

**Think sustainably.
Act responsibly.**

Sustainability Report 2022

Berglandmilch
eGen

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Dear Readers:

Not a day goes by that we are not reminded of the consequences of climate change. Be it through media reporting or through very personal experiences, such as milder winters or hotter summers. Climate change caused by humans is happening. We all have to take measures in our area of responsibility to manage and live in a more environmentally friendly way, with the aim of continuing to offer future generations an environment worth living in.

At our company Berglandmilch, we are focusing our efforts on reducing the greenhouse gas emissions we cause. We will reduce our emissions by 40% by 2030. In the upstream and downstream areas of our business activities, we will take measures together with suppliers and customers to also reduce Scope 3 emissions by 25%. By joining the Science Based Targets initiative, we will also have these targets and their achievement externally validated and monitored.

For us, sustainability means above all mindfulness. A mindful approach to our environment and natural resources, but also a mindful treatment of farm animals and a mindful interaction within the company, with our farmers and with our customers. And, of course, a mindful approach to food.

What we do is important, but for us, it is also important how we do it.

As an example, we are implementing measures for more animal welfare, improved animal health and exclusively regional feed on the farms of our farmers.

We are fulfilling our mission to produce healthy and natural products and are involved in numerous food initiatives, from reducing sugar and additives to supplying social markets.

On the following pages, we would like to report on our goals, the paths we are taking to reach them and on our initial successes and route to becoming a holistic minded company.

I hope you enjoy reading about our company. I look forward to you accompanying us and our products on our path to more mindfulness.

Josef Braunshofer

General Manager
Berglandmilch eGen





Berglandmilch at a glance

- [About us](#)
 - [History](#)
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 - [Our mission statement](#)
-

Number of sites

We have eight production sites throughout Austria. As Berglandmilch Group, we also operate a plant for whey and lactose powder production in Ried/Innkreis and also produce fruit preparations for our fruit yoghurts and mixed milk drinks ourselves with a subsidiary. In addition, we operate a food wholesaler in Carinthia and market commodities for the dairy production industry and for farms through a purchasing company.



2,117

In total, we produce over 2,117 different articles.

Number of employees



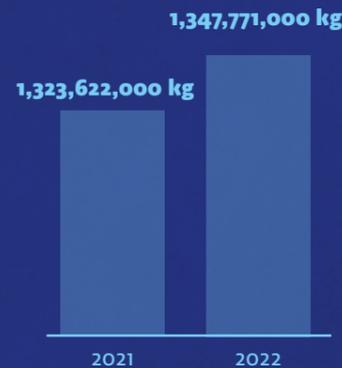
Number of farmers



Export



Milk processing



Berglandmilch is the largest milk processing company in Austria. It operates under the legal form of a cooperative and is solely owned by almost 9,000 milk-supplying farmers.

We operate 8 dairy locations in Austria and produce the entire product portfolio of milk and dairy products. From drinking milk to yoghurt, butter and cheese to ice cream bases. In total, this means more than 2,117 different items. Berglandmilch is one of the largest producers of branded goods in Austria.



3 In the ranking of the most important Austrian brand companies in the food sector, Berglandmilch takes third place.

As one of the largest manufacturers of branded goods in the country, we are committed to the core values of responsibility, quality, innovation and tradition. Our brands and products stand for typical Austrian taste - from 100% regional raw materials we create diverse products that taste good to everyone. The focus of our sustainable actions is always on the

well-being of people and animals. In this way, we succeed in keeping added value in the region, giving family farms opportunities for development and offering consumers a wide range of safe, healthy and natural foods.





A handful of farmers quickly became more. And the idea became one of the largest dairy associations in the country, which ultimately became Berglandmilch in 1995.

1900

1995

Today

The origins of the company go back a long way. As early as 1900, dairy farmers in Schärding, Upper Austria, joined together to form a cooperative in order to take the processing and marketing of their milk into their own hands.

The recent history of the Berglandmilch company begins in 1995, when six major Austrian dairies with numerous production sites throughout Austria joined forces. The distribution activities and brands from AMF (Austria Milch und Fleisch) were taken over.

Berglandmilch is still the sole property of the farmers who supply the milk.

As a cooperative, our self-image is characterised by the careful and sustainable use of resources and mutual respect with the aim of contributing to the quality of life of consumers and securing farmers' livelihoods. We see ourselves as a link in many respects - between farmers, consumers, tradition and innovation, rural regions and urban society, home and distant export countries.

After years of restructuring and modernisation, Berglandmilch is now the largest milk-processing company in Austria and is also one of the dairies with the highest turnover in Central Europe. Despite this development, the self-image and ownership structure have remained unchanged.



Our values and culture

Rarely has a term gained such profound significance as the concept of "sustainability" - formally defined as a development that

"... ensures that future generations are not worse off in meeting their needs than those living at present"

Hauff, 1987, p. 46

Our understanding of sustainability goes beyond the ecological dimension and the protection of natural resources and also addresses the social and economic components of sustainability. Our corporate philosophy, values and culture reflect the concept of sustainability. As a company, the following core areas are at the heart of our corporate culture and actions.



Ecological sustainability

Careful use of our resources throughout the value chain - from farmers to consumers



Social sustainability

Responsibility towards employees, consumers, customers and suppliers



Economic sustainability

Sustainable, economic success taking into account the well-being of the environment and people

Building on these principles, this sustainability report will provide an insight into the key corporate values and the measures taken to implement these values on a daily basis.

Healthy and safe food

Every day, thousands of people place their trust in our products and brands. As one of the largest manufacturers of branded goods in Austria, we are aware of the responsibility that goes with it. We earn this trust with the highest quality standards, from the raw materials to the processing and delivery of our products.

Animal welfare

As one of the largest companies in the agricultural sector, we have a responsibility to continuously improve animal welfare and to support our farmers in their animal welfare projects.

Environmental and climate protection

We are convinced that sustainability and innovation can and even must go hand in hand. For this reason, environmental protection, addressed through numerous measures, is a central cornerstone of our corporate strategy.

Social responsibility

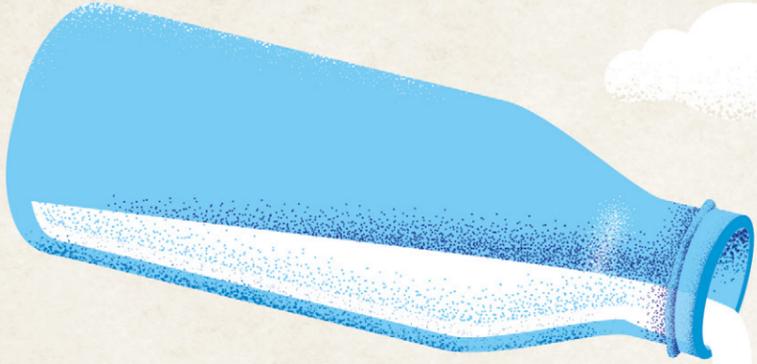
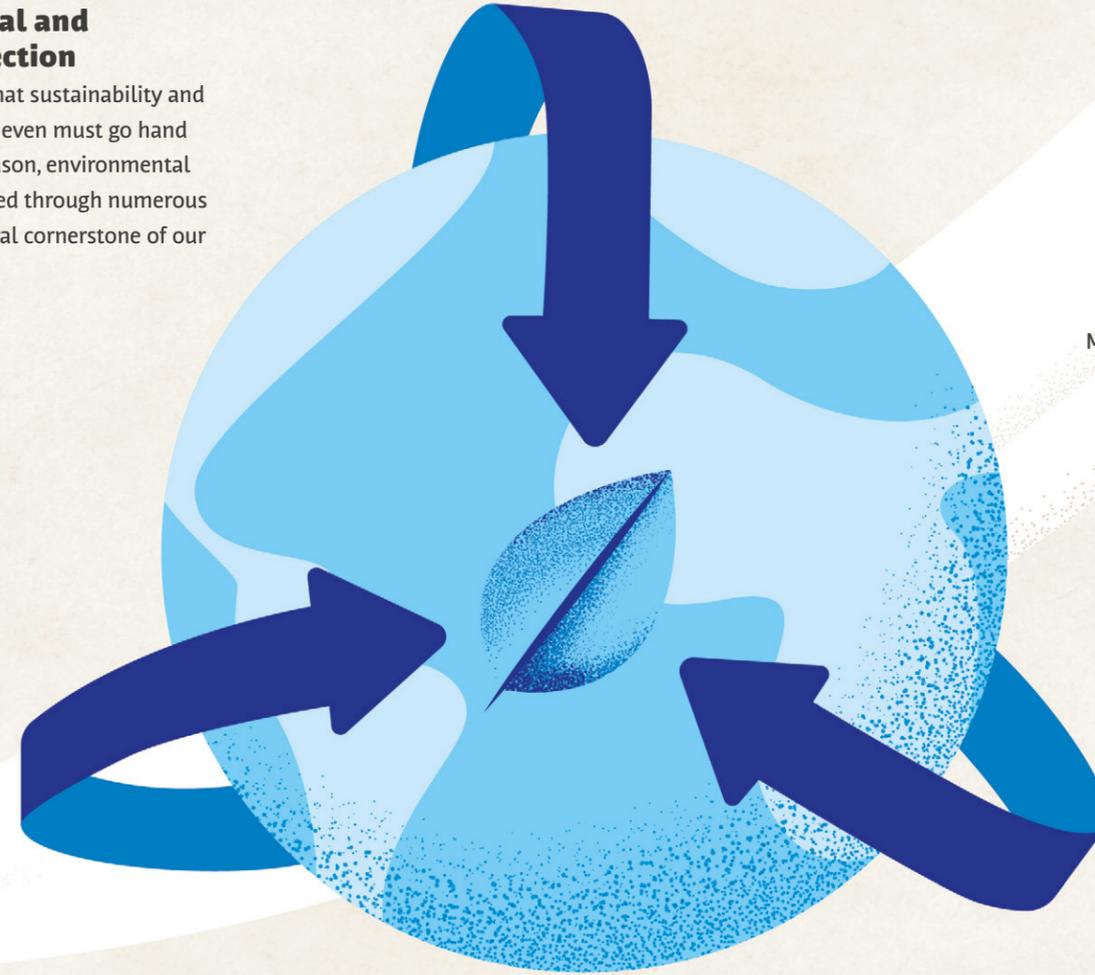
Through appreciation, motivation and recognition, we create an environment for our employees in which they are happy to carry out their tasks. Mutual respect also shapes the relationship with our partners, customers and suppliers.

Social well-being

In our understanding, business is always also society. We therefore see it as our responsibility to always evaluate and shape our decisions with regard to their influence on social developments.

Sustainable development can only succeed if all three pillars of sustainability are taken into account in the global corporate strategy. Our central, overriding goal is the production of environmentally and socially compatible products in a comprehensive circular economy. This is achieved by investing in low-CO₂ or CO₂-free technologies, the complete phase-out of fossil fuels, the use of sustainable packaging solutions and much more. For Berglandmilch, this means consistently pursuing the path of sustainable milk processing.

All these measures will significantly reduce greenhouse gas emissions - a necessary step towards achieving our self-imposed climate targets.





Our sustainability management

- **Our sustainability strategy**
 - **Our contribution to the Sustainable Development Goals**
 - **Our sustainability organisation**
 - **Our cooperation with partners**
 - **Compliance**
-

Our sustainability strategy

The food industry is one of the most important and sensitive economic sectors. Because we are by far the largest milk-processing company in Austria, we bear special responsibility. Responsibility towards millions of consumers in Austria and more than 50 other countries around the world. Responsibility, of course, also towards almost 9,000 farm-owner families and more than 1,500 employees. We are convinced that we will only be successful as a company for consumers and farmers if sustainability is taken into account in all areas of the value chain.

For us, "sustainability" means securing the supply of people with high-quality and healthy food in such a way that the livelihood of future generations is not harmed. Sustainable and responsible corporate behaviour is part of Berglandmilch's core business strategy. This is based on our Code of Conduct and on the UN Sustainable Development Goals (SDGs).



In our **Code of Conduct**, we commit ourselves to complying with internationally defined human rights and fair business practices, with the aim of reconciling economic, ecological and social responsibility in all actions and decisions. Broken down, the Berglandmilch sustainability strategy is based on three pillars:



Security of supply

Production of healthy and safe food to ensure the security of food supply in and from Austria

The security of supply of the Austrian population with high-quality and healthy food is our top priority.



