope 3 carbon emissions are attributable to dairy ingredients. Scope 3 emissions account for 94.6% of our corporate carbon footprint.

* See [ENVIRONMENT](#) for full breakdown of CCF

SCOPE 3 CARBON EMISSIONS



	t CO ₂ e	% of CCF
Corporate carbon footprint MEGGLE Group*	2,183,328.66	100%
of which Scope 3	2,065,607.15	94.6%
● of which purchased goods and services	1,984,769.57	90.9%
----- of which milk-based materials	1,800,761.82	82.5%
● of which other Scope 3 emissions	80,837.58	3.7%

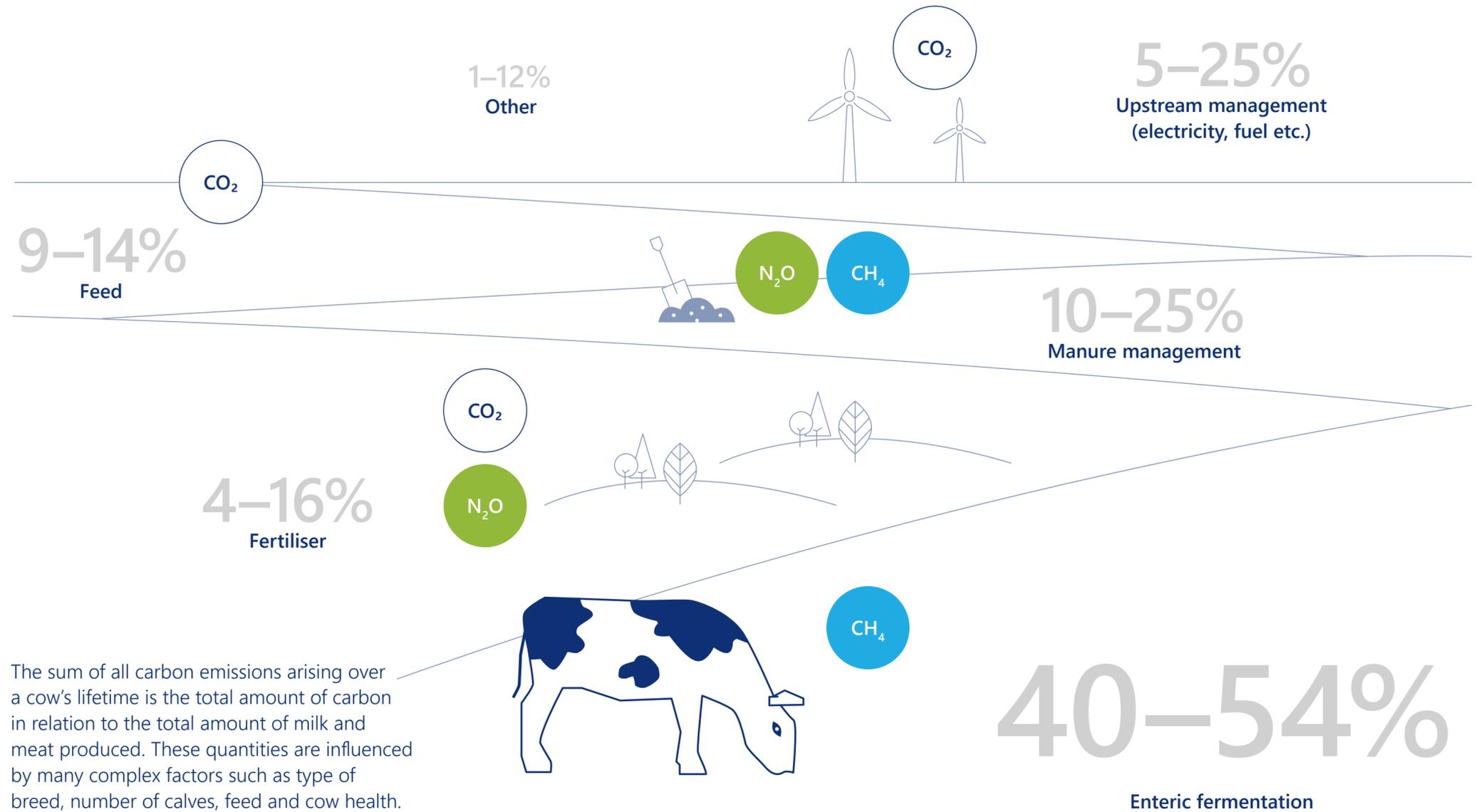


Calculating the carbon footprint of milk is extremely complex as it takes into account the entire life cycle of cows and all farm operations. It also includes emissions from upstream value chains, including those of feed and fertiliser. In addition to CO₂, the main contributors to carbon emissions are methane and nitrous oxide, which have high GWP 100 conversion factors of 28 for methane to CO₂ and 265 for nitrous oxide.*

Methane, which is produced naturally in the cow's digestive system through enteric fermentation, is the largest contributor, accounting for around 50% of the carbon footprint of milk. Other emissions come from manure management with dinitrogen oxide leakage, feed, organic and mineral fertilisers and the type of energy used to run the farm and machinery.

When it comes to cow feed, crops such as soy or palm oil additionally increase carbon emissions if their origin is linked to land use change (LUC).

LIFE CYCLE CARBON EMISSIONS OF A COW**



* Source:

** ↗ Information based on input by



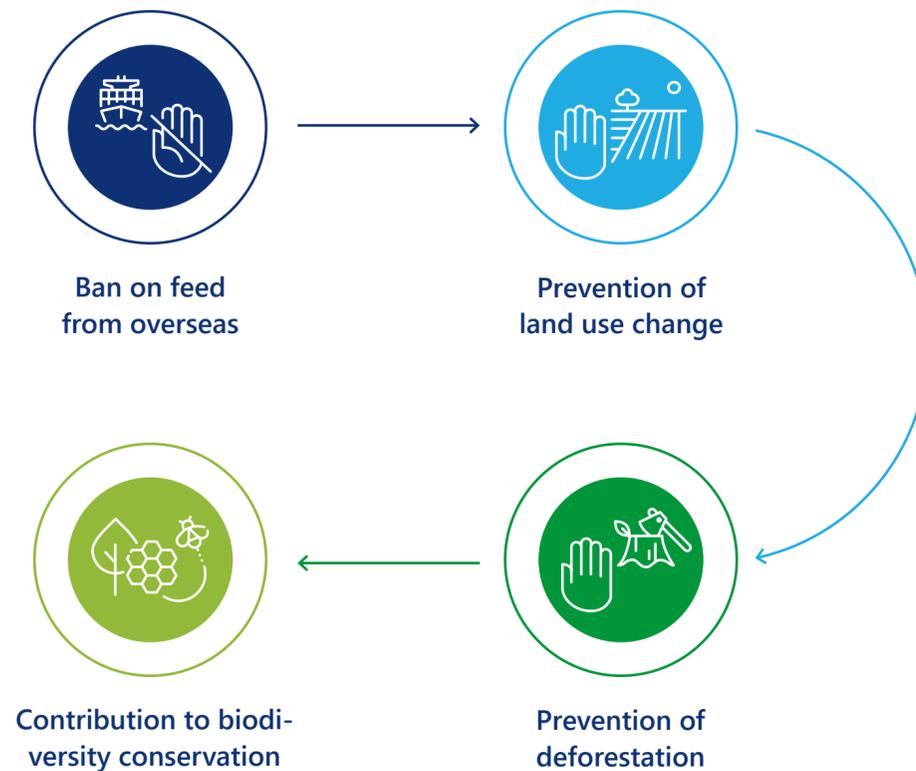
In addition to the carbon emissions associated with milk, the cow's digestive system converts grass into highly valuable protein and fat for human consumption. Farmers' work and grassland for cows have multiple beneficial effects on landscape maintenance, environmental and social well-being in rural areas, and even carbon absorption in grassland.

MEGGLE is following this issue as it is discussed in the scientific community and by affected stakeholder organisations at the national and international level. We are aware of the reduction measures that are currently being identified and tested in specific areas. We are also aware of the enormous complexity of a realistic assessment and the economic burden of reducing these emissions.

FEED

MEGGLE has begun to focus on feed, starting with the raw milk suppliers of its German sites. We have made it a contractual obligation for our dairy farmers in Germany not to use feedstuffs such as soy or palm oil from overseas, thereby contributing to sustainable farming practices.

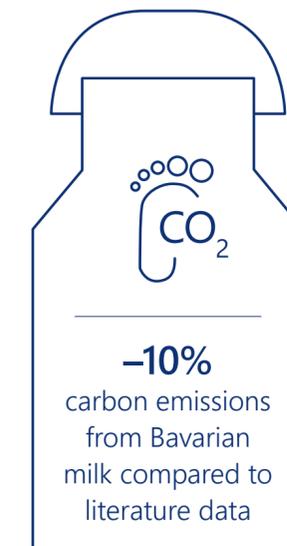
Contributing to sustainable farming practices by banning feed from overseas



LOWER CARBON FOOTPRINT VALUES DUE TO DATA ACCURACY

Farmers at our Wasserburg site participated in a study conducted by the Bavarian State Institute for Agriculture (LfL). Based on the study's results we started to improve the accuracy of our Scope 3 carbon emissions data for Bavarian farms. As a result, the average values for Bavarian milk were 10% lower than the literature data from the International Dairy Federation (IDF), which we used for our 2018 corporate carbon footprint (CCF)*. The reduction is scientifically based on the allocation of carbon emissions to both meat and milk, as the breeds used in southern Bavaria are mainly dual-purpose breeds with a higher proportion of carbon emissions allocated to meat. In addition, the lower values are achieved by excluding feed concentrates with related land use change (LUC). We plan to collect carbon data at farm level using a systematic, science-based approach to identify meaningful improvement levers.

We have also looked more closely at the regional data for our suppliers of dairy materials, and were able to assign a 10% lower value to the material sourced in Austria compared to the IDF value used in 2018/2019.



1.0 CO₂ eq/kg milk



ANIMAL WELFARE



All MEGGLE production sites require suppliers to comply with the applicable legal standards.

Internationally, European animal welfare legislation is considered to be ahead of most countries. Raising conditions and official inspections are defined.

For our EU sites, we have defined a set of animal welfare criteria against which we assess purchased dairy materials and decide whether further measures must be taken. These are based on European and national legislation, including inspections by the relevant authorities. In addition, MEGGLE categorises suppliers who have installed additional third-party certification standards that specify details and carry out regular on-site inspections. If the available information does not provide sufficient transparency, we seek dialogue with the relevant suppliers and decide on further action.

All farms in Germany that supply directly to us are
All farms supplying RAJO are QM-Milch audited. Purchased dairy ingredients, such as cream or whey, supplied by other dairies or suppliers are categorised according to our evaluation scheme.

THE FUTURE OF ANIMAL WELFARE

The German government has already drafted the animal welfare requirements for 2030. It will exclude tethering, which is currently still allowed. This ban on tethering could have a significant impact on small farms in the Alpine region. For a number of years, MEGGLE has invested in programmes to provide expert advice at individual farm level to identify and promote feasible improvements. Small farmers are often economically unable to make large investments in the face of the many challenges facing dairy farming.

We are in close contact with our farmers and dairy suppliers through:

- our Farmers Newsletter (for German dairy sites Wasserburg and Altusried),
- direct communication and
- direct consulting of farmers at all sites through our farm experts and training.

Our approach takes into account regional dairy farming practices, the context of local conditions such as climate and landscape, tradition and the social impact also on farmers and their families.



OTHER PURCHASED GOODS

Other non-dairy ingredients

Our main non-dairy ingredients in terms of volume are ingredients for MEGGLE Bakery, especially wheat flour and vegetable fats for our dairy alternatives.

We require our suppliers to respect human rights based on the amfori BSCI code, which is currently mandatory for all German sites and will gradually be extended to all other sites.

Wheat and herbs

We purchase a significant amount of wheat and wheat-based ingredients for MEGGLE Bakery. The quantity of herbs we use is less significant, but their quality is crucial for our butter preparations, such as our herb butter and our filled baguettes.

Plant crops are particularly vulnerable to climate change, with periods of water scarcity and heavy rainfall. Stressed crops are more susceptible to pest infestations. New technologies and farming practices are needed to keep yields and quality high. At the same time, agriculture is being challenged by the European Farm to Fork programme, which requires further reductions in pesticide use.

Social supply chain issues covered by the amfori BSCI code

- | | | | | | |
|---|---|---|--|---|--|
|  | 1. Social management system and cascade effect |  | 6. Reasonable working hours |  | 10. No precarious employment |
|  | 2. Employee involvement and protection |  | 7. Health and safety at work |  | 11. No bonded or forced labour or human trafficking |
|  | 3. The right to freedom of association and collective bargaining |  | 8. No child labour |  | 12. Respect for the environment |
|  | 4. Freedom from discrimination, violence or harassment |  | 9. Special protection for young workers |  | 13. Ethical business conduct |
|  | 5. Fair remuneration | | | | |



Vegetable fats and oils

For our dairy alternatives, the MEGGLE Group buys vegetable fats and oils in bulk from major producers. While the raw materials are processed in Europe, the harvesting and initial processing stages take place mainly overseas. Palm oil, in particular, has acquired a negative reputation due to the deforestation associated with it.

MEGGLE is convinced that such complex supply chains and challenging sustainability issues can only be managed through the implementation of certification standards. That is why we joined the RSPO supply chain certification for sustainable palm oil more than 12 years ago. We firmly believe that we need a controlled and authorised certified standard to address all the sustainability challenges associated with the supply chain of tropical plant fats and oils.

The RSPO covers not only environmental, deforestation and biodiversity issues, but also social standards in the supply chain.

Packaging materials

We buy FSC (Forest Stewardship Council) certified paper and cardboard to contribute to responsible forest management and biodiversity. The paper and cardboard we buy are made with the maximum amount of recycled paper.

Tetra Pak, as a major supplier of packaging materials to the MEGGLE Group, continuously supports us with its comprehensive sustainability improvement programme.

Suppliers of plastic-based packaging materials, such as films, liners, cups, big bags, bottles, buckets, have implemented comprehensive sustainability programmes, including recyclability and the use of safe food-grade recycled materials. Although the use of recycled plastics is still quite limited due to essential safety assessments, the MEGGLE RAJO site has already invested in the use of rPET.

See



ENVIRONMENT

006

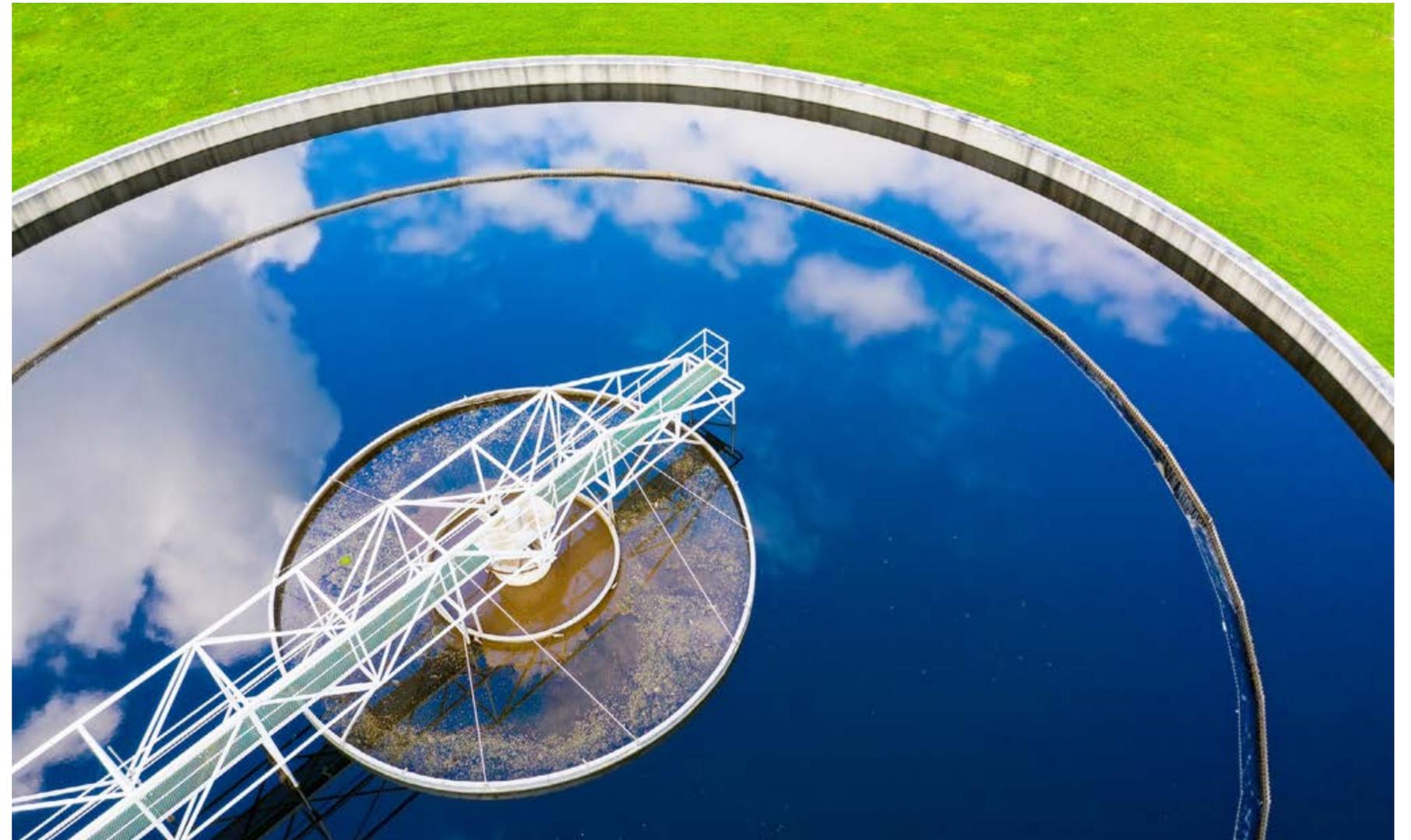
PROACTIVE MANAGEMENT OF OUR ENVIRONMENTAL FOOTPRINT

Healthy and safe food can only be produced with healthy and safe raw materials, for which environmental protection is a natural prerequisite. Since the early 1990s, MEGGLE has therefore been consciously working to monitor and reduce its ecological footprint. For many years, our measures to shrink our ecological footprint focused mainly on the direct environmental impact of our production sites. Today, we are looking at the environmental impacts of multiple levels, both upstream and downstream and across numerous value chains located around the world. This is a real challenge. For more information on the supply environmental impacts of our supply chain, see [here](#).

