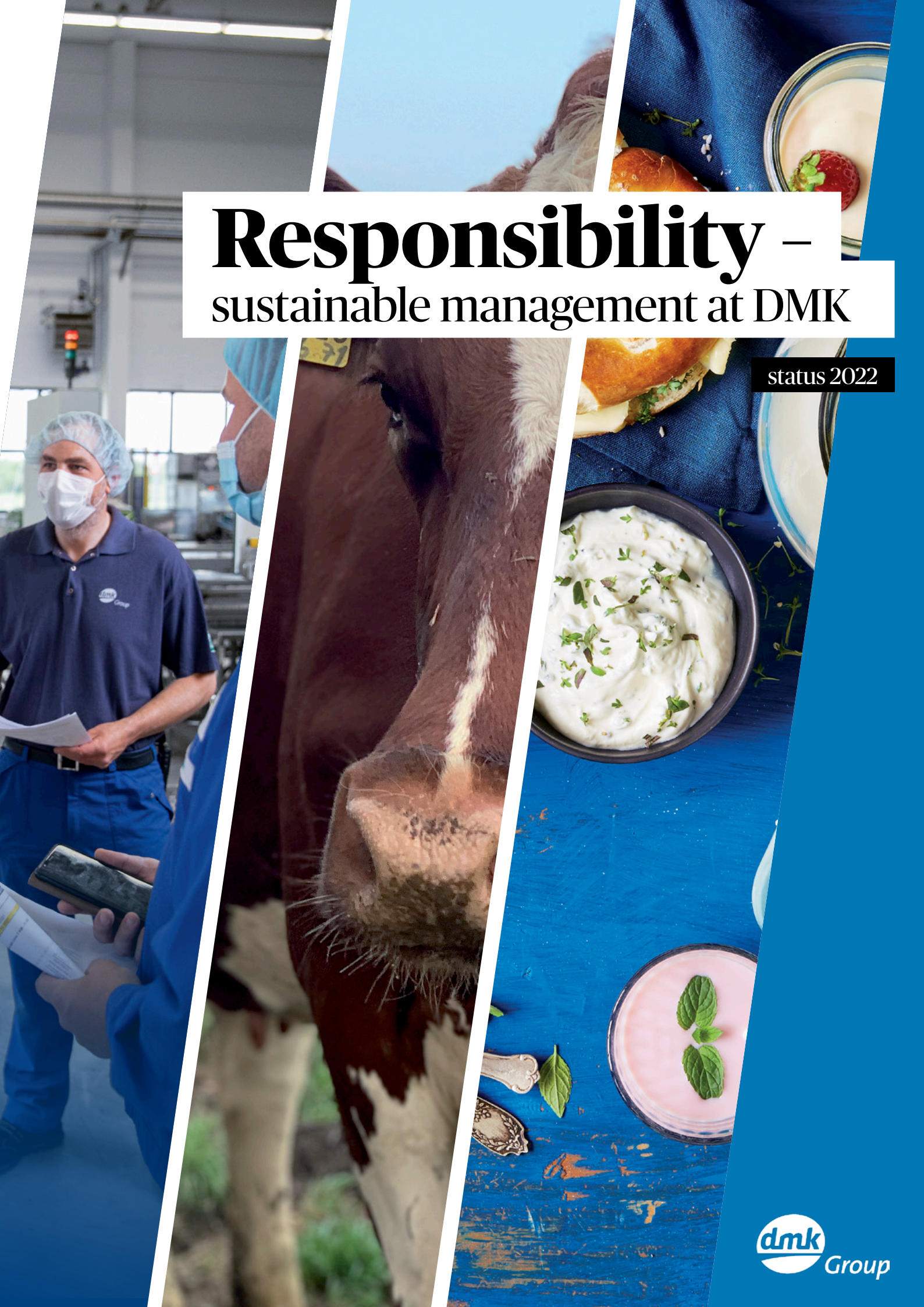


Responsibility – sustainable management at DMK

status 2022

dmk Group

Dear Reader,

DMK has been addressing the topic of sustainability for more than a decade. This started with the first sustainability strategy in our industry, which set out the route for the years between 2013 and 2020, then our Milkmaster Programme, which has led to advances in a variety of topics from animal welfare and biodiversity to the feed on our farms, through to dealing with freedom from genetic modification and reducing the packaging materials for our products. We've achieved a great deal.