Ecological sustainability

Permanent optimisation in the areas of energy efficiency, alternative energy supply and water consumption

A regional energy supply also contributes significantly to security of supply. Accordingly, many projects are also planned for the coming years to increase energy efficiency and to advance the complete phase-out of fossil fuels (e.g., by means of biomass, biogas and photovoltaic systems).



Social sustainability

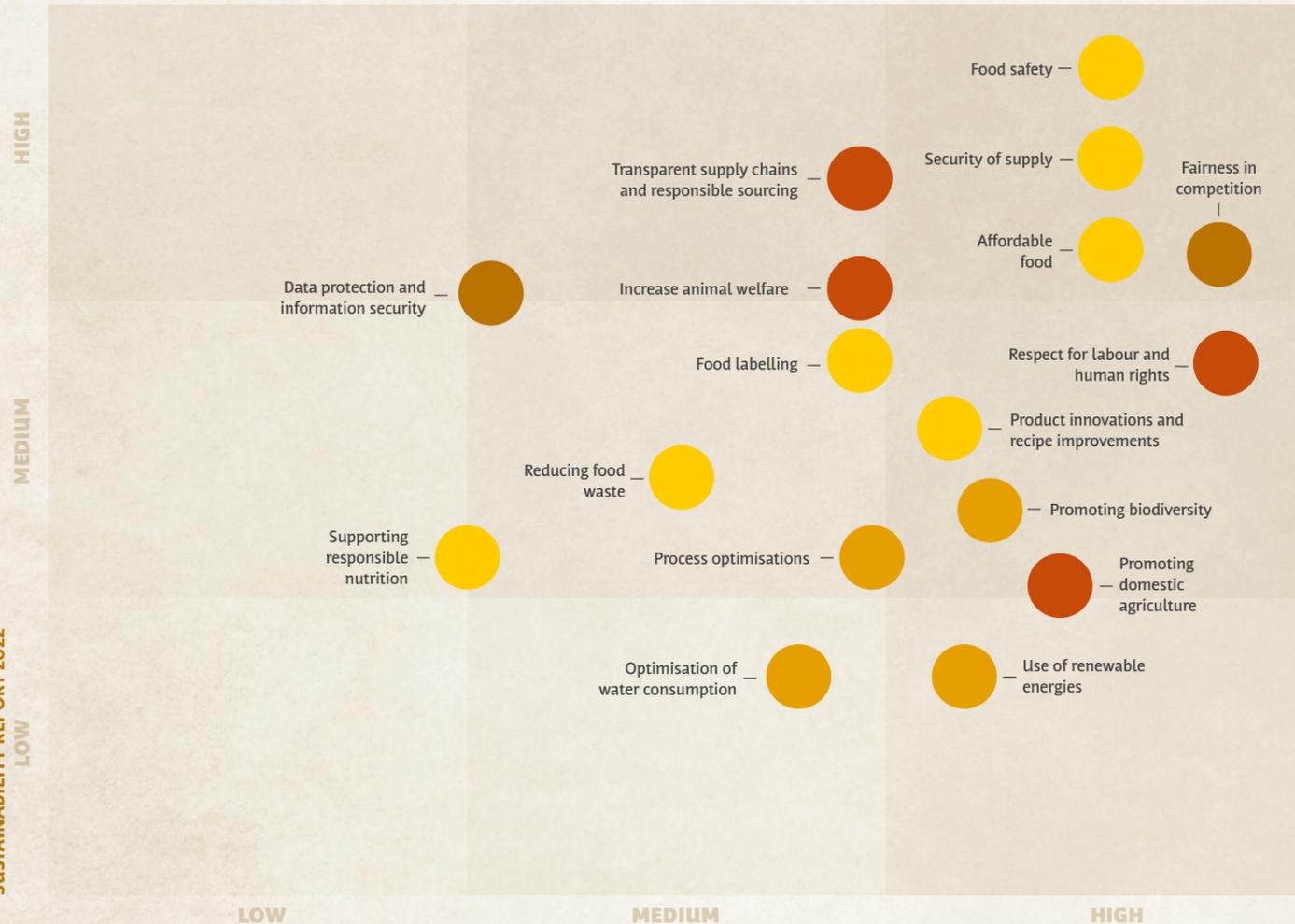
Ensuring the existence of family farms and the well-being of our employees

That this can be achieved is also thanks to the daily work of the Berglandmilch farmers and employees. After all, they supply the most important raw material for all Berglandmilch products: milk.

Focus analysis

We have translated our sustainability strategy into a so-called focus analysis in order to specifically identify the most important sustainability aspects, taking into account the impact on ourselves and on our stakeholders.

RELEVANCE FOR OUR COMPANY



Consumers and products

- Supporting responsible nutrition
- Food safety
- Product innovations and recipe improvements
- Food labelling
- Security of supply for the Austrian population
- Affordable food
- Reducing food waste

Environment and energy

- Promoting biodiversity
- Use of renewable energies
- Optimisation of water consumption
- Process optimisations

Employees and society

- Respect for labour and human rights
- Increase animal welfare
- Transparent supply chains and responsible sourcing
- Waste prevention
- Promotion of regional, rural agriculture

Responsible management

- Fairness in competition
- Data protection and information security

Our contribution to the Sustainable Development Goals

With our sustainability strategy and our commitment in this area, we are making a contribution to achieving the SDGs defined by the United Nations.



1 No poverty
Our primary goal is to offer healthy, sustainably produced and affordable food in order to ensure security of supply for the local population. Milk and dairy products are valuable staple foods. To ensure that high-quality food does not have to be disposed of, we cooperate with social markets and many initiatives (e.g., too good to go).

2 No Hunger
Milk is a healthy and high-quality food that contributes to a balanced diet with its high nutrient density. With our product range, we thus contribute to the security of supply with nutrient-rich and safe food.

3 Good health and well-being
We communicate the ingredients and nutritional composition of our products transparently to enable consumers to make informed purchasing decisions. Our products and their composition are continuously tested and optimised with regard to relevant nutritional parameters (e.g., sugar content). In this way, we contribute to people's well-being, provide moments of enjoyment and ensure a balanced and healthy diet.

4 Quality in education
Education and training programmes make a decisive contribution to employee satisfaction. Our training and further education programmes consist of various formats and include both professional and personality-building seminars, workshops and models (e.g., apprenticeship with A-Levels, the higher education entrance qualification).

5 Gender equality
At Berglandmilch, everyone has the same opportunities to develop freely in their careers within the scope of their possibilities.



7 Renewable energy

The complete phase-out of fossil fuels by 2025 is a done deal for us. In addition to biomass projects, we have been using PV systems and electricity from renewable energy sources for more than 10 years.



13 Measures for climate protection

We are committed to climate protection on several levels and have already received several awards from the klimaaktiv initiative. Our climate projects include optimisation of packaging materials, heat recovery projects, process optimisation and many more.



12 Responsible consumption

Our appreciation of food is great, and we want to convey this to our consumers. For this reason, we always emphasise that food is precious and have taken measures against food waste (e.g. cooperation with "too good to go", "see, smell, taste" on product packaging). Furthermore, we maintain close cooperation with the Austrian social markets as well as the Austrian food banks, where products fit for human consumption are donated to a good cause.



14 Life under water

With the help of sustainable packaging solutions, we are making a contribution against water pollution and plastic litter. We achieve this by using reusable packaging, mono-materials and recycling-optimised containers.



15 Life on land

With our voluntary commitments, such as the ban on glyphosate on all forage areas and on genetically modified organisms, we are making an important contribution to maintaining biodiversity.



9 Industry, innovation and infrastructure

Emissions can be reduced through numerous measures in the areas of process and plant optimisation as well as through investments in new materials and technologies. Examples of some of the measures are described in the following chapters.



11 Sustainable cities and communities

We cooperate with municipal institutions, such as public utility Wörgl, when it comes to sustainable energy sources, air quality and waste prevention.



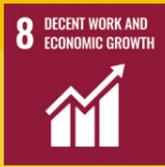
6 Clean water and sanitation facilities

Through optimisation projects in the area of water consumption, the distinction between fresh water and process water, and our own wastewater treatment plants, we guarantee efficient use and safe reuse of water.



10 Less inequality

We do not tolerate discrimination in employment and occupation and are expressly committed to the fundamental principles of the ILO (International Labour Organization).



8 Good jobs and economic growth

We ensure and expect both our domestic and our foreign business partners to respect internationally defined human rights. We create conditions in which people can perform high-quality work for fair remuneration.



16 Peace, justice and strong institutions

Our aspiration is to provide our consumers with safe and high-quality products of impeccable quality. Products must be free of defects and hazardous properties that could affect health. We are committed to being transparent and cooperative in all our communications, sponsorship-related activities and business relationships in general. Fairness and honest, respectful behaviour towards customers and suppliers are a matter of course for us.



17 Partnerships to achieve the goals

We include all social actors (scientific institutions, communities, community organisations, suppliers, customers and inspection bodies) to jointly promote sustainable development.

Our Sustainability organisation

Responsibilities in the area of sustainability are clearly defined at Berglandmilch. At Berglandmilch, the overall responsibility for the overarching sustainability strategy lies with the board of directors and management, and thus at the highest management level. The board and management monitor the social, economic and political framework conditions and are responsible for the strategic orientation of Berglandmilch's sustainability strategy.



Mag. Georg Lehner
Member of the Executive Board
Head of CSR

The interface to the management and the board is the "Sustainability Steering Group". This consists of representatives from various departments (technology, corporate communications, marketing, quality management, etc.) and exchanges information on developments and measures in the area of sustainability on a monthly basis. The interdepartmental team makes it possible to bundle expertise from the various departments, roll out measures operationally at the overall level and coordinate company-wide sustainability projects. Our Sustainability Steering Group also ensures that standards in the area of sustainability and CSR are both adhered to and further developed. Sustainability experts in the individual departments ensure the operational implementation of agreed measures. The progress and goals are regularly reported by members of the Steering Group to management and the Executive Board.

External experts are also consulted at regular intervals to advise the Executive Board and management. Other important stakeholders (e.g., customers, suppliers, associations and institutions, scientific institutions) are also involved in sustainability-related topics and measures.

Our Cooperation with partners



Customers

As Austria's largest dairy, our customer base includes the entire food trade. We not only are important branded goods manufacturer for our customers, but also have further expanded our relationship with our strategic partners and produce products for selected national and international customers under their private label. As a result, Berglandmilch can call itself one of the largest ice cream manufacturers in Austria, producing milkshakes and basic ice cream mixes for 13 European markets for the best-known and world's largest system catering chain.

Austrian cheese culture is a very valuable asset that our Berglandmilch top cheese sommeliers pass on to thousands of representatives of the trade and gastronomy every year through the Schärddinger Cheese Academy and train them to become specialists. The product range of Schärddinger Affineur cheeses, which are offered to the high-end gastronomy industry, also originated from the minds of the Schärddinger cheese sommeliers.

We consider our customers and suppliers to be partners with whom a long-term, fair and honest relationship should be established. Fairness and sincere, respectful behaviour towards customers and suppliers are a matter of course for us.

Suppliers report

We expect our suppliers to meet the quality and safety standards with the help of effective quality management, taking into account the responsible and efficient use of natural resources. This is the only way we can offer our customers and ultimately consumers high-quality products of impeccable quality.

We also do not tolerate any kind of corruption, bribery and extortion in our cooperation with our suppliers, as laid down in our in-house Code of Conduct.

We select our partners on the basis of quality, price and performance. Agreements or exchanges of information on prices, supply relationships and their competitive conditions are not permitted. We refrain entirely from anti-competitive agreements and oblige our business partners to conduct business in close compliance with the applicable antitrust and competition laws.