The MEGGLE Group's systematic approach to environmental management is based either on certified management systems (ISO 9001, ISO 14001, ISO 50001) or on our internal business organisation (see [here](#)).

Our stakeholders' environmental expectations have increased significantly, particularly when it comes to climate protection (see [here](#)).

For a complete list of environmental indicators, see [here](#).



CLIMATE, ENERGY & CARBON EMISSIONS

It takes energy to manufacture and ensure the safety of our products – to run our machinery and for heating, drying and cooling processes. This results in 5% of our CO₂e emissions being classified as Scope 1 and 2 emissions.

Around 95% of our CO₂e emissions are Scope 3 emissions. Within Scope 3, 91% are related to raw materials, with dairy ingredients contributing 82.5% of our total Scope 3 carbon emissions (see [page 59](#)).

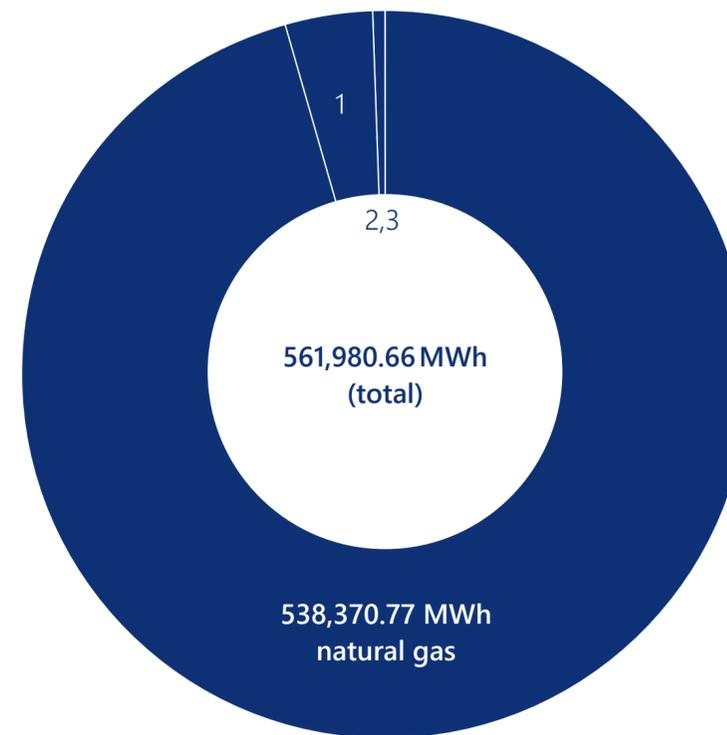
The individual corporate carbon footprints (CCFs) of each site are closely linked to the site’s business activities, with the largest contribution to Scopes 1 and 2 coming from our powder drying activities at MEGGLE Wasserburg. These account for 75% of the MEGGLE Group’s total Scope 1 and 2 emissions. For efficiency reasons, we operate our own combined heat and power plant in Wasserburg. It has excellent energy efficiency. However, until now, for technical reasons, it had to be run on natural gas. All our sites use fossil fuels for their Scope 1 purposes.

Scope 2 electricity is mainly purchased from renewable sources, which vary by location. In RAJO (Slovakia) we purchase 100% renewable electricity, while at MEGGLE-Bosnia in BIH, it is only 2%. Our site in Wasserburg generates most of its electricity in its own cogeneration plant and only purchases a small amount of electricity from external sources.

ENERGY CONSUMPTION 2022

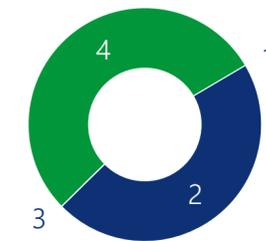
● Non-renewable energy sources ● Renewable energy sources

Direct energy consumption (MWh)



1 Fuel oil	21,529.00 MWh
2 Diesel	2,039.69 MWh
3 Propane	41.20 MWh

Indirect energy consumption (MWh)



1 District heating	25 MWh
2 Electricity	28,164 MWh
3 District heating	35 MWh
4 Electricity	24,023 MWh



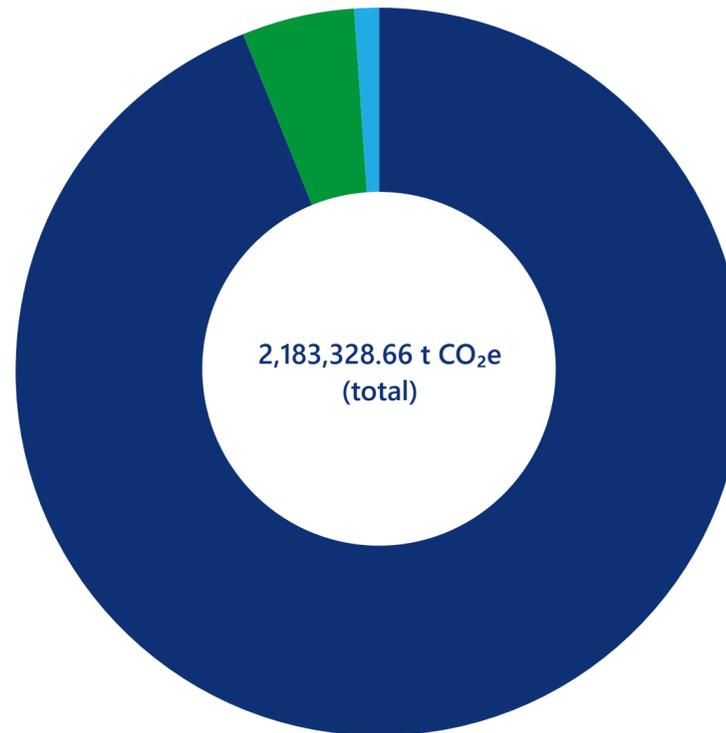
Scopes 1 and 2 energy efficiency rates are mainly related to our product portfolio and are part of the environmental management and cost efficiency calculation of each production site.

As part of our energy management systems, we look for energy savings in our operations, production planning and investment decisions.



CORPORATE CARBON FOOTPRINT 2022

Our corporate carbon footprint in line with the GHG Protocol



- Scope 1 (4.9%) 107,065.28 t CO₂e
- Scope 2 (market-based) (0.5%) 10,656.23 t CO₂e
- Scope 3 (94.6%) 2,065,607.15 t CO₂e



- 1 of which non-milk-based materials (8.4%) 184,007.75 t CO₂e
- 2 of which milk-based materials (82.5%) 1,800,761.82 t CO₂e



OUR STRATEGIC ACTION FIELDS

Scopes 1 and 2 emissions

In our 2018/2019 report, we published our reduction target for MEGGLE Wasserburg of reducing 15% of carbon emissions per tonne of product produced. We are well on the way to achieving this relative reduction target, thanks to multiple energy-saving projects. However, our relative savings are not indicative of our absolute carbon emissions reductions since our overall business is growing, which means that our total carbon emissions are increasing. We have set new targets based on our updated materiality assessment and strategy (see also [page 50](#) and [page 51](#)).

Our Scopes 1 and 2 energy, climate and carbon strategy has been revised and now applies to all production sites and absolute carbon emission reduction targets.

Our 2032 climate objective for carbon emissions*

-25%

* Baseline year: 2022



As explained above, the MEGGLE Group's carbon emissions from Scopes 1 and 2 are mainly generated by our powder drying operations. Technologically, hydrogen technology is essential for achieving carbon-neutral conditions for spray drying. As there is currently no economically viable supply of green hydrogen, MEGGLE has made a strategic decision to embark on a hydrogen transition path. As a first step, our combined heat and power plant will be technologically prepared to process both fossil and hydrogen gas. As a second step, we have decided to invest in a biogas plant, which will also enable us to use production residues for energy generation. However, this process will not be carbon-free.

The carbon impact of biogas production will be reduced by additional purification of the carbon dioxide by-product, making it suitable for food applications. In addition to these efforts, we expect hydrogen technology to lead our drying plant towards carbon neutrality.

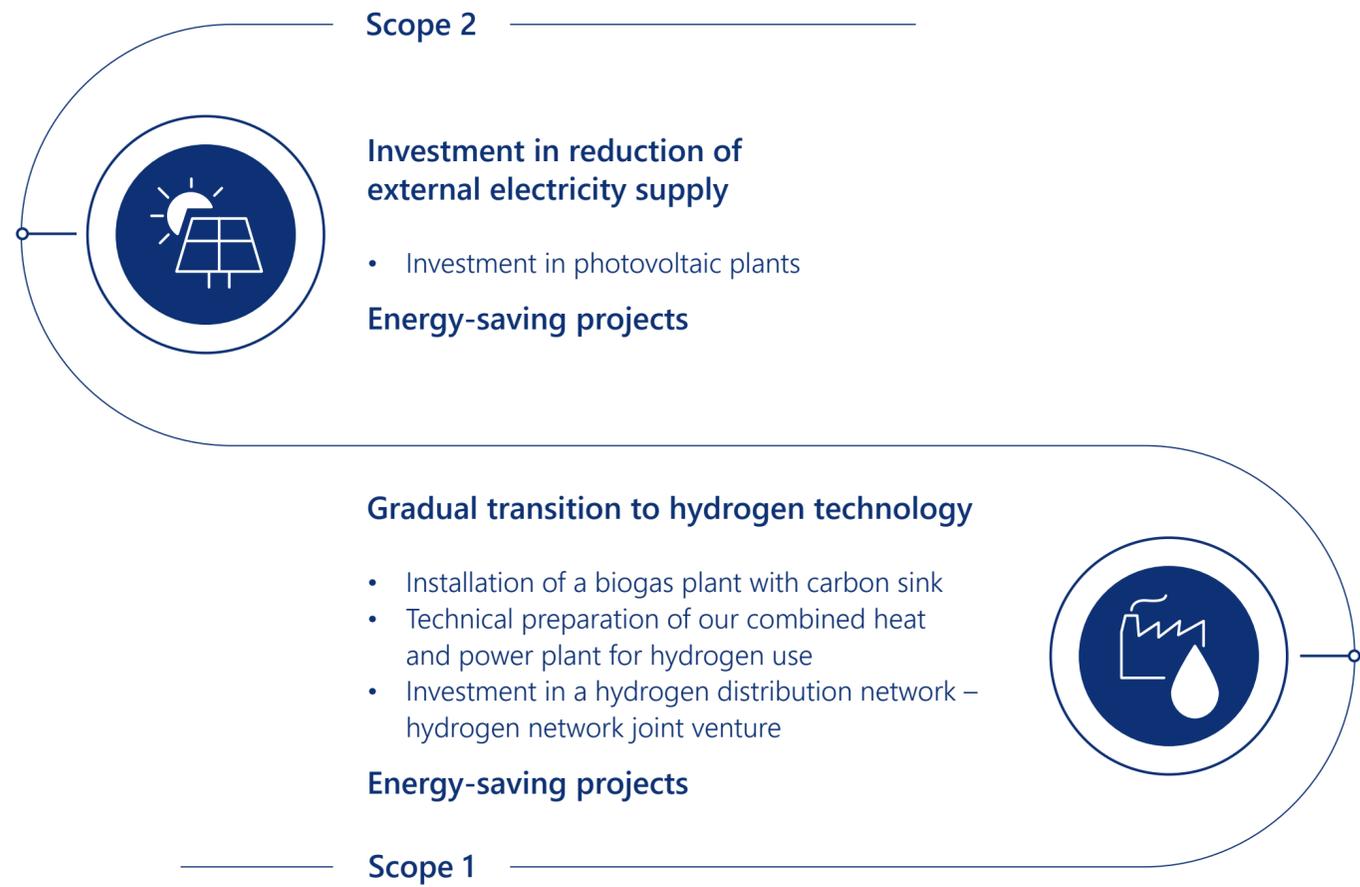
We will invest in our own solar installations at sites where external electricity consumption is high, such as MEGGLE Bakery, or where renewable energy sources are limited, such as BIH.

Besides these major changes, we will continue to manage energy-saving projects with a particular focus on operational impacts and replacement investments. All these steps require significant investment and are expected to reduce our Scope 1 and 2 carbon footprint by at least 25% by 2032.

In addition to our carbon reduction target, we are aiming for growing economic success, including in our powder business, which means that we need to step up our efforts with regard to our transition path.



OUR CLIMATE TRANSITION PATH



WATER

Water is one of the most precious resources we have on this planet – without water, there is no life. It is also one of the most important resources we use at MEGGLE. Although there is no risk of water scarcity in the regions where we operate, we are committed to sustainable and efficient water management.

Drinking water is one of the most important resources for producing safe, high-quality products. For example, we use water as an ingredient in our baguettes, for purification steps in lactose production, and in large quantities for cleaning and cooling purposes. As a result, water intensity varies significantly depending on the product and process technology.



Fresh water

All the fresh water we use complies with the European Drinking Water Directive or equivalent national regulations. Verification of water quality is an essential part of our preventive food safety management system.

The water we have been using at MEGGLE Wasserburg for more than 50 years comes from three powerful wells located at depths of between 27 and 32 metres. These are fed by a strong groundwater flow. MEGGLE operates and controls the wells, including the two underground transfer pipes that lead to our production site. All other sites receive their water from local public water suppliers.

Wastewater discharge

All waste water from the MEGGLE Group's production sites is treated. No water is discharged into the environment without having undergone controlled treatment. In Wasserburg, MEGGLE operates its own wastewater treatment plant for water from production. All other sites use the sewage treatment plants of their local communities. These sites have installed additional pre-cleaning lines to reduce the organic load of our water discharges into the local water treatment plants.

Water consumption

Water consumption at our production sites is highly dependent on the respective product portfolio and the specific processing and cleaning regimes required for the equipment and production environment.

According to the GRI calculation of water consumption, we achieve a negative total water consumption as our MEGGLE Wasserburg and MEGGLE Cheese sites operate evaporators to concentrate whey and milk. The condensate from the evaporators is counted as water discharge, which results in negative water consumption.

Water consumption at MEGGLE Bakery is strongly linked to the use of water as a dough ingredient.