Thanks you to all those who have joined us in fulfilling the market's growing requirements. Particular thanks go to our farmers: I am proud that they have progressed further with these topics despite difficult and volatile market situations. That gives me hope and confidence for the future. However, we have a huge challenge to master in the company and in our value chain. We have a heterogeneous product portfolio and a differentiated customer structure. Our customers and consumers focus on widely different key issues in the supply chain and in many cases apply different standards. Further developments in improved animal welfare, more climate protection, home-grown feed and higher social standards come at a cost, however.

After all, there is no such thing as a "drinking milk cow" or a "cheese cow", because the milk from our farms cannot be processed separately by product group.

How can we manage our business cost-efficiently – as a company or as an independent dairy farmer – and master these major challenges? How can we develop further and make the challenge pay off? Everyone at DMK works hard to master this balancing act and we invite you to join us in this dialogue.

Ingo Müller, CEO DMK Group

foreword

Contents

SUSTAINABILITY MANAGEMENT

Our stakeholder

- Dairy farmers
- Employees
- Business partners
- consumers / public agencies
- Politicians / public agencies
- Associations / NGOs
- Media
- Science / academia

Examples
of memberships and commitments:

- The German Diary Industry Association (MIV)
- Cooperative associations
- Sustainable Dairy Partnership
- EcoVadis
- SBTi

Sustainability has been systematically advanced at DMK since 2012 under the strategic management of the Corporate Strategy department. Aspects of sustainability are dealt with autonomously in the different departments, such as Purchasing, Agricultural Affairs, Supply Chain Management, Health & Safety/Environmental Protection, Energy Management, Quality Management and Packaging Development. From the point of view of systems, sustainability aspects are controlled by an integrated management system for Health, Safety & Security and on the basis of externally certified systems such as ISO 14001 Environmental Management Systems, ISO 50001 Energy Management and SMETA. Regular close consultation on important topics takes place with the Management Team and the cooperative's executive bodies. The six Business Units are involved specifically in market-related aspects and have integrated topics such as climate protection, animal welfare and packaging into their Business Unit strategies. We involve the most important stakeholder groups regularly in the dialogue with the DMK Group in a variety of formats as a means of finding out about the topics and issues which concern them. The last stakeholder survey was conducted online in the autumn of 2021. DMK has also been engaged for many years now in a very wide range of bodies, professional groups and initiatives, ranging from regional to international. We welcome the developments relating to greater transparency in supply chains and have long been addressing human rights and other topics along the value chain by means including our Supplier Code and the compliance system. An interdisciplinary project group is currently working on the implementation of the requirements arising from the Supply Chain Due Diligence Act.

Organising sustainability

Strategy up to 2030

We collect information about the main topics regularly in **Stakeholderbefragungen** and compile them in a **materiality analysis** (▸ *pages 6-7*). We observe and manage these topics in the everyday operation of our business. What's more, our **Vision 2030** corporate strategy is also a guideline for sustainability.

DMK has set goals up to 2030 for four superordinate fields of action which are derived from this Vision.

Climate protection
We will reduce our CO2 emissions by at least 20% along the value chain by 2030.

Animal welfare
We will continuously improve animal welfare on the farms in accordance with the social requirements.

Biodiversity
We will make a contribution to maintaining biodiversity – on the farms and at the DMK sites.

People
We will supply millions of people with high-quality foods.

In addition, the departments set annual goals regularly, **here is a current selection for 2022:**

Save **6 mill.** *kWh of energy*

Reduce absence rate by **5%**

Reduce COD load in effluents at our sites by **2%** *per annum*

Our contribution to the SDGs

SUSTAINABLE DEVELOPMENT GOALS

UNO approved the **17 Sustainable Development Goals** (SDGs) in 2015, to be achieved 2030.
All actors - including companies - are asked to make their contribution. At DMK, we make a substantial contribution to **six SDGs** with our corporate and sustainability strategy.