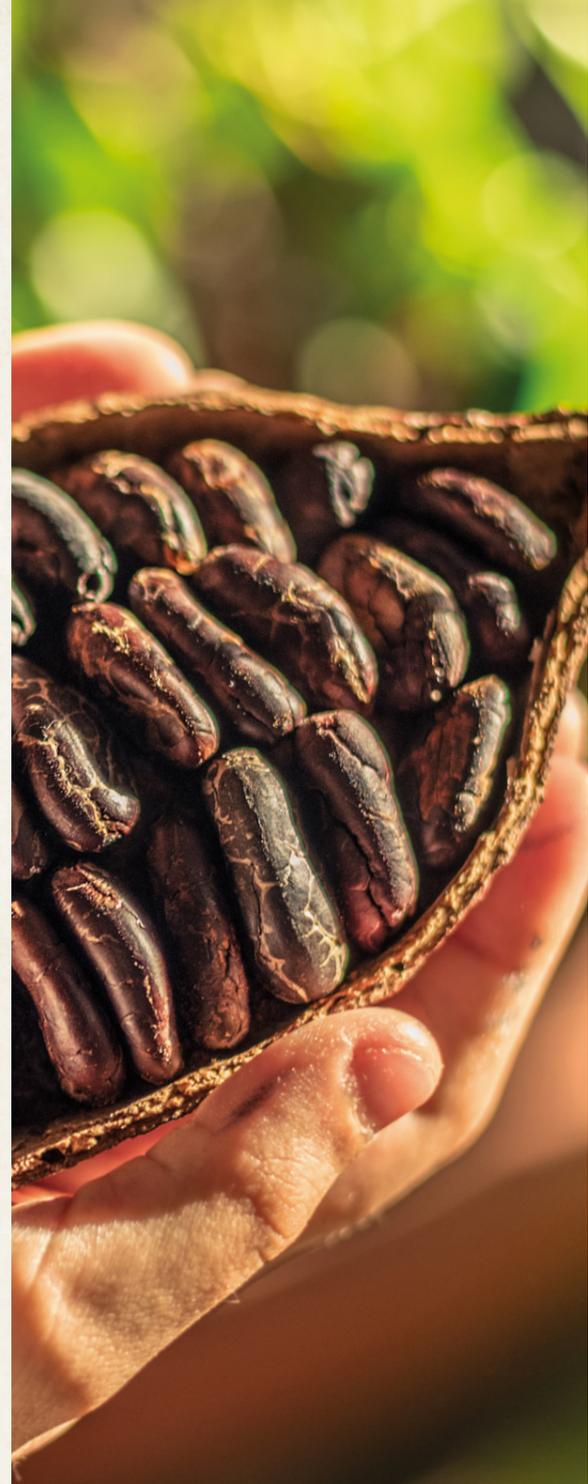
In an internal supplier evaluation, we specify and reflect on our cooperation according to various assessment points, such as the handling of complaints, quality reliability, adherence to deadlines, price behaviour and several other essential aspects, from which we derive various measures to optimise our partnership. This supplier evaluation is supplemented by an annual high/low risk analysis, in which influences, such as generally valid quality certifications, for example, IFS or BRC, of our suppliers, are evaluated. Through these two controlling elements, individual audits of our suppliers could be derived in 2022.

We are expressly committed to the fundamental principles of the ILO (International Labour Organisation) and expect our suppliers to comply with the following basic principles:

-  **Prohibition of child labour**
-  **Employment ban before the age of 15 and before the end of compulsory schooling**
-  **Prohibition of forced and compulsory labour**

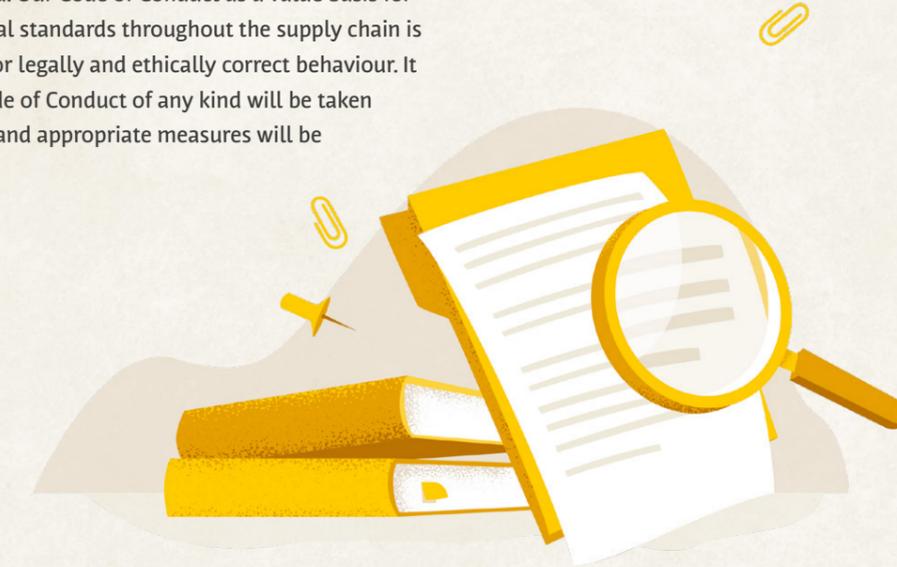


Furthermore, we expect all our partners to respect internationally defined human rights. In the context of global value chains, human rights violations and environmental damage occur time and again. At Berglandmilch, we take responsibility and therefore procure, for example, nonindigenous raw material cocoa **from fairtrade-certified sources**. With our integrated business areas, such as fruit preparations, operating resources or whey powder, we manage to keep the added value within the group and contribute to the independence and security of supply.



Compliance

By treating each other with respect and acting transparently, as set out in our Code of Conduct, our highest priority as a company is to comply with applicable laws and prevent fraud. Our Code of Conduct as a value basis for ensuring social and environmental standards throughout the supply chain is intended to provide a guideline for legally and ethically correct behaviour. It is clear that violations of this Code of Conduct of any kind will be taken very seriously by Berglandmilch and appropriate measures will be taken as a result.



Transparency

Our Code of Conduct is primarily about creating transparency in the following areas:

Social interaction in the company

Responsibility towards nature

Dealing with third parties: business partners, customers and suppliers

Allocation of donations and sponsorships

Code of Conduct

This Code of Conduct and its guidelines are supplemented by specific online training courses on the topics of antitrust law, information security and compliance as well as anti-corruption. Every employee is required to successfully complete these trainings.

All our processes are regulated by procedural instructions for the respective area of work. These procedural instructions are centrally accessible to all our employees at any time in our process management on the intranet and are intended to provide assistance so they can follow the correct procedure in various situations.



Responsible value chain

- **Milk from responsible farms**
 - **Milk from responsible dairies**
 - **Responsibility for our products**
-

≈9,000
local farmers

Our dairy products originate on the farms of our approximately 9,000 local dairy farmers during the production of raw milk. Our suppliers, who are also our owners, work every day 365 days a year and make it possible for us to process their raw material into healthy and valuable dairy products in our Berglandmilch dairies. Under strict conditions and guidelines of various quality programmes, ongoing controls, but above all in connection with nature and the love of animals, they form the cornerstone of our value chain.

We demand high standards not only from our suppliers, but also when transporting the milk to our dairies. After an initial quality check when the milk is collected directly from the farm, the raw milk is transported on optimised routes directly to the nearest dairy. After the incoming inspection, further quality controls follow throughout the production process of our products until the final product.

None of our products leaves our premises without undergoing microbial, chemical and sensory testing before they are finally available on the supermarket shelves for our consumers in the usual quality.

It is important for us to keep a close eye on the market and to adapt our wide range of products to our customers' wishes, to find sustainable packaging solutions, to constantly optimise the taste of our products and to offer variety in our assortment.

Milk from responsible farms

23 cows

are on average in the barns of our Berglandmilch farms.

8,968

Farmers look after the welfare of their animals every day

527,775

Controlled raw milk samples/year

20 Quality programmes

That's how many different types of milk we collect.

825

Quality consultations on the farms on site

13,800

Quality consultations by telephone

144,000

Average 144,000 kg of milk / farm



Animal husbandry appropriate to the species is the foundation for the production of high-quality milk.

Because if cows are doing well, nutritious and healthy food can be produced. Therefore, there is no way around the three pillars of animal welfare, animal health and species-appropriate husbandry.

Austria is characterised by small-scale agriculture with family-run farms and a focus on animal welfare. Our Berglandmilch farms have an average of 23 cows with an average milk yield of 144,000 kg of milk per farm. This corresponds to a milk yield of around 6,300kg of milk per cow per year. The performance level in other European countries with intensive dairy farming is more than 10,000 kg of milk per cow and higher. These differences

are also reflected in animal health and lifetime performance. Our predominant forage-based feeding leads to lower milk yields, but due to the high proportion of grasses and herbs and the reduced use of concentrates in the ration, this also leads to a ruminant-friendly, sustainable and climate-friendly feeding. Moreover, the pasture and Alpine dairy farming that is common in Austria also has a positive effect on the cows' well-being.

With regard to the legal situation, Austria exceeds the standards of other European countries in terms of animal health and animal welfare. For example, permanent tethering of dairy cows without any free-

dom of movement is prohibited in Austria. The Austrian Animal Welfare Act also stipulates that dehorning is only permitted with the use of sedation, local anaesthesia and post-operative painkillers. The space available is also above comparative European values, i.e., the amount of space that must be available to a cow in the barn and exercise area. Fertilisers and animal stocking limits per hectare of agricultural land are regulated by law, along with manure waste limits and limits for the use of commercial fertilisers.

Animal welfare bonus in the three stage model

The basic prerequisite for a supply contract with Berglandmilch is compliance by means of the legally prescribed standards. Voluntary additional services provided by dairy farmers to improve animal welfare are compensated by means of an animal welfare bonus. Well over 90% of member farms implement additional animal welfare measures that exceed the strict Austrian standards and are compensated with bonus payments.

With the animal welfare bonus introduced in 2019, which has been steadily developed since then, it is possible for our Berglandmilch farmers to earn up to an additional 2 cents/kg of milk.

The bonus is structured in three stages and pays particular attention to the types of husbandry on the farms and outdoor exercise, which takes the form of Alpine dairy farming, grazing or free range.

Tier 1 covers all farms that allow their cows to go to pastures, to graze or to run outdoors on the Alpine pastures for at least 120 days in addition to being kept indoors. In **tier 2**, bonuses are paid for keeping cows in loose housing or in combination with year-round outdoor access.

Finally, a maximum surcharge of two cents is paid in **tier 3** for loose housing with year-round outdoor access or with at least 120 days of grazing. The verification of the husbandry systems is carried out in the course of the existing controls.



Lastly, all these measures should guarantee that all Berglandmilch farms meet the **AMA Quality Seal Standard** for the keeping of cows.

As a milk supplier to Berglandmilch, farmers are also obliged to be a member of the Austrian Animal Health Service. This results in further measures in cooperation with veterinarians to maintain animal health, which are further developed several times a year during consultation meetings.

Responsible use of antibiotics in animal treatment is not only important for our animals, but also for the general effectiveness of active substances with regard to antibiotic resistance. This careful handling is outlined in an internal guideline of Berglandmilch, whereby the health and fitness of the cows are the top priority in order to prevent diseases.



You can taste that our farmers' animals only get the best feed.

The lush fields and meadows in Austria form the basis for the ruminants' feed. On the one hand, the cows can refine the fodder into a valuable raw material, and on the other hand, Austria's cultural landscape is preserved and made accessible for tourism, especially in the Alpine regions. While other forms of agriculture prevail in Austria's favourable regions, dairy farming in Austria takes place almost exclusively in the bottomland regions of the mountain areas. Thus, human nutrition in Austria is not in competition with dairy farming and the utilisation of grassland that is not usable for human nutrition is efficiently used by ruminants.

Berglandmilch farmers are also considered pioneers in their commitment to sustainability. In addition to guaranteeing a 100% GMO-free production method, using exclusively European feed, forgoing the use of palm oil in feeding and doing without the controversial pesticide glyphosate, since 2021, they have been taking steps to

only use real whole milk in calf rearing since 2021. In our opinion, this is an important and correct building block that must be anchored in our quality promise of near-natural and sustainable production methods.

 **100%**
GMO-free production

 **No use of glyphosate**

 **No feed from overseas**

 **No palm oil in the feed**

 **Only real whole milk in calf rearing**

 **Berglandmilch Antibiotics Guideline**

 **ANIMAL WELFARE BONUS** for more freedom of movement and measures above the legal standard

 **Controlled ANIMAL HEALTH** through compulsory membership in the Animal Health Service and the Controlled Animal Health Programme

 **All Berglandmilch farms comply with the AMA quality seal standards**



Promotion of our farmers

Our farmers at Berglandmilch are not only milk suppliers; they are also the sole owners of the cooperatively organised company. This special situation also results in particularly close and good cooperation with Berglandmilch's own milk quality controllers. In 2022, 825 quality consultations were held on the farms and 13,800 quality consultations were held by telephone with our milk quality controllers.

 A close exchange of information between Berglandmilch and milk suppliers also results from the established supplier online portal eMilk, regular information events, the company's own supplier magazine Der Schäringer/Der Tirol Milch Bauer; special mailings and the SMS information service.