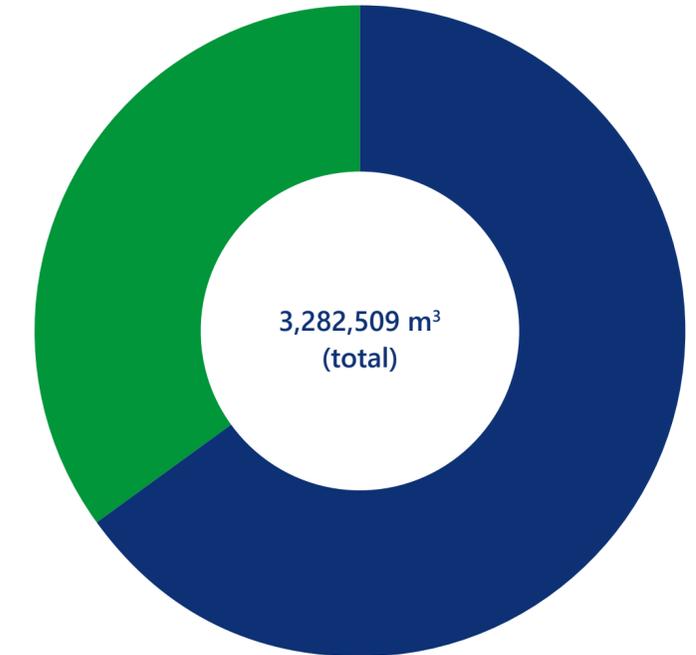
Water consumption 2022*

-247,928 m³



* Negative water consumption due to evaporation of liquid dairy materials. None of our production sites source water from water-stressed areas.

WATER WITHDRAWAL (DRINKING WATER) 2022*



● Ground water (fresh water) 2,140,532 m³
● Third-party water (fresh water) 1,141,977 m³

* None of our production sites source water from water-stressed areas.



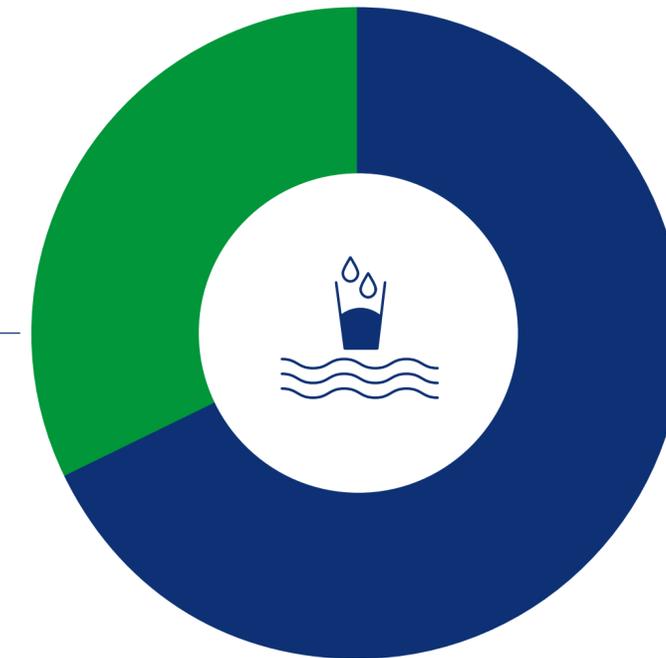
WATER DISCHARGE 2022*

3,530,437 m³
(total)

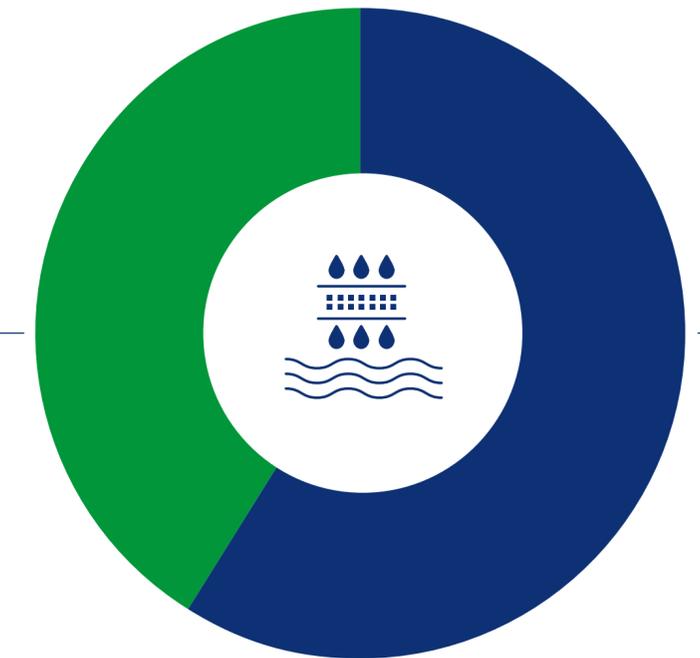
Water discharge by destination



Water discharge by fresh water and other water



Water discharge by treatment level



* None of our production sites source water from water-stressed areas.

** Discharge into surface water after internal treatment in our sewage plant

● Surface water** 2,140,532 m³
● Third-party water sent for water purification by other organisations 1,141,977 m³

● Fresh water (≤ 1000mg/l TDS) 2,140,532 m³
● Other water (≥ 1000mg/l TDS) 1,141,977 m³

● Minimum treatment required by water rights decision 2,081,894 m³
● Pre-treatment for reduction of chemical oxygen demand 1,448,543 m³



OUR STRATEGIC ACTION FIELDS

Water savings

In our public sustainability report for 2018/2019, we committed to a water reduction target of 25% by 2025 for our production site in Wasserburg, with reference to the base year 2016, which corresponds to a total water consumption of 2.78 million m³ of water.

By 2023, water consumption was reduced by 23% as compared to 2016. This is despite the introduction of two new production lines as well as our new Contract Manufacturing Business Unit, which requires extensive cleaning for product changeovers. All sites worked successfully on water-saving projects. Due to their economic success, however, the savings were offset by the increased demand for new lines and cleaning frequency due to run times.

MEGGLE's strategic objective is to continue to grow and invest in future technologies, products and production lines that will require water for cleaning and processing.

We are strategically following our path of responsible management of freshwater consumption and compensating for additional water requirements through the installation of innovative technologies as far as reasonably possible.

Water reuse

In recent years we have made progress in reusing water. At present, we have achieved an average reuse rate of 30% in the MEGGLE Group, which corresponds to a saving of 970,576 m³ of fresh water. MEGGLE Cheese and Wasserburg are even further ahead with 52% and 39% freshwater savings respectively, thanks to their reuse strategy.

Further savings of fresh water through reuse measures will be achieved by transferring our experience of water reuse cycles for cooling purposes to all sites. In addition, the reuse of evaporator condensate for pre-cleaning will be further maximised at the MEGGLE Wasserburg and MEGGLE Cheese sites.

Status quo water reuse 2022



970,576 m³

freshwater savings achieved

30%

water reuse rate

Our 2025 water target (Wasserburg)



-25%

of freshwater consumption

-23%

reduction achieved so far



OUR STRATEGIC ACTION FIELDS

Water recycling

To make progress in the area of water recycling, we are conducting technological studies to determine how our evaporator condensates can be purified to drinking water quality. This option is currently being evaluated for MEGGLE Wasserburg, where a large amount of evaporator condensate is available. For the final implementation of water recycling, there are still open issues to be resolved, such as the necessary operational management and costs, the investment budget and the approval of the relevant authorities to use this water for the final rinse in cleaning processes.

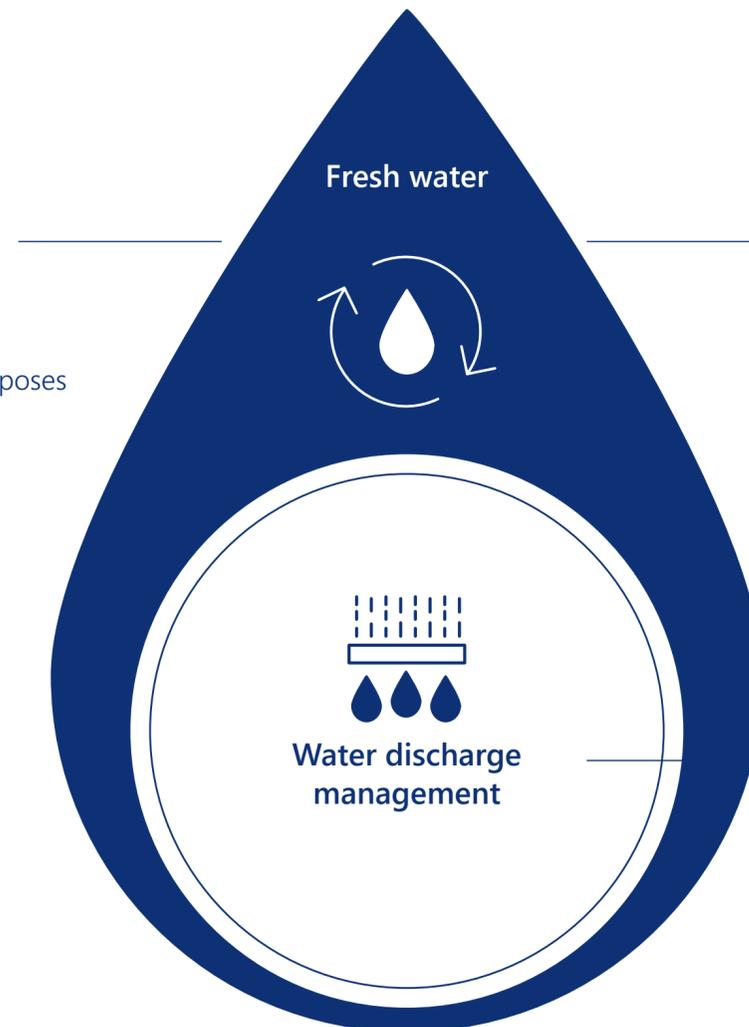
Waste water

Wastewater management must keep pace with our economic success and the development of new lines, products and volumes managed on site. To adapt to our growth and our new product lines, the Wasserburg site will invest in the expansion of the existing wastewater treatment plant.

OUR WATER TRANSITION PATH

Reducing water through reuse and recycling

- Water reuse projects for cooling
- Water reuse for pre-cleaning purposes
- Water recycling project



Fresh water

Ongoing water savings projects

- Each site works to optimise water intensity ratios per product and processing lines.

Water discharge management

Investment in a new expanded wastewater treatment plant in Wasserburg



ON-SITE WASTE MANAGEMENT

MEGGLE produces waste directly from its own operations, such as food waste, sewage sludge, packaging waste, construction and maintenance waste.

The consistent sorting and disposal of waste has been a long-standing practice at all MEGGLE sites and is subject to strict internal management. Waste disposal is organised in accordance with local legal requirements and is carried out by approved service providers.

Food waste is often a by-product of food production, which cannot be completely avoided and is subject to strict regulations. We systematically analyse our food waste to identify ways to reduce it and develop sustainable options for use. Following a rigorous quality assessment scheme, by-products are safely used as animal feed or, where waste is downgraded for technical purposes or energy generation, through biogas.

The amount of food waste generated at our production sites is very low compared to the food-industry average.

Wastewater and sludge process management, including chemical control of sludge composition in accordance with legal requirements, is a prerequisite for disposal management.



70%

of the total waste produced in 2022 was successfully diverted from disposal



Thanks to effective prevention measures, the percentage of food waste related to the total product output is currently as low as

0.9%

OUR STRATEGIC ACTION FIELDS

Food waste

Keep food waste at the achieved level of

0.9%

(in relation to total product output)

Keep the food waste ratio diverted from disposal at the achieved level of

~ 90%

Waste

Keep the ratio of waste diverted from disposal at

~ 70%



WASTE DISPOSAL AND RECOVERY OPERATIONS



● Waste diverted from disposal (total) 10,129.39 t (69%)

1	prepared for re-use	1%
2	recycled	27%
3	through other recovery operations	40%

● Waste directed to disposal (total) 4,647.68 t (31%)

1	other disposal	5%
2	sent to a landfill (construction waste)	8%
3	incinerated (without energy recovery)	5%
4	incinerated (with energy recovery)	14%
5	not allocated	< 0.1%

MAIN WASTE TYPES BY COMPOSITION



● Main waste types

1	Food waste
2	Paper and cardboard
3	Sewage sludge (wastewater treatment plant in Wasserburg)
4	Plastics
5	Further industrial waste
6	Other waste

● of which directed to disposal

13%
13%
52%
31%
72%
32%

● of which diverted from disposal

87%*
87%
48%
69%
28%
68%

* Used, among others, for energy production (biogas)



VDOWNSTREAM WASTE MANAGEMENT

Downstream, MEGGLE products generate waste from packaging materials, food waste from transport damage and food waste generated by the consumers of our products.

Safe disposal of products

Due to their generic nature, our products are generally consumed downstream. Most are ultimately sold packaged, with the exception of bulk products in the B2B sector, which are transported without the need for packaging.

At the B2B customer and retailer level, products can unintentionally become “food waste” due to the packaging being damaged during transport and downstream handling, or due to issues related to logistics, labelling or product quality. At the end-consumer level, most food waste occurs in the home.

We therefore have two main foci in our downstream waste management:

- Minimising food waste in the value chain
- Minimising the impact of packaging waste

Minimising food waste downstream

The following measures are in place to minimise food waste in the downstream value chain:

- **Product protection**
To minimise food waste, packaging materials are designed to protect our products throughout their shelf life and under foreseeable transport and storage conditions.
- **Excellent planning and matching of demand and production**
Our high-level production planning is closely linked to supply and demand management with our downstream partners.
- **Raising consumer awareness of food waste**
Our packaging is designed to provide the best possible protection for the product, thereby contributing to optimum product quality. The attached logo “Too Good to Go” actively informs the consumer that our food products can often be enjoyed beyond the sell-by date.



We provide consumers with direction on how to handle packaging waste responsibly.



Minimising packaging waste further down the chain

We have implemented the following measures to improve the environmental impact of packaging waste in the downstream value chain:

Packaging design

Our design principles aim to:

- Protect product safety and quality
- Minimise the amount of packaging material per unit
- Maximise recyclability consistent with product safety and quality
- Evaluate opportunities for using safe recycled plastics

Disposal labelling on packaging

Our consumer packaging provides clear information on how to dispose of the packaging in a way that keeps the material in sustainable cycles.

Participation in recycling schemes

Consumer products:

In our European markets, we pay for our consumer products to be recycled according to licensed national systems such as Der Grüne Punkt in Germany or ARA in Austria.

Ingredient products:

Ingredient products are part of the REPASACK system, which recycles packaging materials into high-quality secondary raw materials.

Total packaging materials used*:

30,535.7 t



of which recyclable

80%

We use FSC-certified paper and cardboard boxes**



* MEGGLE Group
** German sites





A strong partnership with our suppliers

Optimising the sustainable design of packaging materials also means keeping production performance high and production losses low.

We achieve this through internal expertise and strong technical collaboration with our packaging material and our packaging equipment suppliers.

We participate in supply-chain certification programmes and the circular reuse of packaging materials. We buy paper and cardboard boxes with a high recycled content and from certified forestry sources. We are currently preparing to use safe recycled PET for our PET bottles (RAJO).

Significant investment to support sustainable packaging

Sustainability-driven changes in packaging materials often require changes in packaging equipment or even an investment in completely new packaging lines.

MEGGLE has already invested in new packaging lines and is planning further significant investments.



OUR STRATEGIC ACTION FIELDS

Our main contribution to improving downstream waste is through changes in packaging design, best practices in downstream supply chains and consumer information through:

- Changes in **packaging design**
- Best practices in **downstream supply chains**
- **Consumer information**

Thoughtful packaging design is a prerequisite for minimising material use and maximising recyclability and reusability. Consumer information can help reduce food waste and encourage the proper disposal of packaging materials.

OUR DOWNSTREAM WASTE TRANSITION PATH



Contributing to the minimisation of food waste in the downstream value chain

Extending labelling to more products to raise consumer awareness and encourage them to check before disposal



Contributing to the correct recycling of packaging materials

Extending labelling advice on the correct disposal of packaging materials on our consumer products

Improving sustainability criteria for packaging materials

- Optimising sustainability criteria without compromising safety and quality
- Increasing our recycling rate specifically for different products and lines
- Investing in packaging equipment lines due to changes in the recyclability of packaging materials
- Investing in our PET lines to use rPET



PEOPLE & CULTURE



MEGGLE SPIRIT – TRADITION & FUTURE

It is the people who shape the performance of any organisation. A company's culture is made up of shared attitudes, values and beliefs that are put into practice. They determine the way the company works and the social behaviour within it.

As the MEGGLE Group, we are proud of our strong historical roots and our lived culture, shaped by the entrepreneurial spirit of the MEGGLE family, who have always consciously combined economic performance with social responsibility and foresight, all based on respect, and with a firm focus on long-term and sustainable business development. MEGGLE's entrepreneurial spirit has fostered and shaped the leadership that has characterised the Group's successful past and present.