Some highlights from 10 years of sustainability at DMK

2012 – Sustainability management **systematised**

DMK 2020 sustainability strategy launched

First combined annual report and **sustainability report**

Milkmaster launched, the quality and sustainability programme for raw milk

More sustainable sourcing of raw materials and feed, start of switch to GMO-free dairy products

First **EcoVadis** ranking

Launch of **OCEAN** packaging programme

After more than three years, € 100 mill. paid out to farms by the **Milkmaster**-Programme

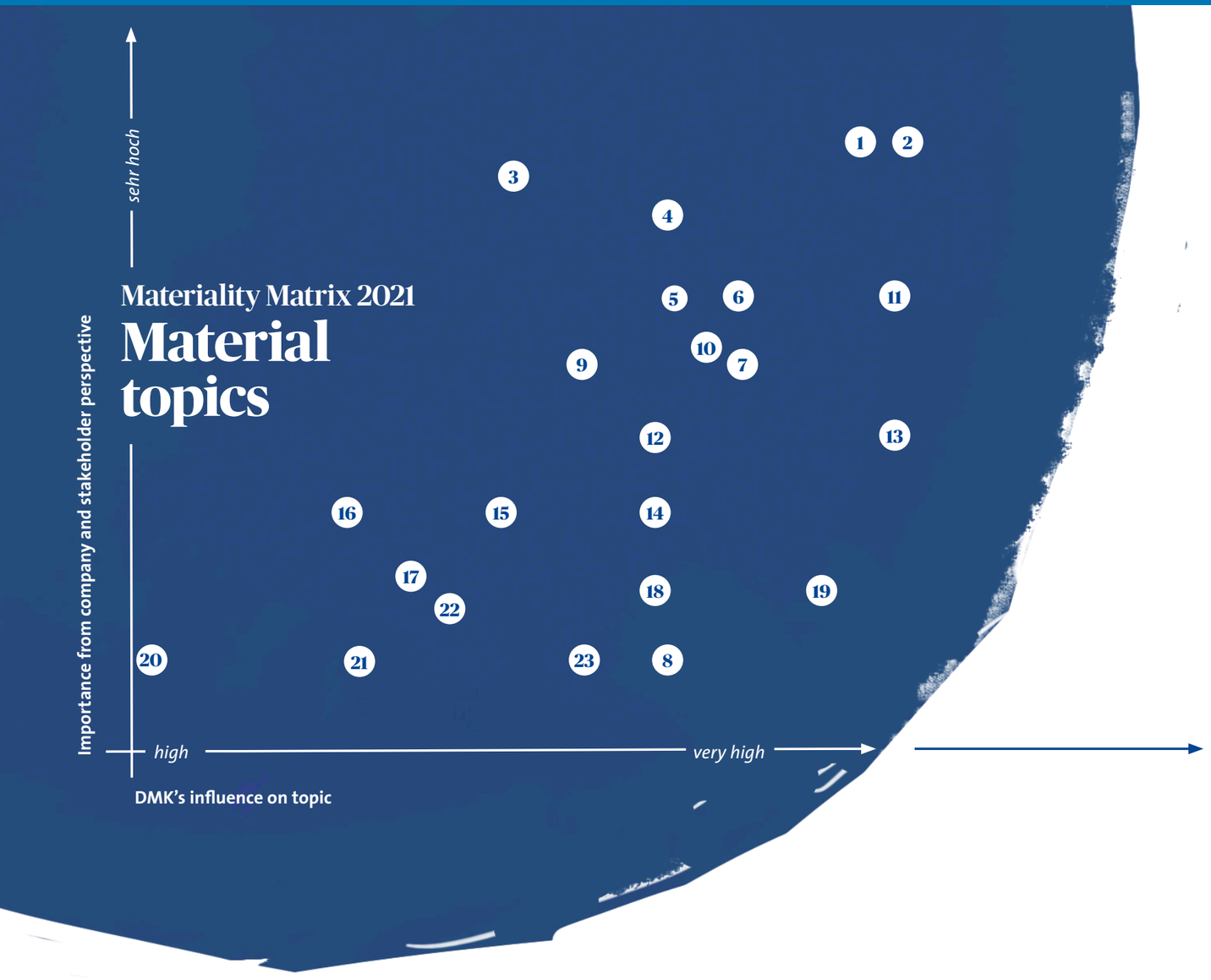
Vision 2030 corporate strategy and new sustainability strategy