The tasks of the milk quality controllers are manifold. Their main tasks include securing the supply of raw milk in the collection area, milk variety management, and collection route planning with ongoing optimisation. The improvement in raw milk quality, the coordination of quality laboratories and inspection bodies broaden their work spectrum. Raw material management is also in charge of coordinating customer audits directly on the farms.



Special milk programmes

The core area of Berglandmilch is the best possible refinement and marketing of the raw milk of its owners. In a country that presents a wide variety of topographical challenges, special milk programmes are offered to enable the best possible marketing for the farmer members, depending on the operational possibilities.

All in all, **20 different types of milk** have to be collected and processed separately. In addition to GMO-free premium milk, milk qualities, such as organic milk, hay milk, Alpine milk, mountain farmers' milk, organic mountain farmers' hay milk, milk from special regions and milk with special husbandry and animal health requirements, are collected and marketed in special projects with surcharges for the farmers.

Partnerships

Berglandmilch processes just under 40% of Austria's milk production. We maintain close contacts with NGOs, ministries, consumer protection organisations, chambers of agriculture, inspection bodies, universities, quality laboratories and many other organisations.

One example of a successful partnership is the **D4Dairy** project. This project involves the analysis of an integrated data set with data from different sources—dairy, farm performance records, laboratory data, veterinary diagnoses and external sources. More than 500 farms already participate in the data networking. Due to the central networking of various data from different sources, it is possible to implement animal health management strategies on the farms more quickly.

Another pilot project involving more than 100 Carinthian dairy farmers in cooperation with a feed manufacturer and an international customer also delivered promising results.

According to numerous university studies, the addition of special essential oils and herbs can significantly reduce methane emissions from cows while increasing milk yield and improving animal health.

In a practical application in Carinthia, the university results were also confirmed on the Berglandmilch farms.



In October 2022, Berglandmilch, in cooperation with experts from the chambers of agriculture, launched an advisory campaign on favourable conversion solutions for more animal welfare and cow comfort on farms. Intelligent, simple and practice-relevant solutions were presented using best-practice examples.

+ Berglandmilch supports measures to increase animal welfare with individual advice and with an animal welfare bonus amounting to more than 10 million euros annually.

In cooperation with a university research institute, we are currently working on a project to determine the total environmental impact of milk production on our members' farms. This will enable us to take into account the environmental impacts, in particular the greenhouse gas emissions that are already caused by milk production on the farms, even more precisely in the future and to introduce appropriate measures to reduce harmful environmental impacts.

Milk from responsible dairies



CERTIFICATIONS

Controlled quality along the entire value chain

As a leading manufacturer of branded goods, we bear responsibility with regard to consumer protection and food safety. Close-meshed controls along the entire value chain, from milk collection to processing in our plants and delivery to our customers, are carried out day and night by 50 employees in our in-house testing laboratories. In this way we can ensure that our products only leave our production plants in perfect condition.

Milk is one of the most valuable and multifaceted foods. In line with our claim of having the most diversified product portfolio possible, we meet strict specifications for premium and special product segments. With our customers in focus, we guarantee the implementation of special requests.

Special milk programmes

Within the framework of special organic programmes for our trading partners, we market milk in special programmes. In these special programmes, in addition to the organic standard, additional requirements are defined with regard to origin, quality and processing. Collection and further processing are strictly separated from other types of milk.



Halal and kosher quality milk

For our customers in the Near and Middle East, we also process milk according to special dietary regulations, such as Halal or Kosher. The correct manufacture of products in accordance with Jewish and Islamic dietary rules is regularly checked and certified by external bodies.



Protected traditional specialities TSG and protected designation of origin

Here, products are made with defined, traditional raw materials or according to traditional processes. For our products with a protected designation of origin, all production steps take place in a defined area (e.g., Tyrolean mountain cheese PDO). And, of course, we also process guaranteed traditional specialities, such as hay or Alpine milk, into enjoyable products for domestic and foreign customers.



Assured quality

Our product range and required certifications are as diverse as the wishes of our customers are. In addition to the daily microbiological, physical and chemical examinations of each product batch in our own tests, we open our doors for audits and certifications by external bodies and institutions on around **150 days** per year. These usually take place unannounced and exclusively by persons outside the organisation.

But it is not only external controls that safeguard our product quality; regular internal audits are also carried out. Internal step-by-step checks after each production step enable us to quickly isolate and correct the cause of any deviations. We are the first and only milk-processing company to have introduced listeria monitoring with an early warning system in cooperation with the University of Veterinary Medicine and the renowned Christian Doppler Institute. In contrast to the usual external tests with long reaction times, rapid tests are carried out in our own PCR laboratories, which include both product and environmental tests and yield results within 24 hours. For short distances, quick reactions and reliable results, Bergland-

milch conducts tests in its own internal laboratories at all locations. The impressive figures of 19,400 chemical/physical analyses and 34,800 microbiological tests per week confirm the immense sample density. All results are documented, and so-called retained samples are kept of all finished products. In this way, any systematic errors can be targeted and traced quickly. At Berglandmilch, by the way, the finished and semi-finished products are not only analysed in the individual production steps, but the environmental parameters, such as the cleaning water from the plants, are also subjected to precise controls.



Reliable controls: From the cow to the refrigerator

Milk and dairy products are among the best-controlled food products. In addition to the considerable number of internal checks carried out at all stages of milk production and processing, analyses in accredited, external laboratories are also an essential part of our quality management and quality assurance. Our products are inspected according to defined processes and test procedures, including sensory, declaratory, visual and microbiological ones. In addition to this,

our customers and partners carry out unannounced product inspections and checks.

In the course of all these examinations, production procedures, processes, allergen management and organic parameters are checked. Additionally, defined CSR measures, environmental management guidelines and the well-being of employees (e.g. noise pollution) are also externally checked.



Food safety: Staying safe in the long term

It is our prime task to ensure that all food leaving our production farms is also flawless and "safe". To this end, an integrated food safety and quality management system is implemented by our owners the farmers right up to the processing and distribution of our products, which is continuously reviewed, evaluated and improved where necessary. We are committed to the certification of this system by independent accredited inspection bodies. In order to prevent customers, consumers and/or the company from being harmed by incorrect behaviour in crisis situations, our procedures in the event of a crisis are also defined and standardised. In addition, we have set-up an on-call service outside office hours, which is provided by a quality management person. These measures enable us to act quickly in the event of a crisis and to minimise or completely avoid potential negative effects.

International Food Standard

In addition to complying with and examining strict legal guidelines (e.g., according to the AMA quality seal guidelines or the organic standards), we are also certified on a voluntary basis according to the International Food Standard (IFS) in the highest category "higher level". The International Food Standard (IFS) describes a uniform, internationally recognised standard that was created specifically for food production and is audited on the basis of various criteria. The focal points of the IFS Food Standard include the production process (e.g., cleaning and foreign body contamination management), transparency along the entire value chain, the quality management system, resource management and measurements and analyses. Verification of compliance with these standards is carried out by a third party. By certifying to a uniform standard, we create comparability and transparency across the entire supply chain for both our customers and our consumers.



Cybersecurity as quality management of IT

Digitalisation is changing the way we work. Networked production, networked supply chains and networked people not only offer opportunities, but also pose risks in terms of cyber attacks and security breaches. Cybersecurity is an essential part of our quality management with the aim of preventing attacks on sensitive systems and unauthorised access to confidential information.



Information security begins on a small scale

We sensitise our employees in annual, mandatory trainings about the consistent and careful handling of data and information.

Data backup

To prevent data loss, relevant data are backed up on external storage media.



Technical protection and organisational measures

Firewalls, virus protection, regular updates, security patches and the encryption of sensitive data in email traffic are a matter of course for us. We also contribute to information security in the company through measures such as password security and organisational guidelines with regard to data access and the allocation of administrator rights.



Responsibility for our products

More than **160 million**

Litres of organic milk are processed into almost 250 different organic products

Already **2%**

of our product portfolio are vegan products

Up to **15x**

is the number of times our reusable container can be refilled

Switch to animal-friendly microbial rennet

Organic, vegetarian and vegan products

You are what you eat! There is hardly any other topic with so many different opinions and views than nutrition. A vegetarian or vegan lifestyle has long since ceased to be just a trendy lifestyle; these eating habits and their variations are firmly anchored in the population. At Berglandmilch, it is important to us to be able to offer products for all our consumers, regardless of their eating habits and current preferences (flexitarians). Milk and dairy products are basically vegetarian and are enjoying increasing popularity. Sales of cheese and fruit yoghurt in particular are very encouraging.



Since autumn 2020, we have also been offering vegan products to be able to serve all customer wishes. Vegan products from a dairy sound contradictory at first glance, but it is not. All the technologies and the product know-how to produce vegan products are available. Moreover, alternatives to dairy products in the Austrian food trade are offered exclusively by international corporations. In these cases, the added value does not reach the regional farmers.

For our vegan products, the raw material comes from our Schärddinger dairy farmers in the Waldviertel region of Lower Austria. In addition to the milk, they also produce the necessary grain for the Schärddinger oat products for us on their farms. In this way, a regional economic cycle is closed and added value stays where it belongs, in Austria and on the farms of our cooperative members. This regionally produced raw material in combination with the sustainable packaging in the reusable glass bottle forms a coherent and sustainable concept.



The basic framework of this concept was also followed with the introduction of the Schärddinger organic hummus in the resealable 200g jar in autumn 2022. Here, too, special attention is paid to sourcing regional raw materials of the best organic quality. The organic chickpeas, which form the basis for the hummus, come 100% from Austria.

However, our greatest product diversity in the organic sector results from almost 250 different products that come from the processing of more than 160 million litres of organic milk from our farmers every year. **This makes us the largest processor of organic milk in Austria.** Thanks to one of the highest organic farm milk prices in Europe, we are also able to continue to grow strongly nationally and internationally in the organic segment with an increasing raw material base.

Contribution to healthy nutrition

With our products, we provide our consumers with moments of enjoyment and take our responsibility for producing healthy food very seriously. With our products, we contribute to a balanced and needs-oriented diet.

Milk as a raw material is our most valuable asset and can be refined in many ways. When refining milk, we aim to reduce the sugar content in our products and use sugar in moderation, with taste always being our top priority. Efforts to comply with the Sipcan criteria for new products in the fruit yoghurt sector are consistently implemented. The criteria state that a **maximum of 11.5g** of sugar per 100g of product (including the naturally contained milk and fruit sugar) should be used. We deliberately avoid replacing Austrian beet sugar with artificial sweeteners. We are committed to the careful use of Austrian sugar and prefer it to chemical substitutes.



We also rely on anonymous monitoring programmes of the sugar content in our non-fermented milk mix products, fruit yoghurts, drinking yoghurts and fermented fruit milks. These programmes originate from the participation in the industry initiative of the food industry association for salt and sugar reduction. A maximum of 11.5g of sugar per 100g of product also applies here.

We focus on merely supporting the natural sugar content in milk and milk-mix products and putting the natural and less sweet taste in the foreground. When considering the total sugar content of a dairy product, the naturally occurring lactose must be taken into account in addition to the added sugar. Its sweetness is only about 39% that of conventional household sugar. The lactose value must nevertheless be included in the sugar content of the nutritional value table. In a finished product, such as a commercial fruit yoghurt, this means that about 4.5% of the total sugar content comes from the naturally contained lactose. This explains why dairy products often appear to have a high sugar content, even though they contain hardly any added sugar, but only natural milk sugar or fruit sugar in a fruit yoghurt.



Freshly cooked food simply tastes better.

We not only strive to produce healthy and sustainable food, but also to provide ideas and incentives on how to turn it into tasty dishes. Cooking fresh or cooking together as a family or group of friends is becoming more important again. We promote this trend and provide cooking inspiration for everyone in our cookbooks, from traditional to quick and easy dishes. We also regularly publish new recipes, adapted to seasonality or current trends, on our websites or social media channels.



Environmentally friendly packaging solutions



One of the biggest areas where our sustainable actions and developments become visible to consumers is in the packaging of our products. In our ongoing optimisations, we focus primarily on the following key areas:

Use of alternative materials such as reusable glass or cups with a cardboard sheathing

Material thickness reduction, especially in the plastic area

Recyclability of the packaging used

The highest priority in any decision for or against a certain type of packaging, in addition to the three points listed above, is to ensure food safety and product quality.



Reusable is the way to go!

Since January 2020, we have been increasingly avoiding plastic by reintroducing the returnable glass bottle. At the end of 2021, fruit and natural yoghurts in returnable glass bottles were added to the range after drinking milk.