As today's employees of the MEGGLE Group, we continue to translate the MEGGLE family spirit into the contemporary concepts of our MEGGLE Group culture. As in the past, we are convinced that people make all the difference when it comes to overcoming challenges, and that our solid culture will give us the strength to find successful ways forward.



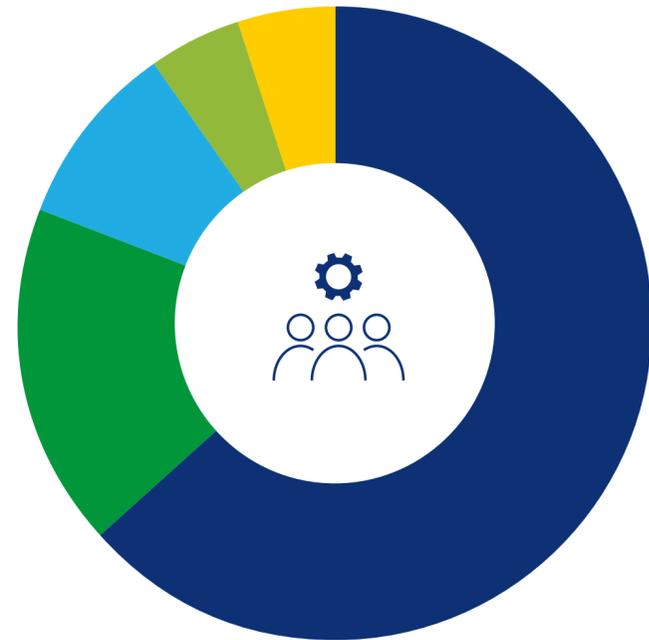
Toni Meggle, chairman of the Toni Meggle Foundation:

Our most important asset is not on the balance sheet. Instead, it's our employees, whose great loyalty makes a commendable contribution.



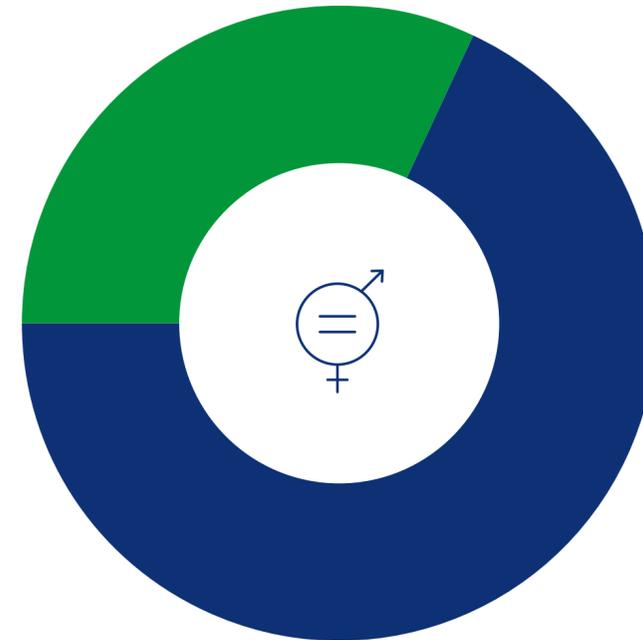
EMPLOYEE STRUCTURE 2022*

Employees by region



● Germany	1,572
● Slovakia	438
● Bosnia-Herzegovina	231
● Serbia	120
● Other	119
Total employees	2,480

Employees by gender



● Men	1,681
● Women	799
Total employees	2,480

Turnover rate

12.0%



Joining rate

11.6%



* Headcounts. Not included: apprentices, inactive employees, freelancers, marginally employed persons etc.



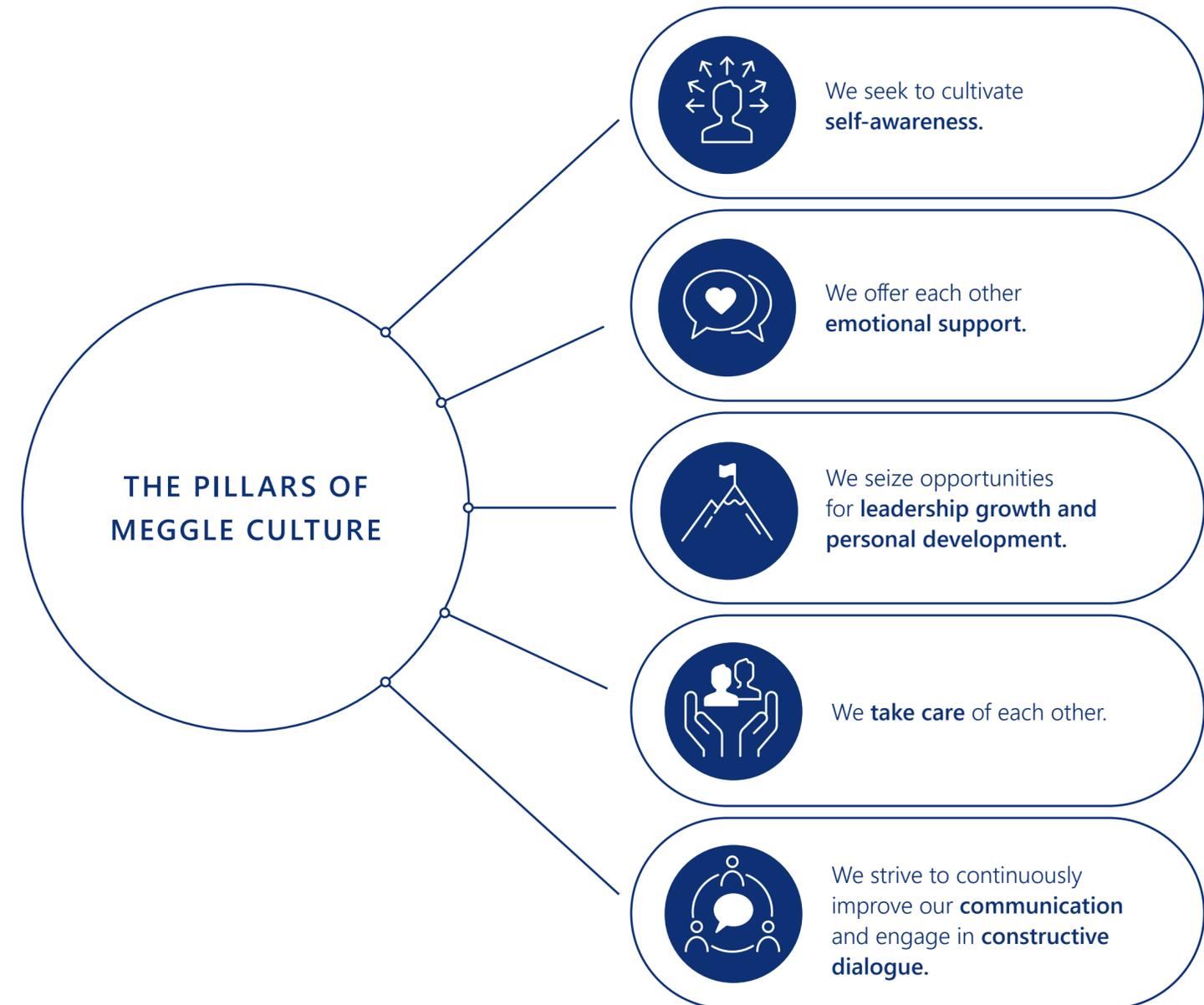
OUR CULTURE

We are proud to be part of the unique and successful history of the MEGGLE Group and to be actively involved in shaping its future. We enjoy contributing to the company's performance and growth. It goes without saying that we treat each other with respect and equality in our daily work. Fair play, MEGGLE team spirit and goal orientation characterise our attitude. We value fair remuneration. Trust as a leadership principle strengthens our attitude towards creative contributions.

Team spirit based on honesty and trust

Being part of Team MEGGLE means feeling like a member of a strong community. Honesty and trust characterise the attitude of MEGGLE employees, regardless of their position within the organisation. We welcome new colleagues on board. We value social and personal diversity and recognise that diversity makes us richer in ideas and more open to global business. We rely on individuals who have the courage to propose new ideas for improvement. For us, leadership means leading by example. It also means that the mistakes we make must serve to encourage us to learn and improve for the future.

No incidents of discrimination have been reported to our Equal Opportunity Officer in recent years nor have any cases been registered on our whistleblower platform (see ↗ [BUSINESS PRACTICES](#)).



Communication and dialogue

We consider communication to be of paramount importance, and expect all stakeholders to listen to each other's concerns and issues and actively seek feedback to improve wherever possible. This is done through a variety of channels, including one-to-one meetings, structured annual performance reviews and transparent employee surveys. We also value having employee representatives who are close to the workforce, helping to communicate and represent employee interests. As part of our long-established communication structure, we are particularly proud of our improvement councils, where employees submit their ideas and are rewarded with attractive bonus schemes.

OUR STRATEGIC ACTION FIELDS

Diversity and equal opportunities

- Promoting our employees regardless of their age, gender or ethnicity with a commitment to eliminating any form of discrimination within our company.
- Embracing social and individual diversity.
- Encouraging women to progress in traditionally male roles, such as production management.

Attractive working conditions

- Investing in automation to facilitate work and make it more attractive.
- Offering flexible, employee-specific job designs and working conditions, taking into account individual life situations, ages and business needs.

Communication, values and a modern working environment

- Promoting groupwide communication and exchange.
- Supporting our digital transformation with modern working initiatives.
- Making our corporate values tangible and involving our employees in ongoing change processes.
- Engaging in employer branding measures.

Employer branding – communicating our strengths

- Investing in a new CCI (Communications, Culture and Integration) department with the key tasks of networking and identifying potential, both internally and externally.
- Conducting employee surveys to identify areas for improvement and implement further improvement measures.

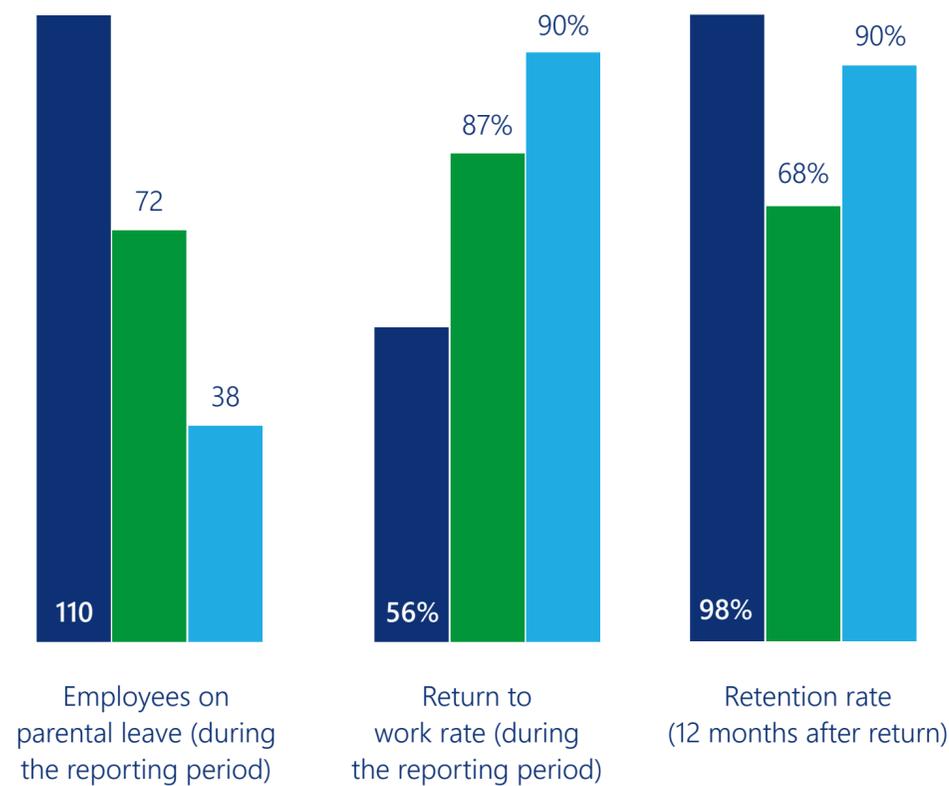
Promoting digitalisation

- Investing in digitalisation in all areas of our operations to achieve high efficiency potential and digital flexibility as a competitive factor.
- Investing in training to support digitalisation.



PARENTAL LEAVE 2022

- Total
- Women
- Men



Employee survey

In October 2022, a comprehensive online employee survey was carried out at our three German MEGGLE sites (Altusried/Kempton, Gebesee and Wasserburg) in collaboration with the service provider Great Place to Work (GPTW). The aim of the survey was to promote the development of a modern and appreciative corporate culture and to create a contemporary working environment.

A relatively high participation rate of 65% showed that the survey was well received by the workforce. It also serves as an indicator of the openness and willingness of our employees to communicate with each other.

The survey achieved an agreement rate of 51%, i.e. more than half of the respondents agreed with all the statements in the survey. Compared to other companies in the industry that have carried out the standardised survey, MEGGLE Germany was rated as "good".

The results were communicated via the respective managers. We identified fields of action for 2023 and prioritised them in detail. We then set up various cross-departmental working groups to implement the action areas.

In future, we will conduct the survey every three years. In the medium term, we also plan to include all our production sites in this standardised survey.

Strengthening and nurturing our corporate culture

Our new Group-level Communications, Culture and Integration function (CCI) focuses on communications, our online presence and our culture, as well as employer branding and internal and external stakeholder relationship management.

The unit's remit includes the ongoing dynamic development of a modern MEGGLE corporate culture that builds on the company's roots and traditions and also prepares us for sustainable future growth and development.





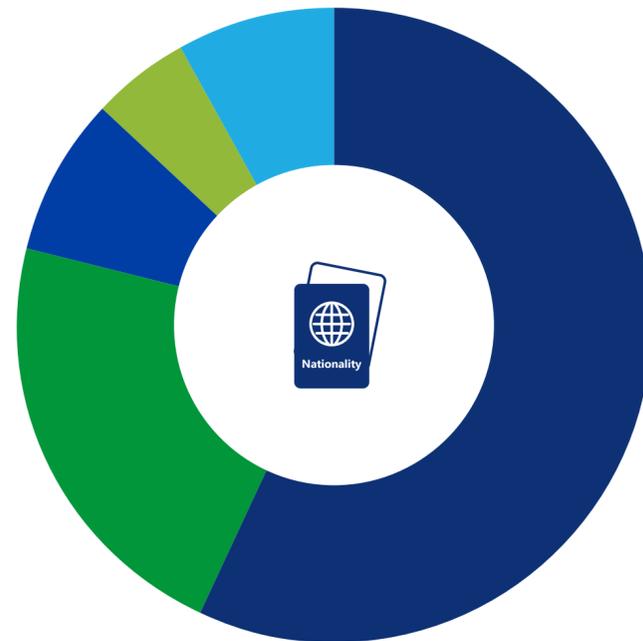
Industrial mechanics team at MEGGLE Wasserburg

Historically, women have been under-represented in technical professions and shift work in Western Germany. At MEGGLE, we try to encourage women to work in these professions.

MEGGLE Wasserburg regularly takes part in the nationwide Girls' Day. Here, girls can get a taste of what it is like to be an electronics technician.

DIVERSITY OF OUR WORKFORCE

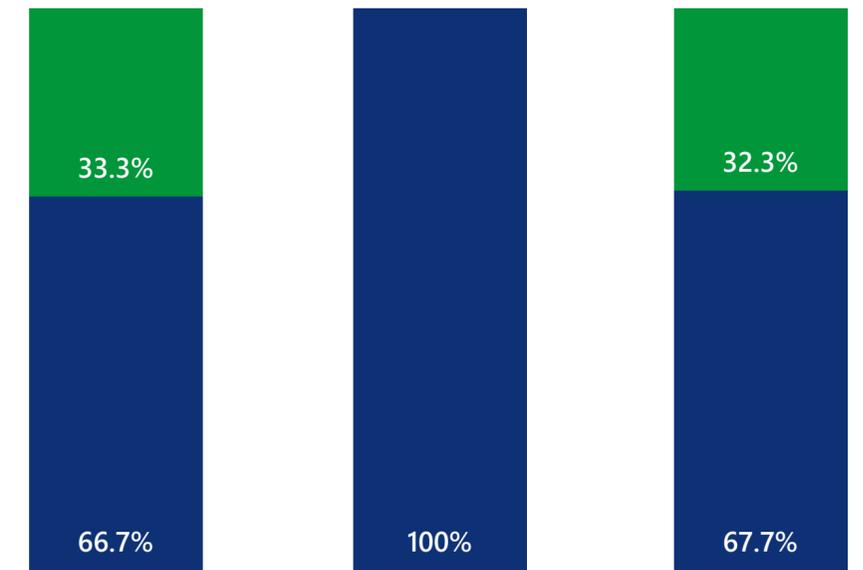
In 2022, 34 nationalities worked together in the MEGGLE Group.



- German 57%
- Slovak 22%
- Bosnian-Herzegovinian 8%
- Turkish 5%
- Other 8%

MEGGLE MANAGEMENT BY GENDER 2022

- Men
- Women



Foundation Board

Executive Board

Senior Management



FAIR WORKING CONDITIONS & REMUNERATION

Employee representation

We firmly believe that employee representatives play an important role in the social balance of interests. MEGGLE fully respects the employees' rights to freedom of association and collective bargaining. These rights are practiced in accordance with national law and the employees' decision.

The German and Slovakian sites have statutory works councils or employee representatives. Since 2022, all our German production sites have had an elected works council. Employees and their representatives are informed as soon as possible of any significant operational changes that may affect them.

Notice periods and provisions for consultation and negotiation with employees are not required by our organisation's collective bargaining agreements or national labour law. There are no current plans to introduce notice periods for collective bargaining agreements and employee participation.

Remuneration

In accordance with German labour law, the works council is involved in all matters relating to remuneration policy. For our non-German production sites, remuneration is based on national labour law and the Group benchmark. Overall, our working conditions and remuneration policies are governed by law, collective agreements or individual contracts:

- We guarantee remuneration in line with industry standards.
- Agreed salaries are at least the local minimum wage.
- Pay equity at all levels of management is based on collective bargaining, local pay systems or individual contracts.
- All our production sites, with the exception of MEGGLE Bakery in Germany and MEGGLE Serbia, have a collective agreement for their employees.

At MEGGLE Bakery, production assistants are paid the minimum wage. MEGGLE Serbia pays some of its employees a minimum monthly gross salary in accordance with legal requirements and above the minimum gross salary prescribed in the Republic of Serbia. No other production site in our organisation has a significant proportion of employees who are paid the minimum wage. Overall, around 19% of all MEGGLE employees are paid the minimum wage.

- The remuneration process for each site is clearly communicated to all employees in their contracts.
- Targets for performance-related pay are set in a top-down process. This process is determined by pay categories based on collective agreements, irrespective of gender, and by market comparisons and the profitability of the company.
- Additionally, pay categories are defined by collective bargaining agreement.

Collective bargaining agreements cover 72% of all employees at our production sites MEGGLE Wasserburg, MEGGLE Cheese, RAJO Slovakia, MEGGLE Bosnia-Herzegovina.

For the Board of Executive Directors and senior executives, we offer the following types of remuneration:

- Performance-related pay based on annual results
- Bonus payments
- Retirement benefits
- A company car
- Accident insurance



Fringe benefits

In addition, MEGGLE offers a range of location-specific fringe benefits. These include support for pension funds, company-subsidised canteen meals, company bicycles, free health checks and sports programmes, corporate benefits, shopping platforms, bonuses for improvement suggestions and social campaigns for employees.

Statutory pensions and other pension schemes

MEGGLE meets all local statutory pension requirements for all its employees. Beyond these legal obligations, MEGGLE provides locally adapted additional pension benefits. Asset allocation and the development of obligations are regularly monitored. MEGGLE takes all necessary precautions to ensure that the commitments can be met.

Seasonal and temporary workers

During the barbecue season, MEGGLE Bakery directly employs up to 40% of seasonal workers on a temporary basis. Since MEGGLE became the sole owner of MEGGLE Bakery, steps have been taken to reduce the number of seasonal workers with a special programme. If temporary employment agencies are used, the framework is strictly regulated in contracts and by local law. We also create opportunities for those who want to stay and perform.

OUR STRATEGIC ACTION FIELD

Seasonal variations in labour demand

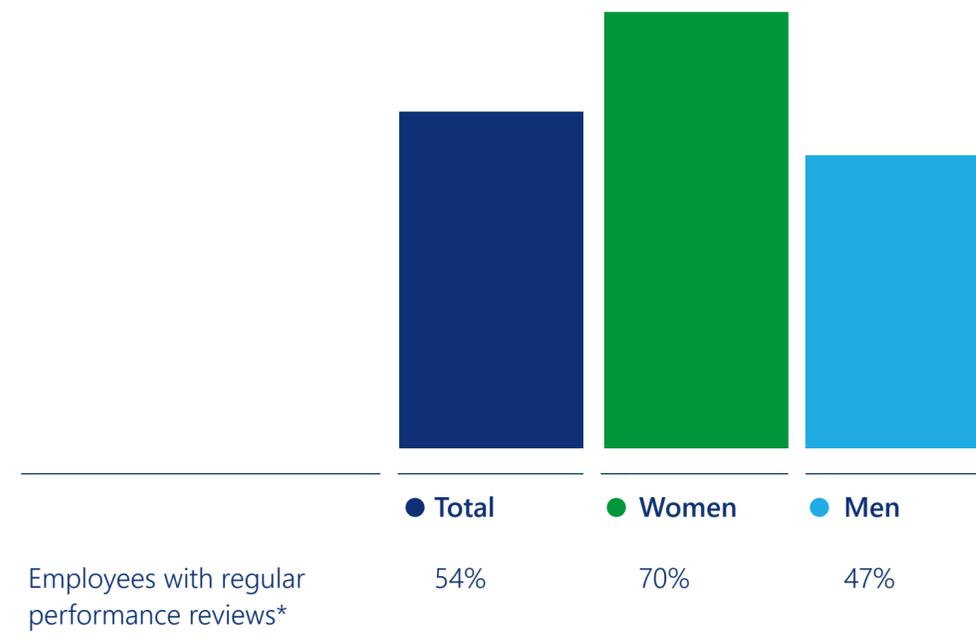
- Improving business models that are stressed by high seasonal variations in demand, which significantly impacts the number of employees needed.



PERFORMANCE REVIEW

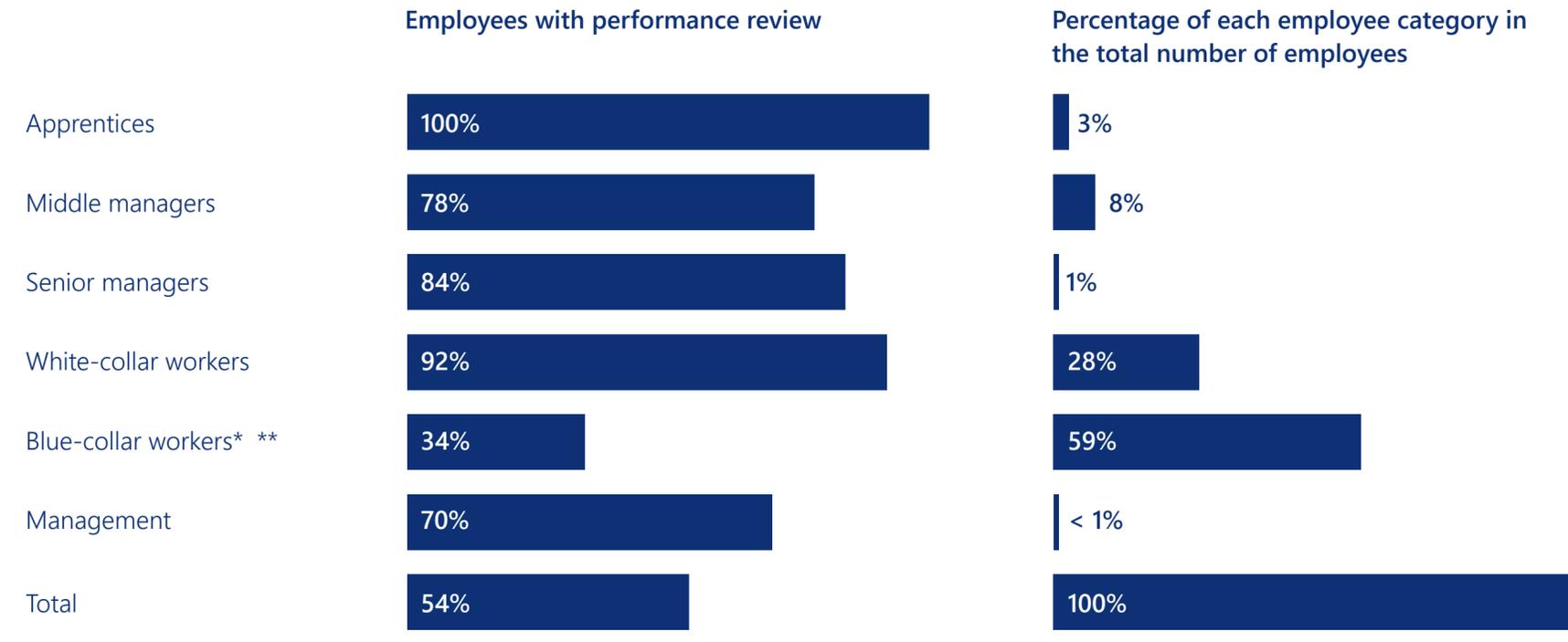
We value performance, which is why we have a structured performance review process. For apprentices, this process is a defined part of their training programme. In addition to our formalised annual review approach, we have an ongoing operational performance review with our employees, which we see as an important part of expressing our appreciation and enabling continuous learning and improvement.

Performance review by gender 2022



* Not including seasonal workers

Performance review by level 2022



** Our production staff (blue-collar workers) actively take part in lifelong learning, but their field of activity does not require an annual performance review. However, the relevant supervisors are in close contact with colleagues, so that development rounds take place when needed (initiated either by the supervisors or the blue-collar worker).



Mergers, acquisitions and closures

During the period under review, the MEGGLE Group acquired two sites, sold one site and closed one site. We are aware that these changes can cause considerable anxiety for individual employees. We have therefore endeavoured to negotiate these changes in consultation with employee representatives. For new sites in the Group, we have developed an induction strategy that includes not only technical and organisational on-boarding, but also integration into the MEGGLE culture.

Mergers

- **MEGGLE Cheese (2021):** 100% acquisition of Stegmann Emmentaler Käseereien GmbH. Due to the acquisition, the general management, marketing and sales were dismissed for operational reasons with severance pay. An integration programme for the team was implemented and the company was renamed.
- **MEGGLE Bakery (2020):** Increase of 49% stake in M-Back GmbH to 100%. A new general management team was appointed and the company was renamed.

Sale

- **MEGGLE Croatia:** The MEGGLE production facility in Croatia was sold. Social programmes and severance packages were provided for the employees.

Closure

- **MEGGLE Bulgaria:** The MEGGLE production plant in Bulgaria was closed. Social programmes and severance payments were provided for the employees.

We are committed to continuing our successful approach to business strategy, taking into account the various impacts of changes in ownership on employees.



Production site MEGGLE Cheese in Altusried, Germany



Production site MEGGLE Bakery in Gebesee, Germany

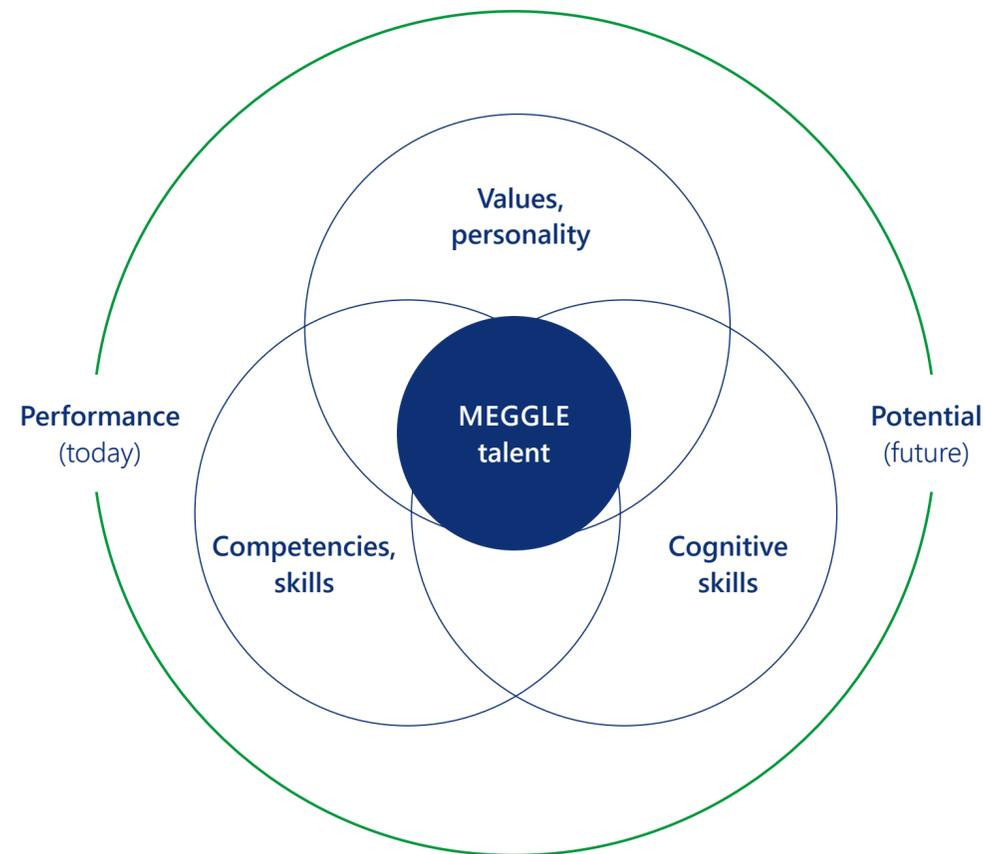


DEVELOPMENT OPPORTUNITIES

Individual and strengths-based personnel development and career management is an integral part of our corporate policy. We want new colleagues to grow with MEGGLE, and this begins with a structured, supervised onboarding and mentoring programme. At MEGGLE, the ambition to progress and contribute to our performance, to gain experience and to take advantage of the opportunities offered are the cornerstones of personal development. We are proud to have highly qualified employees who are motivated to take on new challenges and who put their heart and soul into MEGGLE – all of them contribute to MEGGLE's success with their knowledge and expertise.

The increasingly rapid cycles of knowledge obsolescence, technological change and the advance of digitalisation, as well as constantly changing global influences, require us to be permanently flexible, adaptable and willing to learn in order to keep up MEGGLE's high performance. Our personnel development and structured career management play a key role in maintaining and improving skills and performance.

MEGGLE TALENT MANAGEMENT APPROACH



Identifying talent is part of leadership responsibility, followed by designing individual talent programmes based on performance in terms of professional expertise, skills and knowledge, cognitive ability, soft skills, values and personality.

OUR STRATEGIC ACTION FIELDS

Training and development

- Developing the professional and personal qualifications, skills and performance of our people, regardless of their role in the business, through a wide range of learning programmes.
- Designing individual career paths according to operational opportunities.
- Investing in training and apprenticeship programmes.
- Improving market knowhow and carrying out market research.

Talent management

- Identifying talent within our organisation that shares our values and culture as a cornerstone of our long-term success.

Mitigating the shortage of skilled labour

- Achieving independence from external labour markets.
- Enabling more women to be promoted, including by making it easier to reconcile work and family life.



TRAINING HOURS 2022

During the pandemic, classroom training was severely restricted for safety reasons. To maintain our high level of training, we developed online training formats, which are now an important and flexible tool for training where face-to-face interaction is considered secondary.

Average number of education and training hours*



- Average number of training hours per employee 10
- Average number of training hours for women 11
- Average number of training hours for men 10

27,679

Total number of training hours



* Including seasonal workers, temporary employees and interns

Apprenticeships and internships

MEGGLE has a long tradition of investing in young professionals who complete their dual study programme in our company. All German sites train young people to become qualified technical and administrative specialists.

In 2022 and 2023, MEGGLE Wasserburg was once again awarded the TOP 25 employer for interns by [FOODJOBS.DE](#). This was the ninth time that foodjobs.de carried out a study about internships. Interns at MEGGLE appreciate the positive working atmosphere and the responsible tasks they are given.



The successful completion of vocational training and dual study programmes is honoured with a certification ceremony at the Wasserburg site in Germany.



HEALTH & SAFETY

Health and safety is a high priority in our organisation. Management systems are in place in accordance with DIN ISO 45001:2018 or similar standards.