Glass is referred to as an inert packaging material. This means that there is no interaction between the packaging and the product, which preserves the natural taste. In addition to the switch to glass, the most sustainable option, reusable glass, was also used here. This is the most resource-saving way of packaging. With filling at three different locations, we are committed to limiting the transport routes to a maximum of 200km in Austria. With this limit, the reusable container is demonstrably the most sustainable packaging.



A glass bottle can be reused 15 times, thereby replacing 15 disposable bottles. The high return rate of over 90% confirms our decision and also shows the increasing affinity of consumers for sustainability.

Our future aspirations are therefore: to use glass instead of plastic whenever possible and to continue expanding the returnable glass line.

Less is more

In addition to using environmentally friendly materials, our goal is to save packaging material in general and to reduce the thickness of the material. Through technological advancements, we can save up to 26 tonnes of plastic per year in sliced cheese packaging, for example.

Good savings results are also achieved by using cardboard sheathing. A very thin plastic cup provides the necessary product protection, and the cardboard sheathing offers the necessary stability. The two components can be easily separated from each other by a tear perforation for the consumer and can thus be recycled again. The savings in plastic amount to 66 tonnes per year.

But here, too, research and further development are ongoing. The next generation of paper cups will separate themselves in the waste treatment process without human intervention. This development will result in an even better recyclability of the cups with cardboard sheathing of over 90%.



100%

100% rePET

It is not always possible to avoid plastic completely. This is why we have worked to increase the recycled content of our PET packaging in recent years. While only 2% of our products in PET packaging contained recycled content in 2018, we can proudly confirm that we have succeeded in converting our entire product range in PET packaging to 100% rePET.

Mindful handling of food

Milk and dairy products are valuable foods. We are proud of the work of our farmers and of our products. This makes it all the more important for us to treat dairy products with respect and to prevent any waste.

Together with the initiative **Too Good To Go**, we are tackling the issue of food waste because across the EU, around 20% of all food produced is wasted. It is produced but not consumed, and ends up in the rubbish. More than half of all food waste in the EU occurs in private households.

10 %

of food waste in the EU results from misunderstandings around the best-before date (BBD).



At Berglandmilch, we want to take a clear stand against food waste and are therefore taking part in the "Often Longer Good" campaign by Too Good To Go. As part of this campaign, we would like to raise awareness and educate people about the fact that the best-before date does not reveal anything about the consumability of the product. Rather, it is the date until which we, as a manufacturer, can guarantee the optimal sensory and microbiological properties of the product.



Even after expiry of the best-before date, the food is still edible for longer in very many cases. With the logo "often longer shelf life" on many of our products, we want to inform our consumers about this and encourage them to use their senses to check the edibility of the product.



Reducing food waste also actively contributes to climate protection. After all, 15-16% of the total emissions of the European food chain are caused by food waste.

However, if products can no longer be sold even before the expiry date or are no longer marketable for other reasons, they would theoretically have to be destroyed. To remedy this situation, we work closely with the Austrian social markets **Social markets** and the **Austrian food banks**, to which products are distributed.





Our commitment to environment and climate protection in the company

- **Climate protection starts with us**
 - **How we are committed to environmental protection**
-

Climate protection begins with us at...

Climate and environmental protection are among the greatest challenges of our time. As one of the largest Austrian companies in the agricultural sector, we are aware of our responsibility to reduce greenhouse gas emissions. In order to succeed in this, we rely on a number of measures. Starting with the use of renewable energies, measures to increase energy efficiency and sustainable land use, this chapter takes you through our commitment to sustainability.



CO₂-Balance

Accounting and valuation methods

Greenhouse gases are gases that have a negative impact on the Earth's climate and the atmosphere. Greenhouse gases can be of natural origin or caused by humans. A distinction is made between different types of greenhouse gases with different global warming potentials. In connection with dairy farming, methane (CH₄) and nitrous oxide (N₂O) are produced in addition to carbon dioxide (CO₂).

In order to derive emission reduction targets, it is essential to first determine the greenhouse gas emissions caused according to the latest scientific knowledge. A valid greenhouse gas balance is the linchpin of an effective climate protection strategy.

In order to standardise the climate impact of the different greenhouse gases, so-called CO₂ equivalents (CO₂e) are calculated. For this purpose, we use the calculation bases according to the "IPCC Fifth Assessment Report" (2014). The relative global warming potential (GWP) describes how much a greenhouse gas contributes

to global warming compared to the same amount of CO₂. In the case of the greenhouse gases relevant to us, the conversions to CO₂ equivalents are as follows:

- 1 kg carbon dioxide (CO₂) = 1 kg of CO₂e
- 1 kg methane (CH₄) = 28 kg of CO₂e
- 1 kg nitrous oxide (N₂O) = 265 kg of CO₂e

The Greenhouse Gas Protocol (GHG) is generally used to account for greenhouse gas emissions at the corporate level. The underlying standard for the accounting of greenhouse gas emissions is ISO 14064-1. We also calculate our greenhouse gas emissions according to the corporate standard of the GHG Protocol. The GHG Protocol takes into account emissions along the entire value chain and thus includes both direct and indirect emissions. The resulting emissions are categorised according to so-called **scopes** in order to identify the areas with the greatest potential for improvement. According to the GHG Protocol, **Scope 1 and Scope 2**

emissions must be accounted for. Accounting for **Scope 3** emissions is generally optional. However, as the majority of our Corporate Carbon Footprint is traceable to Scope 3 emissions, we see the accounting of Scope 3 emissions as inevitable for Berglandmilch's climate protection strategy. Our Corporate Carbon Footprint 2022 is the sum of all three scopes. All site-specific emissions and emissions from all Berglandmilch subsidiaries were taken into account. A large part of the underlying data consists of real values or our own calculations based on consumption data. In individual cases, it was necessary to resort to estimated values based on the literature values, which were provided with appropriate safety margins for validation.



Scope 1

Direct emissions

Scope 1 emissions include all emissions that occur directly in the company and not in the upstream or downstream value chain. Scope 1 emissions thus arise locally in the company or have their origin in a direct activity. Therefore, they can be accounted for and controlled by the company itself. In our company, Scope 1 emissions consist of heat emissions generated in-house, emissions from our own vehicle fleet and refrigerant leaks. Scope 1 emissions in 2022 totalled 41,220.86 t CO₂e. This means that around 2% of our total emissions can be traced back to Scope 1. By gradually phasing out fossil fuels and replacing them with domestic biomass, our Scope 1 emissions are already relatively low and can be reduced by 90% by 2025.

Scope 3

Indirect emissions from upstream and downstream processes

Scope 3 also includes indirect emissions, which, however, do not occur in the company itself but in the upstream or downstream supply chains. Within Scope 3 emissions, a distinction is made between different categories. Although the calculation of Scope 3 emissions is optional, as mentioned at the beginning, we see their calculation as crucial for a scientifically sound reduction in total emissions. In our case, the following categories are classified as relevant in the area of Scope 3 emissions and taken into account in the overall balance:

- Purchased goods and services
- Capital goods
- Upstream transport and distribution
- Waste generation
- Business travel and hotel accommodation
- Commuting of workers and home office
- Downstream transport and distribution
- Disposal of sold products

Scope 2

Indirect emissions

Scope 2 emissions express the greenhouse gas emissions for purchased energy not generated in-house. In the reporting year 2022, 100% of the electricity from renewable sources was used at our dairy locations. The Scope 2 emissions totalling 194.02 t CO₂e are entirely attributable to the purchase of electricity from the Berglandmilch subsidiary Frulika.



In order to achieve the most valid result possible, a flat-rate safety margin of 5% was applied to the total emissions of the purchased primary

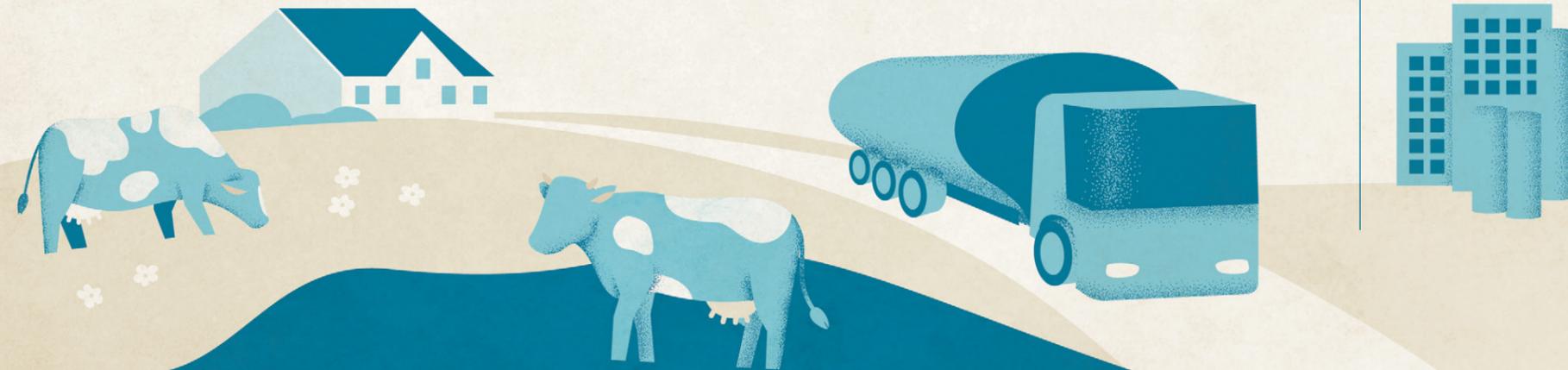
products to compensate for any data uncertainties in the selection of emission factors.

Assignment	Emissions by category	(t CO ₂ e)	%-portion
Scope 1	Heat consumption	39,634.40	1.94%
	Fuel consumption in the company	412.32	0.02%
	Gas leakage (refrigerant)	1,174.15	0.06%
	Total	41,220.86	2.02%
Scope 2	Power consumption	193.72	0.01%
	District heating / district cooling	0.30	0.00%
	Total	194.02	0.01%
Scope 3	Upstream Scope 3 emissions		
	3.1 Purchased goods and services	1,843,105.55	90.42%
	3.2 Capital goods	24,354.01	1.19%
	3.3 Upstream energy-related emissions	11,742.04	0.58%
	3.4 Transport and distribution (upstream)	56,619.49	2.78%
	3.5 Waste generation in the company	2,188.57	0.11%
	3.6 Business trips and hotel stays	4.05	0.00%
	3.7 Commuting of employees (incl. home office)	2,898.59	0.14%
	3.8 Rented/leased property, plant and equipment	not relevant	
	Downstream Scope 3 emissions		
	3.9 Transport and distribution (upstream)	not recorded	
	3.10 Processing of sold products	not recorded	
	3.11 Use of sold products	not recorded	
	3.12 Disposal of sold products	56,105.23	2.75%
	3.13 Leased/rented property, plant and equipment	not relevant	
3.14 Franchises	not relevant		
3.15 Investments	not relevant		
Total	1,997,017.54	97.97%	
Total	2,038,432.42	100%	

98%
Scope 3

Origin of our emissions

2%
Scopes 1 + 2



Emissions balance at Berglandmilch

The Corporate Carbon Footprint Berglandmilch Group with all subsidiaries for the year 2022 amounts to 2,038,432.42 t CO₂e. Converted per employee, this corresponds

to a value of 1,325.38 t CO₂e. Scope 1 and Scope 2 emissions account for only around 2% of total emissions. 98 % of the total greenhouse gas emissions originate in

Scope 3, i.e., outside the company, in the upstream and downstream economic sectors. The decisive category within Scope 3 emissions is the purchase of goods and

services, in particular raw milk. The majority of greenhouse gas emissions in Scope 3 can be traced back to milk production on the farms themselves.

Scope 3 emissions on farms

Agricultural greenhouse gas emissions on the farms themselves account for a large part of the emissions in Scope 3. Various types of greenhouse gases are emitted during the production of agricultural goods, first and foremost carbon dioxide, nitrous oxide and methane. CO₂ is emitted, for example, during the combustion of fossil fuels, on farms through the operation of tractors or in various biological processes. Nitrous oxide is primarily produced by the organic or mineral fertilisation of soils. The greenhouse gas methane is produced by cows during digestion.

Our farms are the most important part of the Berglandmilch climate protection strategy. On the one hand, they are directly affected by climate change and its impacts, and on the other hand, they are an important part of the solution. As pioneers in nature-based agriculture, Berglandmilch farmers have already taken measures to reduce greenhouse gas emissions and ensure sustainable productivity for future generations.