Systematic risk assessments are carried out at all production sites for various activities, operating materials and hazardous substances. The assessment of exposure to psychological factors, such as mental stress, is also an important component. We derive appropriate measures from these assessments and implement them at all production sites.

We are constantly striving to improve our health and safety management and our prevention regulations. It is very important to us that everyone at MEGGLE be able to return home to their families in good health after a day's work and remain healthy for many years to come. At the same time, we are aware that rules are not the only thing that contribute to this; each individual is also responsible for their own health and that of their colleagues.

MEGGLE has installed a system for handling and reporting work-related hazards and dangerous situations at all production sites. Accidents at work and on the way to work are reported to line managers and the Health and Safety Officer. Accidents are discussed and analysed with injured employees, eyewitnesses and supervisors. The Health and Safety Officer is responsible for preparing accident reports to external authorities and collecting internal performance indicators for accident statistics.

We strongly advise employees to remove themselves from work situations that they believe could cause injury or illness. All employees at our production sites are covered by the existing health and safety management systems and insurance policies.

At MEGGLE, the pandemic-related protective measures were in effect until the end of 2022 for in-person meetings of groups of employees. During the pandemic, our "Managing families in special times" programme was offered for families at all MEGGLE sites in Germany. It entailed live online workshops and personal coaching.

The "Healthy Leadership" management series was established in 2002 as an offer for managers at all MEGGLE locations in Germany, with a different focus each year.

OUR STRATEGIC ACTION FIELD

Health and safety

- Operating preventive health and work safety programmes which are overseen by the Senior Management and supported by ongoing training and inspection schemes



Team MEGGLE Cheese took part in the Allgäu charity run for the first time (Germany).



ACCIDENTS AND OCCUPATIONAL DISEASES 2022*

Accident frequency rate per 1,000,000 hours
> 3 days lost

16.3



Days lost due to sickness

36,929



Number of fatalities and fatal accidents

0



of which due to occupational diseases

0

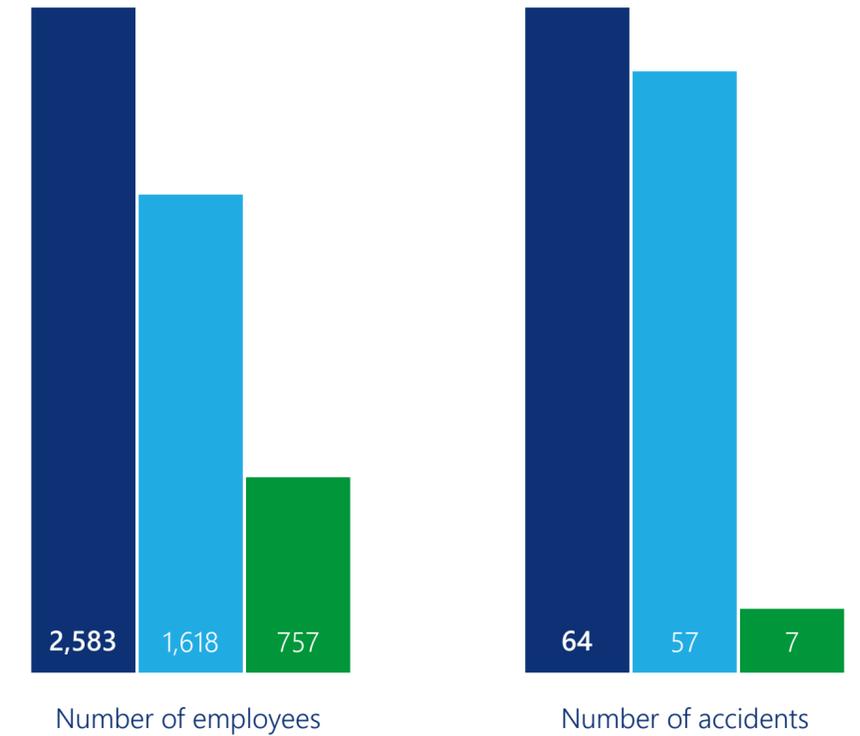


of which due to recordable accidents
> 3 days lost

867



Recordable accidents 2022 > 3 days lost



- Total
- Men
- Women

* Excluding field staff and other employees working for MEGGLE Ingredients International



Health and safety training, consultation and communication

At the organisational level, we have health and safety committees in Wasserburg, Gebesee, Altusried, Bratislava and an external partner for our production site in Kragujevac. These committees meet once a quarter and consult regularly with their respective representatives.

Employees receive regular health and safety training, including emergency management. Health and safety officers and first aiders receive extensive additional training in occupational health and safety (OHS).

Relevant OHS information is communicated through the health and safety officers, the works council, the intranet and other technical channels, as well as the notice board.

Company doctors may be consulted for a thorough examination or consultation.

Accident rate: 2025 target and status quo

MEGGLE Wasserburg's 2025 target, as communicated in the 2018/2019 sustainability report, is to reduce the accident frequency rate per 1,000,000 working hours by 25% to 17.3, compared with the 2018 baseline accident frequency rate of 23.1. The rate of reportable accidents includes those accidents that result in three or more days of absence.

We are still well below our target performance. In 2022, there were 21.8 reportable work accidents per million working hours worked at our Wasserburg site. The Group accident frequency rate for all sites was 16.3.

We have significantly improved our system, implemented a large number of measures and improved training. Thanks to our health and safety management and our commitment, we have not had a fatal accident.

MEGGLE HEALTH PERFORMANCE COMPARED TO THE GERMAN AVERAGE

Illness rate (days lost per employee)



Accident rate per 1,000 FTE (> 3 days lost)



* German Statutory Accident Insurance (DGUV)

** German Employers' Liability Insurance Association for the Food and Catering Industry (BGN)



CHALLENGES

Irrespective of the strength of our people and the deep roots of our culture, the MEGGLE Group, like many other companies, must prepare itself for the challenges emerging in the labour market:

- Demographic developments are already leading to **labour shortages**, which will become even more acute in the future.
- In Eastern Europe, there is also **pressure to migrate** to Western Europe, leading to a shortage of skilled workers in the local labour markets.
- Certain **working conditions, such as shift work**, which is essential for many food and dairy production lines, are no longer attractive to many employees.
- **Business dynamics**, such as seasonal food products and changing customer needs in all areas of our business, require far greater flexibility and continuous learning.
- **New technologies**, including **AI and digitalisation**, are completely changing the world of work around us. Digitalised work requires new skills, methods and ultimately a new mindset from both employers and employees – with a profound impact on the way that work is done.
- In today's workplace, up to five **generations** work together. These generations bring with them very different views of life, needs, goals and values, and a concerted effort must be made to develop a common and mutual understanding. For this reason, intergenerational collaboration is both a challenge and an opportunity for employers.

OUR STRATEGIC ACTION FIELD

Labour shortages and an increasingly dynamic business environment

Labour shortages and a rapidly changing business environment pose one of the greatest challenges for the future of our business. It requires us to invest, adapt and evolve in many areas of our operations and culture. Many of the above action areas relate to this issue, including:

- Employer branding, identifying potential, conducting surveys
- Attracting and developing talent within our organisation
- Providing training and development opportunities at all levels of the organisation
- Embracing diversity, creating equal opportunities and promoting women
- Offering attractive, flexible working conditions and reducing workloads through automation
- Continuously improving health and safety policies and programmes
- Promoting new work initiatives, digitalisation and dialogue
- Managing seasonal fluctuations in demand for employees
- Informing employees about mergers, acquisitions and closures and helping them deal with the resulting changes and implications



BUSINESS PRACTICES



CLEAR GOVERNANCE & COMPLIANCE AS BUSINESS PRINCIPLES

Ethical demands on the way we do business, compliance, fairness, respect and honesty are core values for MEGGLE. These are codified in our compliance policy, our Code of Conduct, our Supplier Code of Conduct and our corporate policy. The latter explicitly states that compliance with applicable laws, regulatory standards, codes of conduct and contractual obligations is fundamental to the way we do business. Professional and personal competence, clear objectives and rules for ethical principles and compliance characterise our business conduct.

Governance

Our highest governance body is our Board of Executive Directors. It consists of our CEO, Matthias Oettel, who is also Managing Director of our Business Division Consumer Products, our COO, Marcus Hormuth, who is also Managing Director of our Business Division Ingredients, and our CFO, Henning Dehler, who is responsible for Finance and IT. The Executive Board makes all decisions relating to economic, environmental and social impacts.

The Board of the Toni Meggle Foundation is responsible for deciding on the appointment and dismissal of each of the Executive Directors and for approving their individual remuneration.

In addition, the Foundation Board sets the framework that governs the Board of Executive Directors in accordance with the agreed MEGGLE bylaws, which apply to the entire MEGGLE Group, and the general provisions stated in the German Commercial Code.



Board of Executive Directors of the MEGGLE Group (left to right): Marcus Hormuth (COO), Matthias Oettel (CEO), Henning Dehler (CFO).



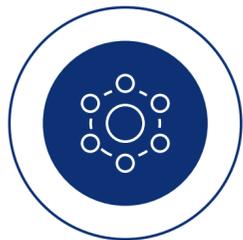


Ethics and integrity

Competitiveness based on innovation, quality, reliability and fairness is the foundation of our business success. Compliance with applicable laws, regulatory standards and contractual rules forms the basis of our compliance policy. However, we believe that in addition to a clear organisational framework to support these principles, we need an ethical attitude from each of our employees along with honest leadership.

Lobbying activities through associations or on behalf of MEGGLE are based on applicable law, sound arguments and social responsibility. Marketing is carried out in accordance with the applicable laws, but also with responsibility and respect for the consumer.

We also pass on our compliance requirements to our business partners. In the year under review, MEGGLE donated 5,000 euros to a political party, the Christian Social Union party (CSU), in Bavaria, Germany.



As a new measure, MEGGLE has integrated the new Communication, Culture and Integration department (CCI) into its cross-functional role in order to further strengthen and cultivate our corporate culture across all legal entities of the MEGGLE Group (see [page 94](#)).



COMPLIANCE MANAGEMENT & DUE DILIGENCE

Responsibility for compliance matters is clearly assigned and embedded in our organisational structure. Compliance risks are regularly assessed, potential issues and deviations are investigated and are dealt with consistently in accordance with the established framework and the law. Audits and training sessions are conducted in all legal entities of the MEGGLE Group. A comprehensive compliance report is submitted to the Board of Executive Directors at least once per year.

The consolidated financial statements of the MEGGLE Group are audited by external Big Four auditing firms. If any incident of unethical behaviour be identified, it will also be followed up by the Compliance and Risk Management department or our external auditors.

MEGGLE has established an internal and external whistleblower system to learn about potential integrity issues and to provide information on policies or to take action to remediate ethical or business issues. Concerns can be raised through various communication channels. For example, a whistleblower system, in accordance with (EU) Directive 2019/1937 on the protection of persons who report breaches of EU law, and an anonymous operated by an external expert partner, are available for communicating potential compliance violations. Grievances can be submitted through the various channels. Complaints are handled directly by the Compliance Officer and responded to within the mandatory timeframe.

The processes for communicating critical concerns to the highest governance body are as follows:

- Employees
 - directly to the Board of Executive Directors
 - via their supervisors
 - via line managers
 - via the works council
 - via the Equal Opportunities Officer
 - via the Compliance Officer
 - via the installed whistleblower system
 - via the MEGGLE suggestion scheme
- via the GRC report (Governance, Risk and Compliance)

Our employees are trained in compliance issues, including antitrust rules and the general code of conduct.

The MEGGLE Group is consciously preparing for significantly increased legal obligations in the context of sustainability:

- The requirements for the implementation of the European CSRD reporting obligations have been intensively analysed and preparations – including timelines, responsibilities and resources – have been made.
- To meet the requirements of the German Supply Chain Due Diligence Act, a due diligence assessment system for human rights and environmental aspects for suppliers has been developed for our German sites. Reporting to the relevant authorities will be required for the first time in 2024. An evaluation team is being set up and will consist of our Risk and Compliance Officer, our Sustainability Manager and our Heads of Purchasing.

Our employees receive ongoing training on customer data protection. Moreover, we have reviewed our business practices for compliance with applicable data protection regulations.

In the years 2019 to 2022, we registered two cases related to data protection and IT security. There were no substantiated complaints from any external parties or authorities. We registered one case of data theft and one case of an external cyber attack at MEGGLE Serbia, which was reported to the relevant authorities. Measures have been taken to prevent further incidents.



ANTI-CORRUPTION & ANTI-COMPETITIVE PRACTICES

In 2009, we implemented a Group-wide anti-corruption policy in accordance with the MEGGLE Group Code of Conduct, which was revised in 2022.

At MEGGLE Wasserburg, the Code of Conduct is part of an official works council agreement. The Risk Management and Compliance department is responsible for assessing all risks relating to anti-corruption and competition law. Significant risks are discussed with, and reported to, the Board of Executive Directors in a semi-annual risk report.

There were no incidents of corruption in our organisation during the reporting period. During the period, our organisation was involved in one legal proceeding for possible violation of antitrust laws. The Slovakian antitrust authority imposed a fine on our subsidiary RAJO Slovakia for suspected involvement in anti-competitive behaviour, which was successfully dismissed by the court in 2022 without any payment having to be made.



SUSTAINABILITY – AN IMPORTANT MANAGEMENT TASK

The Board of Executive Directors is actively involved in assessing the impact of sustainability on the future performance of the MEGGLE Group (for more information on sustainability roles and responsibilities at MEGGLE, see [page 10](#), and [page 11](#)).

Sustainability plays an important role in the future viability of MEGGLE. For this reason, the Board of Executive Directors is actively involved in a wide range of relevant sustainability issues and promotes sustainability within the organisation, where there is a significant exchange of sustainability knowledge, experience and impact on the business. The Board's activities include:

- Policy approval
- Setting the sustainability strategy
- Assessing sustainability risks and mitigation measures
- Making investment decisions taking into account sustainability impacts
- Sustainability compliance and preparation for emerging new requirements such as the CSRD
- Sustainability reporting

Sustainability investments

The MEGGLE Group's vision for the next decade clearly includes the need for significant investment in sustainability-related issues. We are aware that sustainability performance will be an important criterion for credit-worthiness in future.

Climate, energy and carbon emissions:

- transition concept to non-fossil
- energy for our major energy consuming technologies and lines



Automation to reduce labour constraints



Water treatment and recycling



Sustainability costs

In addition to increasing our investment in sustainability, we are facing significantly higher costs in the following areas:

Energy, due to the German and European energy transition



Agricultural commodities



Managing and complying with increasingly complex European sustainability legislation, such as the CSRD



INVESTING IN SUSTAINABILITY – OUR COMPREHENSIVE EFFORTS

	Action fields	Measures
Environmental see	Climate	
	Scope 1	Advice on our technical options for the transformation of Scope 1 emissions at our powder manufacturing site in Wasserburg Exploration of technical options and design of a transition concept Preparation for hydrogen technology , including a hydrogen network joint venture
	Scopes 1 + 2	Investigation of, and decision on, investments in energy saving projects Exploration of, and investment decision on, alternatives to fossil fuels (solar plants, biogas plant)
	Scope 3	Increase of primary data assessment of our climate impact from Scope 3 emissions <ul style="list-style-type: none"> • from dairy raw materials • from other materials and Scope 3 categories
	Water	
		Design of, and investment decision on, additional water treatment capacity at Wasserburg related to future production lines Technical exploration of water reuse and water recycling options
	Packaging materials	Intensive evaluation of and investment decision on packaging equipment required due to necessary changes in packaging materials for better recyclability

	Action fields	Measures
Social see	Employees	
		Strategic decision to establish a Corporate Culture and Integration department (CCI) to manage corporate communication and corporate culture across all sites Intensive examination of the anticipated future demographic labour shortages and evaluation of technical countermeasures, resulting in a focus on investments in automation , especially at sites with high manual labour
	Agricultural raw material	Intensive assessment and strategic mitigation of potential impact of political and societal criticism of farmers regarding sustainability issues, including climate, animal welfare and water
Governance see	Governance	
		Installation of a project plan and resources in preparation for the CSRD



BUSINESS PERFORMANCE

In 2022, the MEGGLE Group generated consolidated turnover of almost 1.5 billion euros. Our equity ratio is 50.6%. In an increasingly volatile global dairy market, the MEGGLE Group is in a sound economic and strong financial position. At the same time, we make a conscious contribution to the prosperity, stability and well-being of the societies in which we operate, through the direct and indirect taxes we pay, the jobs we create and the revenues of our partners in the value chain.