No palm oil in the feed

Palm oil was also banned in the feeding. Palm oil was mainly used in calf feed in so-called "milk replacers". This is a milk powder in which milk fat was replaced by cheap vegetable fat. As of 2016, this powder, when used by Berglandmilch farmers, was no longer allowed to contain palm oil. Since 2019, the use of milk replacers has been banned at Berglandmilch.

No glyphosate

The pesticide glyphosate is highly controversial. Glyphosate has not been permitted on the forage areas of our family farms since 2018.

Animal welfare and animal health

Numerous measures and voluntary commitments, such as membership in the Austrian Animal Health Service and close cooperation with veterinarians and milk quality controllers, ensure high animal welfare standards on the farms of Berglandmilch farmers. Improved animal health not only is important for animal welfare, but also represents an important measure for reducing emissions. A longer life span of dairy cows and a reduced need for offspring reduces emissions on the farm. With the animal welfare bonus, we also ensure freedom of movement

and grazing for the animals. More grazing means less fuel is needed and less manure has to be stored during the summer months.

Use of feedstuffs that have been proven to reduce methane emissions

Methane formation in the rumen of ruminants is a natural and unavoidable process, but it can also be influenced to a certain extent. International research results showed that by adding essential oils and natural herbs to the feed of dairy cows, rumen activity can be changed and methane emissions reduced by 10%. At the same time, the cell count is reduced and the milk yield and fitness of the animals are increased.

To evaluate whether these impressive results can also be transferred to our Berglandmilch farms, a field trial was carried out on Carinthian farms in 2022. The results showed that the feed supplementation increased milk yield and significantly reduced the cell count—a good indicator of health status.



Research project "Environmental Impacts on the Farm"

The emission factor of raw milk in 2022 is based on the Thünen report about climate impacts and the sustainability of ecological and conventional farming systems. It resulted in an emission factor of 1.19 for the reporting year 2022 without taking into account further safety margins.

Emissions related to raw milk include both indirect emissions in the upstream chain and direct emissions on the farm itself.



While it is still common practice in Europe to use genetically modified feed, import feed from overseas, use dried milk with vegetable fat and milk residues, and spray glyphosate, Austrian Berglandmilch farmers have been doing without these feed and farm inputs for years. Dairy farming in Austria is very different from the large dairy-producing countries of Europe. Austrian farmers feed their cows close to nature and in small groups.

We are therefore convinced that the advantages of the sustainable, rural agriculture of our family farms are not sufficiently reflected in average values. For this reason, together with a university research centre, the concrete CO₂e footprint per kilogramme of milk supplied to us is being surveyed.

In addition to this very important parameter, other environmental impacts and dimensions of primary production (feed, manure management, land use, fertilisers, robustness of the animals, power sources, biodiversity, etc.) are evaluated within the framework of the research project. The eco-efficiency of the individual farm in terms of environmental impact per food unit is also taken into account in this project. Thus, the societal performance of farms—food production, land management and economic contribution—is also reflected in the research results.

The study network consists of a representative sample of more than 100 farms. Due to the different geographical conditions, the selection of farms is stratified in the individual production areas. In the future, we will have a specific emission factor of raw milk at our disposal, which will allow us to measure the overall emissions even more precisely.



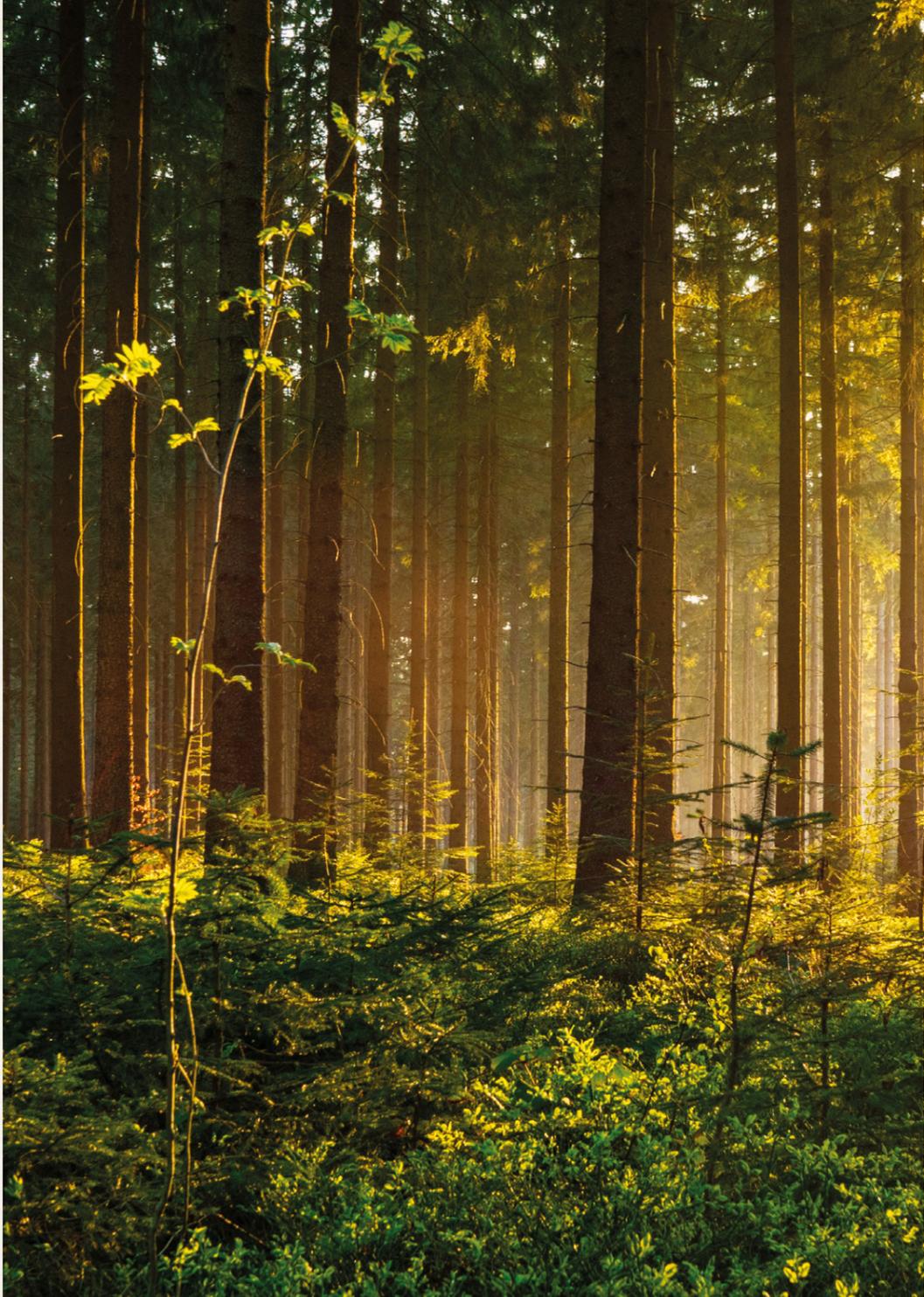
Scope 1 and Scope 2 emissions: Sustainable energy supply

Our ultimate goal is to produce safe and healthy food to ensure security of supply. For this to succeed, it requires a high and continuous use of energy throughout the production process and supply chain—from heating the raw milk using steam, filling the product and cleaning returnable jars and producing the equipment to cooling in the warehouse and downstream logistics.

In order to guarantee safety for food production, stabilise costs and meet our own sustainability standards, we have developed a sophisticated energy concept. For example, we decided to phase out fossil fuels and have already done so to a large extent. In addition, measures to increase energy efficiency (such as plant optimisations or the use of synergy effects), sustainable water management, projects in the area of heat exchange and use of electricity from renewable sources lead to a reduction in Scope 1 and Scope 2 emissions.



→ A detailed presentation of these measures for implementing the energy transition follows in the next sub-chapters.

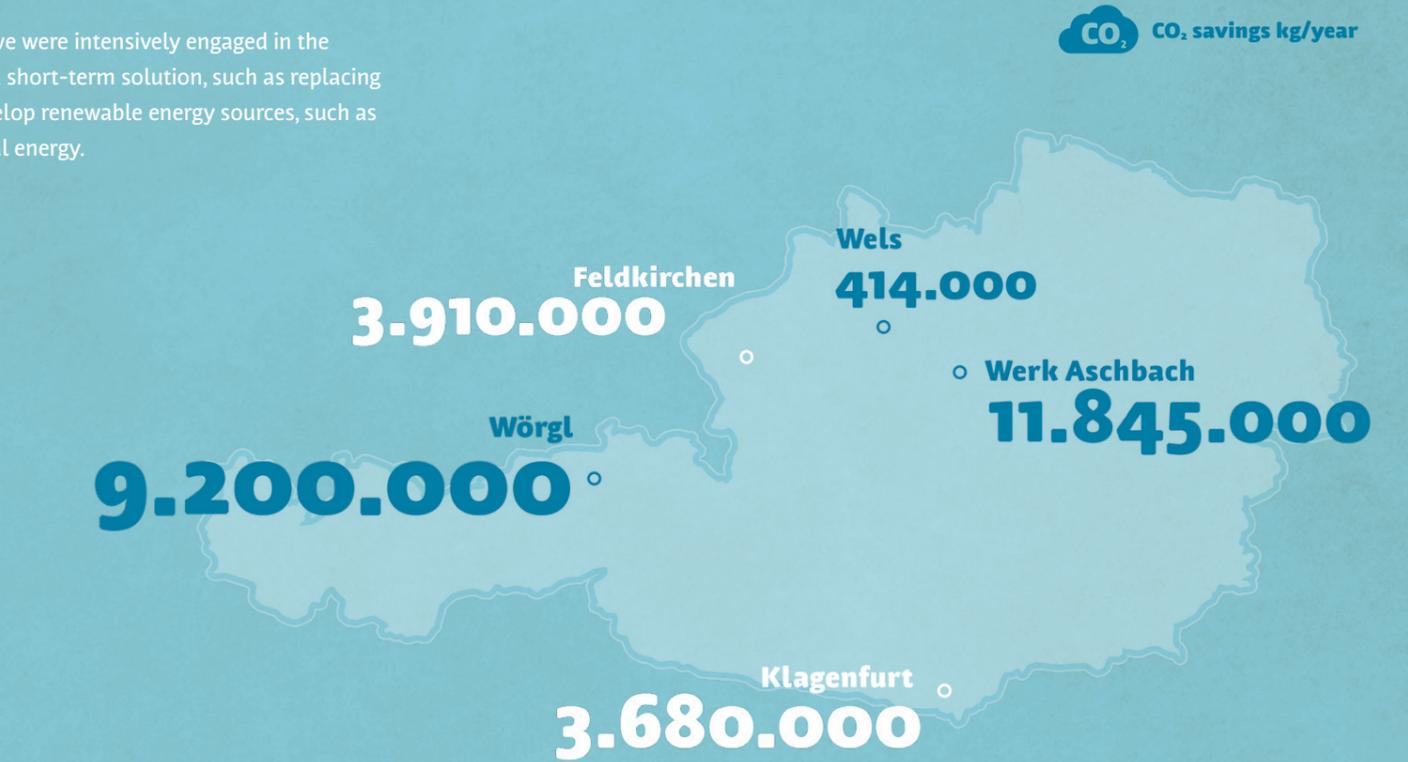


Phasing out gas initiative

Even before the outbreak of the Ukraine war, we were intensively engaged in the topic of alternative energy supply. Instead of a short-term solution, such as replacing natural gas with oil, our goal is to further develop renewable energy sources, such as biomass, biogas, photovoltaics and geothermal energy.

The dairy site in **Wörgl** has been running on biomass instead of fossil natural gas or oil for more than 10 years. Surplus heat from production is fed into a local heating network, supplying around 1,300 households in the town of Wörgl with heat. The woodchips for this plant come from Tyrolean forests. Our Tyrolean owners therefore supply not just the milk for the Tirol Milch specialities; the wood for a large part of the dairy's energy and steam supply also comes from their forests. In addition, the sustainable reusable glass bottles are also filled here. At the Wörgl site, regional economic cycles are thus symbolically closed.

The largest dairy in Austria at the **Aschbach-Markt** site will also be energy self-sufficient from 2023 with a biomass heating plant. Biogas and biomass will replace at least 90 % of the natural gas currently used at the Aschbach site.