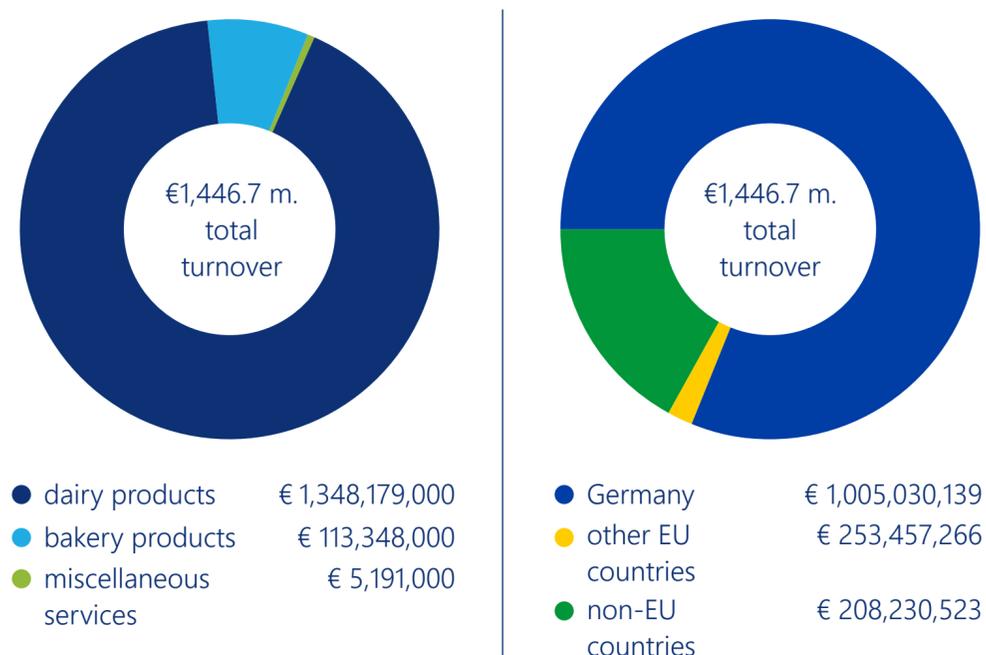
Our sound economic base is an indispensable prerequisite for dealing with the numerous economically significant sustainability challenges that lie ahead. We are well aware that most of the identified sustainability investments could affect our competitive position, particularly in markets outside Europe. As MEGGLE exports a significant proportion of its sales, mainly powder products, we face the challenge of remaining competitive in markets with significantly lower energy costs.

A significant part of our economic output is generated in Germany. A further breakdown by country is therefore not provided. In the year under review, our production sites received various forms of financial support from governments totalling approximately 7 million euros. None of the companies consolidated in the MEGGLE Group is a shareholder of any government organisation.

ECONOMIC PERFORMANCE 2022*

Turnover	€1,466,717,928
Equity	€335,736,121
Debt capital	€327,240,963
Taxes on income and earnings and other taxes	€33,922,221

MEGGLE GROUP SALES VOLUME 2022*



* Audited and approved consolidated financial statements of MEGGLE Group GmbH for the year ending 31 December and additional analyses of the management accounts of the companies of the MEGGLE Group.

Taxes

The MEGGLE Group's tax strategy is fully tax compliant in the relevant national tax jurisdictions. Our strategy does not focus on tax minimisation or optimisation and is not linked to the organisation's business and sustainable development strategies. The CFO is responsible for compliance with our tax strategy. The strategy is embedded in the organisation through strategic control by the CFO and the following departments: Accounting, Finance, Risk Management and Compliance.

Tax risks, including risk identification, management and monitoring, are integrated into the Group's risk management and compliance processes. An annual Group-wide tax risk assessment is performed within the Compliance and Risk functions.

Compliance with the tax governance and control framework is assessed through our internal control system. A general whistleblower system is in place for reporting any tax or compliance issues. The assurance process for tax disclosures is part of the organisation's Group reporting package.

The organisation adopts a cooperative approach with the tax authorities. We conduct tax audits on a regular basis. In addition, we evaluate all significant tax issues and comply with applicable tax laws. Issues that are unclear or that could lead to tax disputes are discussed transparently with



REGIONAL IMPACTS

the national tax authorities. Our business partners require full compliance with all tax laws through their own codes of conduct. In addition, our shareholder requires full compliance with all tax laws. External stakeholders can report concerns about non-compliance through the Group-wide whistleblower system.

The MEGGLE Group, as a multi-national entity (MNE), has submitted the Country-by-Country Reporting (CbCR) for all previous years including 2022 to the national tax authorities on time. Our respective subsidiaries, which are included in the CbCR, are exempted from publishing a separate CbCR to the national tax authorities in their respective countries. The MEGGLE Group reports the entire CbCR file to the respective entities.

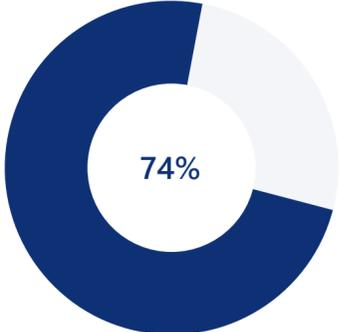
Five of our production sites are dairy companies with local sourcing of raw milk and significant sourcing of liquid dairy ingredients such as whey or cream. MEGGLE has been closely linked to the regions in which our production sites are located. We support and benefit from healthy regional development through competent business partners and suppliers, and by recruiting well-qualified employees. MEGGLE also has a strong tradition of regional social commitment at all its production sites. Donations are made to both cultural and social causes (see also [page 100](#)).

Management positions in our organisation are filled with people from the local community. At our main operations, 50 out of 60 first-line managers are from the local community. This is a proportion of 83%. In our organisation, we define and use the term "local" as a geographic radius of 50 km.

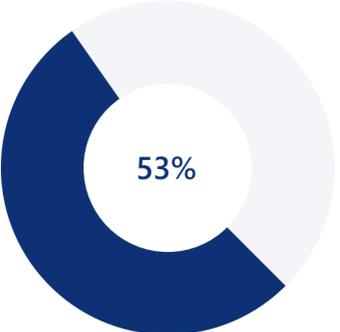
Local sourcing

We have no current plans to adopt a policy that specifically favours local suppliers within the Group. Although there is no official policy, we have a high percentage of locally based suppliers (see next page). We define a Group-external supplier as "local" if the counterparty to whom we pay is located in the same country as the buyer (MEGGLE company). The gross value of material costs has been analysed for the evaluation.

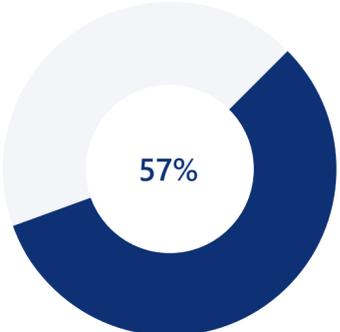
PROPORTION OF THE PROCUREMENT BUDGET SPENT ON LOCAL SUPPLIERS:



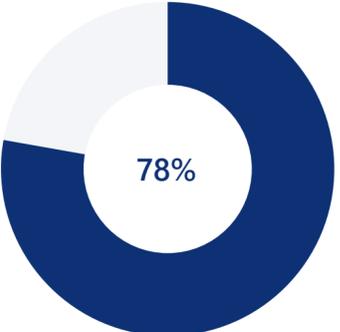
Germany



Slovakia



Bosnia-Herzegovina



Serbia



INDIRECT ECONOMIC IMPACTS

	Impact	Type of impact	Significance	Description
	Significant regional employer	positive	high	Supporting the region with strong purchasing power through living wages paid to employees
	Major regional employer of qualified apprentices, working students and interns	positive	high	Providing young people with excellent opportunities for high quality education, on-the-job training and a promising career perspectives
	Payment of corporate and local tax	positive	high	Local taxes support local communities with funds to finance government projects and educational needs Implementing infrastructure projects, benefitting the entire community
	Business partners, dairy farmers and regional suppliers of our dairy sites	positive	high	Regional procurement of raw milk from dairy farmers, raw material suppliers, service providers



KEY FIGURES

09

ENVIRONMENTAL

		Unit	2022	Comment
MATERIALS				
Renewable	Milk-based materials	t	1,145,733.42	
	Fats and oils	t	18,926.01	
	Herbs and spices	t	3,938.25	
	Baking ingredients	t	25,868.99	
	Further ingredients (fruit, vegetables etc.)	t	1,667.35	
	Further ingredients (additives, emulsifiers, glucor, sugar, chemicals/gases etc.)	t	28,496.09	
	Packaging	t	18,313.19	
	Cleaning agents	t	4,094.69	
	Total renewable	t	1,247,037.99	
Non-renewable	Packaging	t	12,222.51	
	Auxiliary materials (activated charcoal, blancobent etc.)	t	1,579.50	
	Total non-renewable	t	13,802.02	
Total	Renewable and non-renewable	t	1,260,840.01	
	Food ingredients	t	1,224,630	



		Unit	2022	Comment
DIRECT ENERGY CONSUMPTION				
Renewable energy sources	–	MWh	–	
Non-renewable energy sources	Fuel oil	MWh	21,529.00	
	Natural gas	MWh	538,370.77	
	Diesel	MWh	2,039.69	
	Propane	MWh	41.20	
	Total	MWh	561,980.66	
INDIRECT ENERGY CONSUMPTION				
Renewable energy sources	Electricity	MWh	24,023	
	District heating	MWh	35	
Non-renewable energy sources	Electricity	MWh	28,164	
	District heating	MWh	25	
	Total	MWh	52,246.45	
ENERGY INTENSITY				
		MWh/total production volume (t)	1.09	



		Unit	2022	Comment
WATER WITHDRAWAL				
Ground water	Fresh water ($\leq 1000\text{mg/l TDS}$)	m^3	2.140.532	No withdrawal from water-stressed areas
Third-party water	Fresh water ($\leq 1000\text{mg/l TDS}$)	m^3	1.141.977	
WATER WITHDRAWAL INTENSITY				
		$\text{m}^3/\text{total production volume (t)}$	5,83	
RECYCLED AND REUSED WATER				
	Reused water for cleaning	m^3	489.570	Type of water: Waste water reused at another facility within the organization Measuring method: partly water meter, partly calculation
	Generator cooling water	m^3	157.680	Type of water: Waste water reused at another facility within the organization Measuring method: calculation
	Condensates	m^3	323.326	Type of water: Waste water recycled into the same process or another part of the process cycle Measuring method: water meter
Total of water reused/recycled		m^3	970.576	
Reuse rate		%	30	



		Unit	2022	Comment
WATER DISCHARGE				
Water discharge by destination	Surface water (discharge into surface water after internal sewage treatment plan)	m ³	2,397,666	
	Third-party water sent for water purification by other organisations	m ³	1,132,771	
Water discharge by fresh water and other water	Fresh water (≤ 1000mg/l TDS)	m ³	2,397,666	No withdrawal from water-stressed areas
	Other water (> 1000mg/l TDS)	m ³	1,132,771	
Water discharge by treatment level	Pre-treatment for reduction of chemical oxygen demand		1,448,543	
	Minimum treatment required by water rights decision		2,081,894	
Total water discharge		m³	3,530,437	
WATER CONSUMPTION				
Total water consumption		m³	-247,928	According to the GRI calculation of water consumption, we achieve a negative total water consumption as our MEGGLE Wasserburg and MEGGLE Cheese sites operate evaporators to concentrate whey and milk. The condensate from the evaporators is counted as water discharge, which results in negative water consumption.



		2022 in t CO ₂ e	2022 in %
GHG EMISSIONS			
Scope 1	Stationary combustion (annual emissions report)	105,424.65	4.83
	Natural gas	100,246.67	4.59
	Fuel oil for emergency power	5,063.76	0.23
	Fuel oil for heating	114.22	0.01
	Company-owned vehicles	1,016.80	0.05
	Refrigerant installation	343.04	0.02
	Waste water	280.79	0.01
	Total Scope 1	107,065.28	4.90
Scope 2	Market based	10,656.23	0.49
	Location based	13,117.62	0.60
	Total Scope 2 (market-based)	10,656.23	0.49
Scope 3	Purchased goods and services	1,984,769.57	90.91
	Milk-based materials	1,800,761.82	82.48
	Non-milk-based materials	184,007.75	8.43
	Fuel- and energy-related activities	23,697.70	1.09
	Upstream transport and distribution	27,999.10	1.28
	Downstream transport and distribution	23,312.86	1.07



	2022 in t CO ₂ e	2022 in %
Waste from operations	2,003.89	0.09
Business travel	43.18	0.00
Employee commuting	3,757.11	0.17
Leased assets	23.74	0.00
Total Scope 3	2,065,607.15	94.61
Total emissions	2,183,328.66	100

	Unit	2022
GHG EMISSIONS INTENSITY		
Included types of GHG		
Scope 1	t CO ₂ e/t product	0.19
Scopes 1 + 2 (market-based)	t CO ₂ e/t product	0.21
Total emissions (Scopes 1-3)	t CO₂e/t product	3.88



		Unit	2022	Comment
OZONE-DEPLETING SUBSTANCES (ODS)				
Emissions of ODS (FCKW-11e): Production, import and export	Total	t	9.19	Type: R-22 (HFCKW), data available for MEGGLE Wasserburg only

		Unit	2022	Comment
OTHER SIGNIFICANT AIR EMISSIONS				
Type of air emission	NOx	t	50.42	Calculation based on site-specific data
	CO	t	6.37	
	Particulate matter	t	21.06	
	SO ₂	t	0.15	
	Total organic carbon	t	0.33	
	Total	t	78.33	



		Unit	Waste generated	Waste diverted from disposal	Waste directed to disposal	Comment
WASTE						
Waste by composition 2022	Food waste	t	5,121.50	4,440.45	681.05	
	Sewage sludge	t	2,019.40	974.40	1,045.00	
	Metals	t	119.09	119.09	0.00	
	Iron	t	16.19	16.19	0.00	
	Paper/cardboard	t	2,501.75	2,183.38	318.37	
	Construction and demolition waste (WCN17)	t	532.82	147.34	385.48	
	Tetra Pak	t	54.62	54.62	0.00	
	Plastics	t	1,395.76	964.25	431.51	Information provided by the waste disposal contractor
	Glass	t	2.94	2.94	0.00	
	Green waste	t	59.01	59.01	0.00	
	Wood waste	t	392.32	391.48	0.84	
	Licensed paper bags (REPA)	t	55.94	55.94	0.00	
	Waste from sewer cleaning	t	9.09	6.00	3.09	
	Further industrial waste (not collected separately)	t	2,461.23	699.66	1,761.57	
	Chemical/toxic waste	t	9.03	1.24	7.79	
	Waste oil, oil filters and oily substances, refrigerants	t	16.53	3.74	12.79	



	Unit	Waste generated	Waste diverted from disposal	Waste directed to disposal	Comment
Electronic waste	t	1.86	1.86	0.00	Information provided by the waste disposal contractor
Batteries	t	8.00	7.81	0.19	
Total	t	14,777.07	10,129.39	4,647.68	

		Unit	2022	Comment	
WASTE					
Off-site waste by recovery operation	Hazardous waste				
	Preparation for reuse	t	1.24	No on-site waste	
	Recycling	t	10.09		
	Other recovery operations	t	0.00		
	Total	t	11.33		
	Non-hazardous waste				
	Preparation for reuse	t	199.53		
	Recycling	t	3,939.13		
	Other recovery operations	t	5,979.72		
	Total		10,118.37		



		Unit	On-site 2022	Offsite 2022	Total	Comment
WASTE						
Waste by disposal operation	Hazardous waste	t				
	Incineration (with energy recovery)	t	–	28.49	28.49	
	Incineration (without energy recovery)	t	–	0.54	0.54	
	Landfill	t	–	26.12	26.12	
	Other disposal operations	t	–	0.00	0.00	
	Total	t	–	55.15	55.15	
	Non-hazardous waste	t	–			6.27 t unaccounted for
	Incineration (with energy recovery)	t	–	2,068.39	2,068.39	
	Incineration (without energy recovery)	t	–	718.53	718.53	
	Landfill	t	25.20	1,091.50	1,116.70	
	Other disposal operations	t	–	682.33	682.33	
Total	t	25.20	4,560.75	4,585.95		