In the **Feldkirchen** dairy near Mattighofen, biomass from regional woodchips will replace natural gas as an energy source by the middle of 2023. The speciality **Klagenfurt** dairy will be supplied with energy from 100% biomass via the service provider Klagenfurter Stadtwerke. The pipeline construction

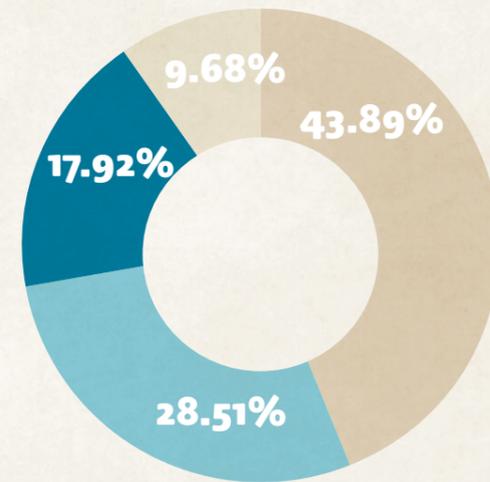
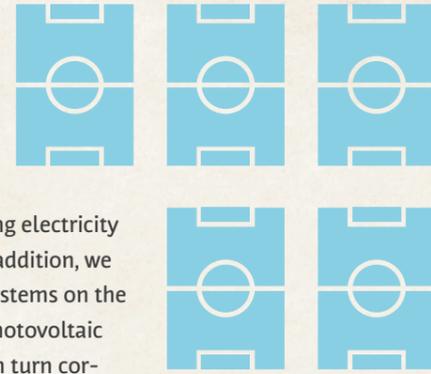
will be completed by the end of 2023. Our cream cheese dairy in **Wels** has been operating a biogas plant for years. At the cheese slicing and packaging plant in Geinberg, geothermal energy has been used as an energy source for heat generation since 2007. The speciality cheese dairy **Voitsberg** will be the last site to

be independent of fossil natural gas from 2025 onwards and will switch its heat and steam production to regional biomass. As a result of the projects already implemented in the area of energy and steam supply, 1,153,000 kg of CO₂ could already be saved in 2022.



100% green electricity

Since 2013, our Austrian sites have been sourcing electricity exclusively from renewable energy sources. In addition, we are advancing the expansion of photovoltaic systems on the roofs of our production sites. The area of the photovoltaic systems now covers around 20,800 m², which in turn corresponds to around five football fields. The output of these plants is around 3,490 kWp. This self-generated electricity saved 271,000 kg of CO₂ in 2022.



Our electricity mix

- solid or liquid biomass
- wind energy
- hydropower
- other renewable energies

Sustainability through energy efficiency

Making waste heat usable

With recovered and recycled waste heat from production, energy can be used efficiently and valuable resources can be conserved. For this reason, numerous heat recovery projects have been initiated in recent years, which are constantly being optimised and expanded.

For example, by optimising the heating and steam boiler at our largest site in Aschbach-Markt, previously unused heat from the production areas can be used and distributed to various consumers. By implementing this project, 1,290 tonnes of CO₂ can be saved annually.

The use of state-of-the-art technology at the Voitsberg site, for example, enables the recovery and re-use of waste heat from refrigeration. This measure results in energy savings of 2,389 tonnes of CO₂ per year.

The latest ventilation technology at the Feldkirchen site and optimised plants ensure that less energy is needed to operate the plant's own waste water treatment plant. Furthermore, measures were implemented at the Feldkirchen site to utilise waste heat flows at different temperature levels. The optimisations at the Feldkirchen site can save a total of around 715 tonnes of CO₂ annually.

Building extensions, such as the new milk collection hall and the mozzarella production building at the Aschbach-Markt site, were built using energy-efficient construction methods, and waste heat is utilised there. The building's air conditioning is provided exclusively by waste heat, which would go to waste without these measures.

Flagship project for renewable energy supply

It is not always possible to use waste heat in an economically viable way within the company. Instead of letting the unused energy go to waste, Tirol Milch dairy in Wörgl opted for other ways to use energy. In cooperation with the Wörgl public utility company, a particularly innovative heat recovery project was launched. Waste heat in the low-temperature range is fed into the local heating network of the town of Wörgl. In this way, the equivalent of around 1,300 households in the surrounding area can be supplied with otherwise unused energy in the form of heat. This flagship project for the joint utilisation of energy was also awarded the klima:aktiv prize by the Austrian Ministry for Climate Protection.

Bundesministerium
Klimaschutz, Umwelt,
Energie, Markt,
Innovation und Technologie

klimaaktiv



klimaaktiv



Climate targets

We are committed to the Science Based Targets (SBT) and have set emission reduction targets that are in line with them. Science Based Targets describe emission reduction targets that aim to limit global warming to 1.5 °C. The Science Based Targets initiative is an alliance among CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), which has now been joined by more than 2,000 organisations worldwide.

These targets take into account Scope 1, Scope 2 and Scope 3 emissions according to the Greenhouse Gas Protocol and are internationally recognised. Compliance with these targets is externally assessed and validated by the Science Based Targets initiative.

≈ 2%

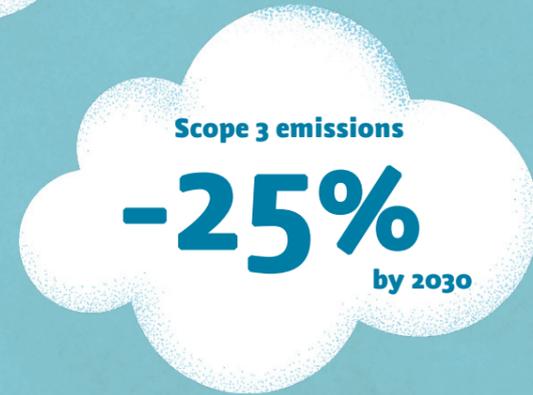
Only around 2% of our greenhouse gases come from our own operations. These are reduced through measures and projects in the area of energy efficiency and alternative energy supply.

The largest share of our greenhouse gases comes from our upstream and downstream value chains, such as agriculture or production and packaging materials. For this reason, we have also derived corresponding reduction targets in this area. We achieve these Scope 3 reduction targets through investments in the area of sustainable packaging and logistics as well as through a stronger integration of our farm owners in our sustainability strategy. Here, the

focus is on projects to promote sustainable agriculture, for example by promoting methane-reducing animal feed, the use of renewable energy on farms or increasing productivity. We measure our progress towards achieving our climate goals by our emissions in **2022**.



← In our case, the reduction targets, broken down by scopes, are as follows:



Water management

It is part of our overarching strategy to provide access to clean water. Responsible use of water—one of the most important resources for people and nature—begins with our water consumption and continues with the treatment of the waste water produced.

In milk processing, a large amount of water is needed every day, whether for cooling, creating products, generating steam or cleaning the production facilities. Accordingly, we attach great importance to close and continuous monitoring of water consumption. In order to achieve our goal of reducing water consumption and waste water by 15 % by 2025, we are constantly looking for optimisation opportunities. A decisive measure for minimising water consumption lies in the differentiation between process water and fresh water. Process water of drinking water quality is used for processes that do not require fresh drinking water. The multiple use of process water leads to a reduction in total water consumption.

Just as relevant as the water consumption itself is the treatment of the waste water. Waste water from milk processing contains various organic substances such as fat, lactose and protein. The waste water produced in our plants is treated in our own waste water treatment plants and then discharged into the surrounding water bodies in a purified, perfect state. In order to operate even more efficiently and sustainably, the solids produced during waste water treatment at the Aschbach site are fed directly into the new biogas plant built in 2022. This produces up to 450 m³ of renewable biogas per hour from waste water and residues, which can be used again in the dairy business.

We are committed to environmental protection

In addition to the topics of energy efficiency and sustainable energy supply, operational water and waste management are also key criteria for environmental impact and consequently our sustainability strategy.

Waste management

Dealing with waste products, especially those that cannot be recycled or used for energy recovery is one of the most discussed environmental issues.

Development of waste 2019 to 2022



In order to reduce or avoid the amount of waste and to guarantee a supply to the recycling cycle, a waste management concept was developed and established at Berglandmilch a long time ago. The various material flows as well as their use and recycling were precisely outlined. The internal waste logistics ensure that the

waste is fed to a central waste collection island, from where it is separated and disposed of as required. Delivered packaging material is recycled via the ARA system (Altstoff Recycling Austria AG).

Waste is also collected separately in the administrative area. We also regularly raise awareness among our employees about waste separation.

With the help of an in-house inventory management system, stock levels are automatically synchronised. Together with efficient production planning, deliveries to retailers are linked as closely as possible to actual consumer demand and overproduction is avoided.

Recycling of residual materials

In order to not only reduce waste, but also (re)utilise it sensibly, we use various concepts of residual material utilisation. A good example of this is the drying of liquid whey concentrate in the Berglandmilch subsidiary ALPI. Whey is a by-product of the further processing of milk and is mainly produced in the cheese-making process. A few years ago, this residual material was mainly processed into animal feed. The **ALPI** drying plant processes whey into high-quality special Alpine whey powder for further processing in food production. Whey powder is thus used in many different areas (such as the production of chocolate, baked goods, spices and cosmetic products). Whey processing impressively demonstrates how by-products can be further processed into valuable basic materials in the form of a circular economy.

The so-called okara—a by-product of the processing of oat flakes into an oat drink—is also used by us in the form of animal feed or a feed additive.

In addition to energy independence, the production of biogas from sewage sludge is also a sensible use of residual material utilisation for unavoidable waste.





Social Commitment for employees & society

- Diversity at Berglandmilch
 - Education and training
 - Working in a safe and healthy environment
 - Employee benefits
 - Commitment to society
 - Labour rights
-

Diversity at Berglandmilch

1,544

Employees

29

Nations

40

Apprentices

1,028 ^{67 %}

Male employees

516 ^{33 %}

Female employees

9.4 %

Part-time employees

10

An average of 10 years with the company

Our company is only as successful as our 1,544 employees in their daily work.

Their commitment and skills help us to achieve our goals. That is why we offer our employees training and development opportunities, invest in their health and safety and value their performance with a wide range of benefits. Fair and performance-related remuneration forms the basis of our employees' appreciation.

As stated in our Code of Conduct, we do not differentiate between women and men and promote them regardless of ethnicity, sexual orientation, age, disability status and professional background. We are convinced that respectful interaction is the be-all and end-all and that an inclusive and diverse workforce is advantageous for the company. As one of the largest employers in the rural regions of Austria, our primary goal is to make the best possible use of the diverse potential of our employees from a total of 29 different nations and to bundle it in our core competence — the production of healthy, high-quality and tasty food. On average our employees stay with us for more than 10 years, a fact that shows that our employees are also pleased with the appreciative way they are treated and that they are always motivated to do their work again.

As an active partner in the "Companies for Families" network, we offer a variety of flexible working (time) models so that family life, private interests and education and training opportunities can be easily combined with the job. Whenever possible,

the occasional home office day, parental leave or even part-time arrangements can be made for our employees. Almost 10% of the jobs are defined as part-time.

We take the voice of our employees seriously in the orientation and further development of our company. The works council, as the representative of the workforce's interests, plays a decisive role here. One third of our supervisory board is made up of works council representatives from the various locations, and together with the farm owners of our cooperative, they constitute the monitoring body. In order to strengthen the community within the workforce, various activities are also organised by the works council, which is repeatedly supported in its achievements by a social budget from Berglandmilch.

Education and training



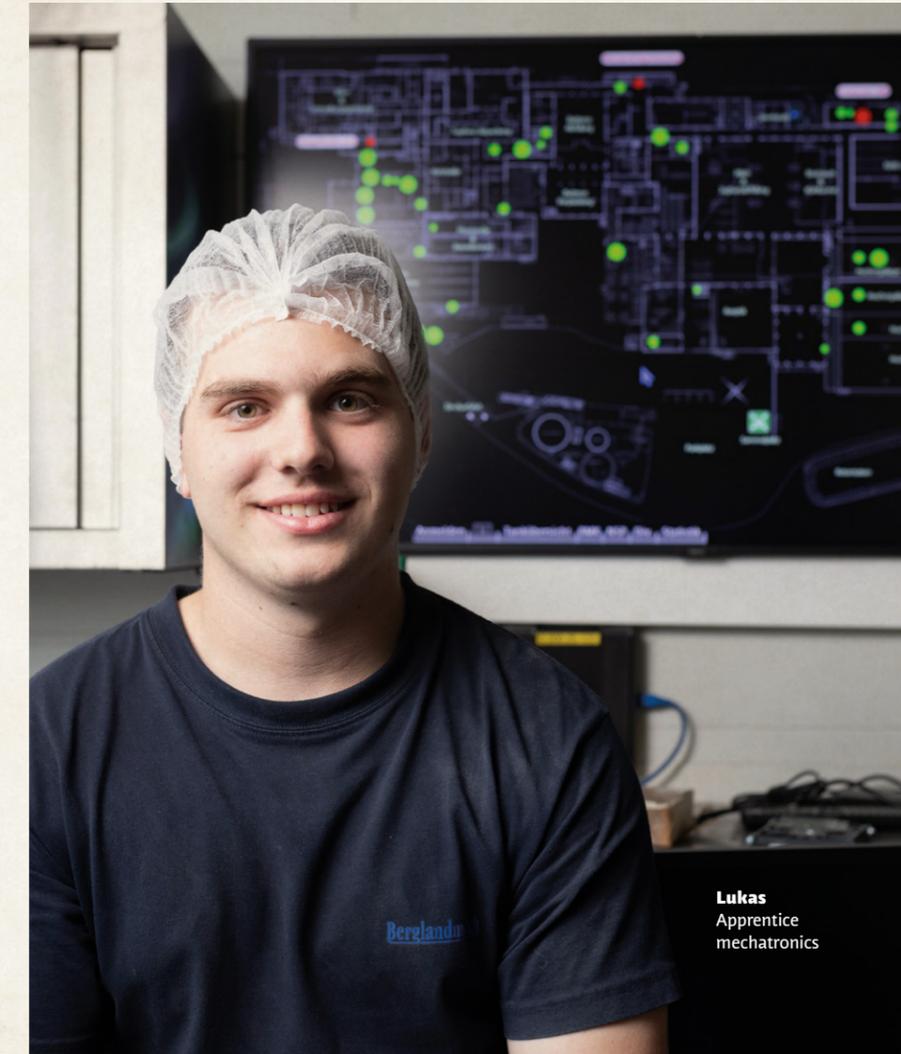
Investment in education promises highly qualified and motivated employees in the long run. This starts with our young professionals and with the most important ones for us, the apprentices. As one of the largest company training centres for apprentices, at Berglandmilch, we see it as our responsibility to provide the best possible and most varied training for young people.

Employee app

In addition to dairy technologists, mechatronics engineers and food technicians, we also train electrical engineers, IT technicians and office clerks. A total of 40 young people are currently taking the opportunity to do an apprenticeship with us and are benefiting not only from the technical training but also from numerous other programmes and benefits.

Our employees

We welcome our apprentices with a bonus for a new smartphone and create a welcoming and collaborative atmosphere at the joint apprentice welcome day. We support them with time off to give our apprentices the opportunity to complete an "apprenticeship with A-Levels". After all, we are happy about positive and successful performance in the apprenticeship-leave exam or the A-Levels, and we also reward them with bonus payments. As part of the apprentice academy, all Berglandmilch apprentices meet for workshops. These days also include fun and team building.



Lukas
Apprentice
mechatronics

Lukas, why did you decide to do an apprenticeship as a mechatronics engineer at Berglandmilch?

I had the opportunity to get to know Berglandmilch. I was immediately fascinated by the large, fully automated machines.

What do you particularly like about your training?

The diversity of my working day and the good cooperation among colleagues.

How important is it for you that your employer manufactures sustainably economy for your employer and in which area of your work do you think we implement this particularly well?

A sustainable production is very important to me in today's world, especially with regard to the use of resources and materials. The glass bottling plant, our own sewage treatment plant and especially the biomass heating plant are the biggest milestones for me here.

What are your goals for your future at Berglandmilch?

My biggest focus is on my final apprenticeship exam in 1.5 years. After that, I would like to make use of the training and further education offered in the company.



Andrea Tatschl
Quality Manager
Voitsberg Plant

Various personality-building seminars and steps for further training opportunities are also defined for all employees in the individual target agreement and target achievement meeting. "You never stop learning," confirmed our first graduate of our trainee programme for young managers, Andrea Tatschl, who is now responsible for quality management at the Voitsberg site. Andrea Tatschl talks about her experiences and the impact the trainee programme had on her career at Berglandmilch.

What is your experience of the Trainee Programme for Young Leaders?

The trainee programme was a uniquely challenging but incredibly educational experience that I wouldn't want to miss in my daily work routine. Through the training, it was possible to get an insight into the different departments as well as to understand interdependencies across departments. I benefited most from the process and plant engineering knowledge that I gained during this time.

During your training, you got to know many different departments. How difficult was it to always settle into a new team?

The experience I gained during these months allowed me to develop not only professionally, but also socially. At the beginning, it was a big challenge to keep adapting - to different departments and, of course, to different teams. During this time, my enthusiasm for the processes helped me most of all to engage in conversation with the employees very quickly. I was very surprised and above all grateful that I was immediately integrated in all departments and that everyone did his/her best to give me an overview as quickly as possible.

Were you able to apply the contents of the programme to your everyday work?

Not a day goes by that I don't benefit from the trainee programme. In addition to professional knowledge, the personal level should not be ignored — after all, some shifts were spent together. In this way, a common ground when faced with challenges can benefit everyday work.

How satisfied are you with the further training opportunities at Berglandmilch?

Berglandmilch offers a wide range of training courses. Numerous online and in-person training courses are offered throughout Berglandmilch. Preferred training courses that can be attended are also discussed during performance reviews. In this way, it is possible to constantly develop ourselves and integrate the knowledge from the training courses and events into our everyday work.

Opportunities for advancement are also demonstrated by another employee. She has gone from quality manager to plant manager of the production plant in Klagenfurt. Eva Streit convinced us with her know-how and is highly valued in her management position at Berglandmilch.

Ms Streit, how long have you been working for Berglandmilch and what experience do you still benefit from today as plant manager when looking back on your early days in quality management?

I have been working for Berglandmilch for 17 years. From my time in QM and in my function as Head of Quality Management, I have gained experience with regard to problems and the possibilities of working out solutions to these problems. During this time, I was able to work with many colleagues in the factories and get to know their point of view.

You hold a management position in an industry where the proportion of women in management positions is still low. What were the biggest challenges for you as the first female plant manager at Berglandmilch?

Although my colleagues already knew me from my time as quality manager, the biggest challenge for me was and still is to show my male (and sometimes female) colleagues and suppliers that women also have technical understanding and approaches to solving technical challenges.

Do you see yourself as a role model for young girls in our company?

I want to show what you can achieve in Berglandmilch with steadfastness and perseverance and what opportunities that are in our company.



Eva Streit
Plant Manager
Klagenfurt site



In addition to the classic classroom training, our "Berglandmilch Academy" has become a fixed component. This means that our annual hygiene training, information security training, compliance training and occupational safety training can be carried out conveniently online and at any time. To give our new employees a good start, they also have a complete onboarding tool at their disposal. Each employee therefore spends about three hours a year on online training, which is reinforced by individual and position-specific seminars and professional classroom training.

In the future, the Berglandmilch Academy will be expanded to include other topics, such as training on sustainability, climate protection and energy.

Apart from training courses, our employees are always kept up to date by information screens in all plants and are informed here about general topics. Every employee has access to individual matters in the myBerlandmilch app, which has been newly developed since the beginning of 2022. Purchases in the dairy market are easy to keep track of, holiday requests can be managed with a few clicks on the smartphone, or duty rosters can be called up at any time. In addition, the app also gives our employees the opportunity to anonymously submit criticism, suggestions or proposals for improvement at any time. We take the concerns seriously and see it as a great advantage to be able to make quick adjustments.

Working healthily and safely

As a food manufacturer, our top priority is to ensure that our employees strictly adhere to the hygiene guidelines. However, an important aspect for us is also to ensure the occupational safety and health of our employees. The necessary measures are reflected in our internal safety guidelines, as well as in the various control systems and health programmes. At regular intervals, our employees are therefore obliged to successfully complete safety training and occupational safety instructions.



In 2022, we recorded an average of **8 accidents per 100 employees** across all sites, **resulting in 133 lost working days**. Our employees receive individual training and discussions are held to eliminate the potential for accidents. Safety precautions are taken to limit the potential for danger. We are pleased to see that our efforts are having an effect and that accidents are steadily decreasing.

A responsible safety specialist on each site and an occupational physician are defined in our health programme. The offer of a company doctor provides all employees with regular opportunities for general consultations, vaccination campaigns or even eye tests. Of course, the necessary measures in relation to the coronavirus pandemic were also continued in 2022 to enable the best possible protection of our employees. Sitting for long periods in an incorrect posture leads to wear and tear on and discomfort in the joints and vertebrae over time. In order to improve the ergonomics at the workplace in the administrative area, we invested in height-adjustable desks for our employees.

Allowance: In addition to the fixed pay, each employee receives a monthly credit of €60 to spend at the in-house dairy shops.

Allowance for lunch in the company canteen

Free products in the staff fridges every day

Free workwear

Premiums and bonuses

"Free" smartphone for every new apprentice: When signing the apprenticeship contract, every apprentice receives a bonus for a new smartphone worth €500.

Bring-a-friend bonus: After 1 year with the company, the recruiting employee receives a bonus of €400.

Flexible working time models

Attractive shift allowances for production employees

Individual training opportunities: tailor-made range of seminars, which are determined individually for each employee during the annual performance review.

Free parking for all employees

E-charging stations at the locations Aschbach, Wörgl, Klagenfurt, Feldkirchen, Geinberg, Rohrbach and Voistberg

Parties for employees (autumn party, Christmas party, etc.)

Christmas present

Works council and support for **works council activities** (excursions, get-togethers, etc.)

Home office possibilities

First aid courses

Company doctor

We are always striving to make the workplace of our employees modern and to create further advantages. For example, in the course of the new construction of the canteen area we are planning a meeting zone for short talks and team meetings in a relaxed atmosphere for the central administration. We are working on projects to promote e-mobility for our employees and are developing a concept for additional insurance plans. We are also working on a project to provide free childcare during the summer months to ease the burden on our employees.

Commitment to society

Our actions and decisions have a significant impact on the environment, but also on our society. Showing commitment to society is important to us. We are proud of our long-standing partnerships, but we also know that the possibilities are limitless and we look forward to expanding even more projects that benefit society.



Where help is needed and people are in need, there is not a lot of time to think, because action is required. Berglandmilch therefore regularly supports the **Licht ins Dunkel** organisation and has been a partner of the **SOMA markets** and the **Austrian food bank** for many years.



One of the partnerships that has reached a major milestone is the ongoing partnership with Fairtrade. We are extremely proud that since May 2021 all our cocoa-containing products contain only Fairtrade cocoa. Not only have we been able to set an example as a pioneer throughout the industry, but we are particularly pleased with the positive impact this has for the **Fairtrade** Cocoa farmers, who can thus be fairly remunerated for their work.



Exceptional situations, such as those prevailing in Ukraine since the beginning of 2022, affect us all and not just the victims on the ground. That is why Berglandmilch has decided to regularly donate milk and cheese products. Fast, needs-based and targeted distribution directly in Ukraine or to refugee camps in the surrounding neighbouring countries was ensured through cooperation with **Caritas** Austria.



But quick help at home is not neglected either. When about 100 Zillertal dairy farmers had their milk supply agreement terminated in 2022 because a private dairy stopped its cost-covering business operations at short notice, we pulled out all the stops to ensure that the family farms did not go out of business. Milk collection was organised at short notice, and the farmers' milk production on their farms was thus secured.

Berglandmilch also shows its commitment as a project partner for schools, where we are currently providing technical input and product sponsoring for a pupil cooperative on the basis of a training company. In this context, we also cooperate with colleges and universities, such as the University of Natural Resources and Life Sciences in Vienna.

Curbing food waste is always a hot topic. At Berglandmilch, we do not shirk this responsibility, but support initiatives that deal with education about nutrition and food. We are also part of the **Too Good To Go** campaign, which aims to raise awareness and educate people about the fact that the best-before date does not say anything about whether a product is fit for consumption. See, smell and taste before you throw it away!

Labour and employment law

Berglandmilch does not compromise when it comes to respecting human rights. We are clearly against any slavery, servitude, forced labour or child labour in all our supply chains. We insist on fair, safe and good working conditions for all, with fair pay, and make no distinction here among gender, ethnicity or creed. Our diverse and varied workforce of 29 nationalities proves this only too well. We are happy to offer new opportunities and are pleased to have had new employees from Ukraine since 2022.



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For better readability, the masculine and feminine forms have not been used for all persons. Of course, this always refers to all genders.



Lattella