SOCIAL

		Unit	2022	Comment	
EMPLOYEE STRUCTURE					
Number of employees	Total	headcount	2,480		
	Women	headcount	799		
	Men	headcount	1,681		
	Germany	headcount	1,572	Excluding apprentices, inactive employees, freelancers, marginally employed persons etc.	
	Slovakia	headcount	438		
	Bosnia-Herzegovina	headcount	231		
	Serbia	headcount	120		
	Other countries	headcount	119		
	Management by gender				
Foundation Board					
Women		%	33.3		
Men		%	66.6		
Executive Board					
Women		%	0	We cannot yet report breakdown by gender for all employees.	
Men		%	100		
Senior Management					
Women		%	32.3		
Men		%	67.7		



		Unit	2022	Comment
New employees	Total	headcount	274	Including apprentices, inactive employees, long-term ill employees, seasonal workers, freelancers, marginally employed persons etc.
	Total (including seasonal workers)	headcount	552	
	Women	headcount	72	
	female (including seasonal workers)	headcount	218	
	Men	headcount	202	
	male (including seasonal workers)	headcount	334	
	< 30 years	headcount	114	
	< 30 years (including seasonal)	headcount	187	
	30-50 years	headcount	111	
	30-50 years (including seasonal)	headcount	272	
	> 50 years	headcount	28	
	> 50 years (including seasonal)	headcount	72	
Joining rate		%	11.6	
Employees that left	Total	headcount	285	
	Total (including seasonal workers)	headcount	563	
	Women	headcount	80	
	female (including seasonal workers)	headcount	226	
	Men	headcount	205	
	male (including seasonal workers)	headcount	337	



		Unit	2022	Comment
	< 30 years	headcount	81	
	< 30 years (including seasonal)	headcount	154	
	30-50 years	headcount	138	
	30-50 years (including seasonal)	headcount	299	
	> 50 years	headcount	48	
	> 50 years (including seasonal)	headcount	92	
<hr/>				
Turnover rate		%	12.0	
<hr/>				
PARENTAL LEAVE				
<hr/>				
Employees with parental leave entitlement	Total	headcount	2,366	
	Women	headcount	722	
	Men	headcount	1,644	
Employees who took parental leave	Total	headcount	110	Including apprentices, inactive employees, long-term ill employees, seasonal workers, freelancers, marginally employed persons etc.
	Women	headcount	72	
	Men	headcount	38	
Employees who returned to work after parental leave	Total	headcount	61	
	Women	headcount	27	
	Men	headcount	34	



		Unit	2022	Comment
Employees who were still employed 12 months after their return from parental leave	Total	headcount	60	Including apprentices, inactive employees, long-term ill employees, seasonal workers, freelancers, marginally employed persons etc.
	Women	headcount	26	
	Men	headcount	34	
Return to work rate	Total	%	55.5	
	Women	%	37.5	
	Men	%	89.5	
Retention rate after 12 months	Total	%	98.4	
	Women	%	96.3	
	Men	%	100	
PERFORMANCE REVIEW				
Employees with regular performance reviews	Total	%	54	Excluding seasonal workers
	Women	%	70	
	Men	%	47	
	Apprentices	%	100	Our production staff (blue-collar workers) actively take part in lifelong learning, but their field of activity does not require an annual performance review. However, the relevant supervisors are in close contact with colleagues, so that development rounds take place when needed (initiated either by the supervisors or the blue-collar worker).
	Middle managers	%	78	
	Senior managers	%	84	
	White-collar workers	%	92	
	Blue-collar workers	%	34	
	Management	%	70	



		Unit	2022	Comment
TRAINING HOURS				
Average number of education and training hours	Total	hours	10	Including seasonal workers, temporary employees and interns. We cannot yet report breakdown by employee category
	Women	hours	11	
	Men	hours	10	
ACCIDENTS AND OCCUPATIONAL DISEASES				
Recordable accidents > 3 days	Total	number	64	In our last report, we included commuting accidents in our accident frequency rate. This has been corrected for all the data on accident frequency rate throughout this report.
	Women	number	7	
	Men	number	57	
Accident frequency rate per 1,000,000 hours > 3 days lost		rate	16.3	
Lost days	Total	number	36,929	
	Due to occupational diseases	number	0	
	Due to recordable accidents > 3 days lost	number	867	
Fatalities and fatal accidents		number	0	



GOVERNANCE

		Unit	2022	Comment
ECONOMIC PERFORMANCE				
Turnover	Total	€	1,466,717,928	
	Dairy products	€	1,348,179,000	
	Bakery products	€	113,348,000	
	Miscellaneous services	€	5,191,000	
	Germany	€	1,005,030,139	Audited and approved consolidated financial statements of MEGGLE Group GmbH for the year ending 31 December and additional analyses of the management accounts of the companies of the MEGGLE Group
	Other EU Countries	€	253,457,266	
	Non-EU Countries	€	208,230,523	
	Equity	€	335,736,121	
	Debt capital	€	327,240,963	
	Taxes on income and earnings and other taxes	€	33,922,221	



		Unit	2022	Comment
COMPLIANCE				
Substantiated complaints concerning breaches of customer privacy		number	0	
Incidents of corruption		number	0	
Incidents of non-compliance concerning product and service information and labelling		number	0	See for details
Incidents of non-compliance concerning marketing communications		number	0	See for details
Incidents of non-compliance concerning the health and safety impacts of products and services		number	1	In 2022, we faced one public recall from our RAJO Slovakia production site due to a foreign body detected by a consumer and attributed to our product. No one was harmed or injured.
Inspections and audits	Inspections by authorities to monitor food and feed safety	number	29	
	Successful quality management certification audits	number	40	
	Customer audits in addition to official inspections and certification audits	number	28	



SUPPLY CHAIN

		Unit	2022	Comment
SUPPLIERS				
Total suppliers		Number	1,430	
Suppliers assessed for compliance with social and environmental criteria		%	100	German sites MEGGLE Wasserburg, MEGGLE Cheese and MEGGLE Bakery
New suppliers assessed		Number	122	
Proportion of the procurement budget spent on local suppliers	Germany	%	74	We define a Group-external supplier as "local" if the counterparty to whom we pay is located in the same country as the buyer (MEGGLE company). We cannot report this figure for the whole of MEGGLE Group yet.
	Slovakia	%	53	
	Bosnia	%	57	
	Serbia	%	78	



GRI CONTENT INDEX

GRI CONTENT INDEX

The MEGGLE Group has reported the information cited in this GRI content index for the period from January 1, 2022, to December 31, 2022, with reference to the GRI Standards.

GRI Standard	Disclosure	Page reference	Comment
GRI 1 used for compiling the report:	GRI 1: Foundation 2021		
GRI 2: GENERAL DISCLOSURES			
The organization and its reporting practices	2-1 Organizational details	7, 8, 13	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency, and contact point	2, 132	
	2-4 Restatements of information	2, 118	
	2-5 External assurance	2	
Activities and workers	2-6 Activities, value chain, and other business relationships	9, 30, 40, 41, 42	
	2-7 Employees	78	
	2-8 Workers who are not employees	115, 116, 117, 118	Workers who are not employees are seasonal workers at MEGGLE Group. We report this indicator partially.



GRI Standard	Disclosure	Page reference	Comment
Governance	2-9 Governance structure and composition	94	
	2-10 Nomination and selection of the highest governance body	94	
	2-11 Chair of the highest governance body	94	
	2-12 Role of the highest governance body in overseeing the management of impacts	17, 98	
	2-13 Delegation of responsibility for managing impacts	17	
	2-14 Role of the highest governance body in sustainability reporting	2	
	2-15 Conflicts of interest	96	
	2-16 Communication of critical concerns	96	
	2-17 Collective knowledge of the highest governance body	98	
	2-18 Evaluation of the performance of the highest governance body	94	
	2-19 Remuneration policies	83	
	2-20 Process to determine remuneration	83, 94	
	2-21 Annual total compensation ratio	–	The MEGGLE Group does not report this indicator.
Strategy, policies and practices	2-22 Statement on sustainable development strategy	4,5	
	2-23 Policy commitments	11, 12	
	2-24 Embedding policy commitments	11, 12	
	2-25 Processes to remediate negative impacts	11, 12, 17	
	2-26 Mechanisms for seeking advice and raising concerns	96	



GRI Standard	Disclosure	Page reference	Comment
	2-27 Compliance with laws and regulations	96, 97	
	2-28 Membership associations	32, 33, 34	
Stakeholder engagement	2-29 Approach to stakeholder engagement	36	
	2-30 Collective bargaining agreements	83	
GRI 3: MATERIAL TOPICS			
	3-1 Process to determine material topics	37	
	3-2 List of material topics	37	
TOPIC-SPECIFIC DISCLOSURES			
GRI 201: Economic Performance 2016	GRI 3, 3-3 Management of material topics	100	
	201-1 Direct economic value generated and distributed	100	
	201-2 Financial implications and other risks and opportunities due to climate change	19	
	201-3 Defined benefit plan obligations and other retirement plans	84	
	201-4 Financial assistance received from government	100	
GRI 202: Market Presence 2017	GRI 3, 3-3 Management of material topics	101	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	83	
	202-2 Proportion of senior management hired from the local community	101	



GRI Standard	Disclosure	Page reference	Comment
GRI 203: Indirect Economic Impacts 2016	GRI 3, 3-3 Management of material topics	102	
	203-1 Infrastructure investments and services supported	–	No significant infrastructure investments and services supported in 2022.
	203-2 Significant indirect economic impacts	102	
GRI 204: Procurement Practices 2016	GRI 3, 3-3 Management of material topics	101, 50	
	204-1 Proportion of spending on local suppliers	101	
GRI 205: Anti-corruption 2016	GRI 3, 3-3 Management of material topics	97	
	205-1 Operations assessed for risks related to corruption	97	
	205-2 Communication and training about anti-corruption policies and procedures	96, 97	
	205-3 Confirmed incidents of corruption and actions taken	97	
GRI 206: Anti-competitive Behavior 2016	GRI 3, 3-3 Management of material topics	97	
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	97	
GRI 207: Tax 2019	GRI 3, 3-3 Management of material topics	100, 101	
	207-1 Approach to tax	100, 101	
	207-2 Tax governance, control, and risk management	100, 101	
	207-3 Stakeholder engagement and management of concerns related to tax	100, 101	
	207-4 Country-by-Country reporting	101	



GRI Standard	Disclosure	Page reference	Comment
GRI 301: Materials 2016	GRI 3, 3-3 Management of material topics	49	
	301-1 Materials used by weight or volume	49	
	301-2 Recycled input materials used	58	A percentage cannot yet be reported.
GRI 302: Energy 2016	GRI 3, 3-3 Management of material topics	61	
	302-1 Energy consumption within the organization	61	
	302-2 Energy consumption outside of the organization	61	
	302-5 Reductions in energy requirements of products and services	61, 62	
GRI 303: Water and Effluents 2018	GRI 3, 3-3 Management of material topics	65, 66	
	303-1 Interactions with water as a shared resource	65, 66	
	303-2 Management of water discharge-related impacts	65, 66	
	303-3 Water withdrawal	66	
	303-4 Water discharge	67	
	303-5 Water consumption	66	
GRI 304: Biodiversity 2016	GRI 3, 3-3 Management of material topics	52, 54	
	304-2 Significant impacts of activities, products and services on biodiversity	54, 58	
GRI 305: Emissions 2016	GRI 3, 3-3 Management of material topics	61, 62, 53, 54	
	305-1 Direct (Scope 1) GHG emissions	62	
	305-2 Energy indirect (Scope 2) GHG emissions	62	
	305-3 Other indirect (Scope 3) GHG emissions	53	



GRI Standard	Disclosure	Page reference	Comment
	305-4 GHG emissions intensity	109	
	305-6 Emissions of ozone-depleting substances (ODS)	110	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	110	
GRI 306: Waste 2020	GRI 3, 3-3 Management of material topics	70, 72, 73	
	306-1 Waste generation and significant waste-related impacts	70, 72, 73	
	306-2 Management of significant waste-related impacts	70, 72, 73	
	306-3 Waste generated	71	
	306-4 Waste diverted from disposal	71	
	306-5 Waste directed to disposal	71	
GRI 308: Supplier Environmental Assessment	GRI 3, 3-3 Management of material topics	50, 51	
	308-1 New suppliers that were screened using environmental criteria	50	
	308-2 Negative environmental impacts in the supply chain and actions taken	50	
GRI 401: Employment 2016	GRI 3, 3-3 Management of material topics	77, 79, 83, 84	
	401-1 New employee hires and employee turnover	115, 116	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	84	
	401-3 Parental leave	81	
GRI 402: Labor/Management Relations 2016	GRI 3, 3-3 Management of material topics	80, 81, 83	
	402-1 Minimum notice periods regarding operational changes	83	



GRI Standard	Disclosure	Page reference	Comment
GRI 403: Occupational Health and Safety 2018	GRI 3, 3-3 Management of material topics	89	
	403-1 Occupational health and safety management system	89	
	403-2 Hazard identification, risk assessment, and incident investigation	89	
	403-3 Occupational health services	89	
	403-4 Worker participation, consultation, and communication on occupational health and safety	89	
	403-5 Worker training on occupational health and safety	91	
	403-6 Promotion of worker health	89	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	89	
	403-8 Workers covered by an occupational health and safety management system	89	
	403-9 Work-related injuries	90	
403-10 Work-related ill health	90		
GRI 404: Training and Education 2016	GRI 3, 3-3 Management of material topics	87, 88	
	404-1 Average hours of training per year per employee	88	
	404-2 Programs for upgrading employee skills and transition assistance programs	87	
	404-3 Percentage of employees receiving regular performance and career development reviews	85	



GRI Standard	Disclosure	Page reference	Comment
GRI 405: Diversity and Equal Opportunity 2016	GRI 3, 3-3 Management of material topics	79, 81, 83	
	405-1 Diversity of governance bodies and employees	82	A breakdown of all employees by gender is not yet possible.
	405-2 Ratio of basic salary and remuneration of women to men	–	The ratio is 0% for the 72% of employees who are paid according to collective agreements. A ratio for the entire workforce cannot yet be reported.
GRI 406: Non-discrimination 2016	GRI 3, 3-3 Management of material topics	79, 96	
	406-1 Incidents of discrimination and corrective actions taken	79	
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 3, 3-3: Management of material topics	50, 83	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	50	
GRI 408: Child Labor 2016	GRI 3, 3-3 Management of material topics	57	
	408-1 Operations and suppliers at significant risk for incidents of child labor	50	
GRI 409: Forced or Compulsory Labor 2016	GRI 3, 3-3 Management of material topics	57	
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	50	
GRI 413: Local Communities 2016	GRI 3, 3-3 Management of material topics	34, 35, 36	
	413-1 Operations with local community engagement, impact assessments, and development programs	34, 35, 36	
	413-2 Operations with significant actual and potential negative impacts on local communities	35	



GRI Standard	Disclosure	Page reference	Comment
GRI 414: Supplier Social Assessment 2016	GRI 3, 3-3 Management of material topics	50, 51	
	414-1 New suppliers that were screened using social criteria	50	
	414-2 Negative social impacts in the supply chain and actions taken	50	
GRI 415: Public Policy 2016	GRI 3, 3-3 Management of material topics	95	
	415-1 Political contributions	95	
GRI 416: Customer Health and Safety 2016	GRI 3, 3-3 Management of material topics	43, 44	
	416-1 Assessment of the health and safety impacts of product and service categories	44	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	44	
GRI 417: Marketing and Labeling 2016	GRI 3, 3-3 Management of material topics	44	
	417-1 Requirements for product and service information and labeling	44	
	417-2 Incidents of non-compliance concerning product and service information and labeling	44	
	417-3 Incidents of non-compliance concerning marketing communications	44	
GRI 418: Customer Privacy 2016	GRI 3, 3-3 Management of material topics	96	
	418-1 Substantiated complaints received concerning breaches of customer privacy	96	



Imprint

MEGGLE Group GmbH
Megglestraße 6–12, 83512 Wasserburg, Germany
www.meggle-group.com

Responsible for content: Dr. Gabriele Müller | Kevin Treu
Sustainability Management
sustainability@meggle.de
Phone: +49 8071 73-0

Consulting and Concept: Fährmann Unternehmensberatung GmbH – Munich, Germany
Copywriting: Wortschleife – Augsburg, Germany
Art Direction and Layout: Julia Ochsenhirt – Berlin, Germany

Photo credits:
stock.adobe.com: pages 01, 03, 15, 17, 21, 31, 35, 39, 42, 47, 49, 51, 56, 58, 59
istockphoto.com: pages 03, 74, 95, 97
shutterstock.com: pages 46, 42, 60, 64, 65
All other pictures © MEGGLE Group GmbH