Commitment to Science Based Target Initiative

Market launch of **non-dairy products**

2022

VALUE CHAIN



Materiality Matrix 2021
Material topics

1 Competitive milk price
2 Value creation
3 Climate protection
4 Future viability of dairy farms
5 Animal welfare
6 Digitalisation
7 Innovative diary industry
8 Product price trends
9 Ressource protection
10 Packaging
11 Attractiveness as employer
12 Sustainable sourcing
13 Occupational health and safety
14 Compliance
15 Regionality
16 Biodiversity
17 Food labelling
18 Non-diary alternatives to milk
19 The cooperative
20 Food waste
21 Feed
22 Product life cycle assessment
23 Organic products

DMK has performed materiality analyses in accordance with the GRI for many years now and updates them regularly. An online survey of all stakeholder groups was conducted again in 2021. The results are set forth in the materiality analysis: DMK provides information on all the matrix topics in this report and manages most of them within the responsibility of the departments concerned. In strategy (page 4-5), we focus particularly on the following: climate protection, animal welfare, biodiversity and the focus on people*.

* *The focus on people comprises the material topics of "attractive employer" and "occupational health and safety" in addition to various topics relating to the cooperative.*

Our value chain

Milk production

Around 5,200 farmers in eight regions in Germany and the Netherlands

Milk processing

in 20 factories and 6 business units

Consumption

to the consumer through retailers and to food manufactoring

Moving towards a more climate-friendly dairy industry

Climate protection is embedded in our DMK 2030 sustainability strategy – now with science-based targets.

Our goal is to drive emissions down further. Because agriculture and the dairy industry produce considerable emissions. DMK has been addressing climate protection intensively since 2012. In 2020, DMK's emissions came to 8.8 mill. t of CO_2. The average emissions for all farms were around 1.09 kg of CO_2 e per kilo of milk - a low footprint for the industry.

Over the past few years, when public attention to climate protection increased, DMK has also stepped up its efforts. We set ourselves the goal in the new sustainability strategy of reducing all greenhouse gas emissions by at least 20%, to 7 million tonnes, by 2030. A further reduction from an already low starting point will be a challenge, but is the right path for us.

We are also striving to meet the ambitious Paris climate protection target of limiting global warming to less than two degrees Celsius with this aim. For this reason, we joined the Science Based Target Initiative (SBTi) in December 2021. This organisation examines and validates climate goals industry-wide in line with the UN Paris Agreement's climate goals.

Agriculture as a sector is deeply affected by climate change. Many farms in Germany and Europe have felt the impact of progressive climate change directly in past years: Heavy precipitation and lengthy periods of rain, heat and drought have led to considerable financial and quality losses and presented the farms with challenges. DMK also took part in 2019 in the Carbon Disclosure Project (CDP), the worldwide leader in increasing companies' transparency on issues like the climate.

Focus on agricultural production

DMK has reported the emissions of its own business activities in milk processing every year for many years now. In the dairy industry, milk production accounts for almost 80% of the emissions. A climate-friendlier dairy industry will therefore depend on the farms. For us, this means continuing to pursue the course we set ourselves years ago in an intelligent way and also tapping new potentials.

For example, more than half of all DMK farmers have already been using renewable energies for many years. Several measures which pay off for the farms in terms of climate protection (e.g. crop rotation, permanent grassland, slurry storage, food rations etc.) have been embedded in the Milkmaster Programme since 2015 and are implemented by many farms.

The highest improvement potential for the CO_2 footprint results from the way in which the cows are managed. Good animal health and maintaining the cattle's yield for the longest possible period are central factors in animal husbandry which pay off in terms of climate protection.

< 1,09 kg CO_2e /kg milk
*the best DMK farms' footprint**
** Based on a random sample of the life cycle assessments (LCA) of ~140 farms, in cooperation with TÜV-Rheinland and LWK Niedersachsen in accordance with the GHG standard*

8% *production*
share Scope 1-2 (direct emissions)

Emissions target by 2030: **-20%**

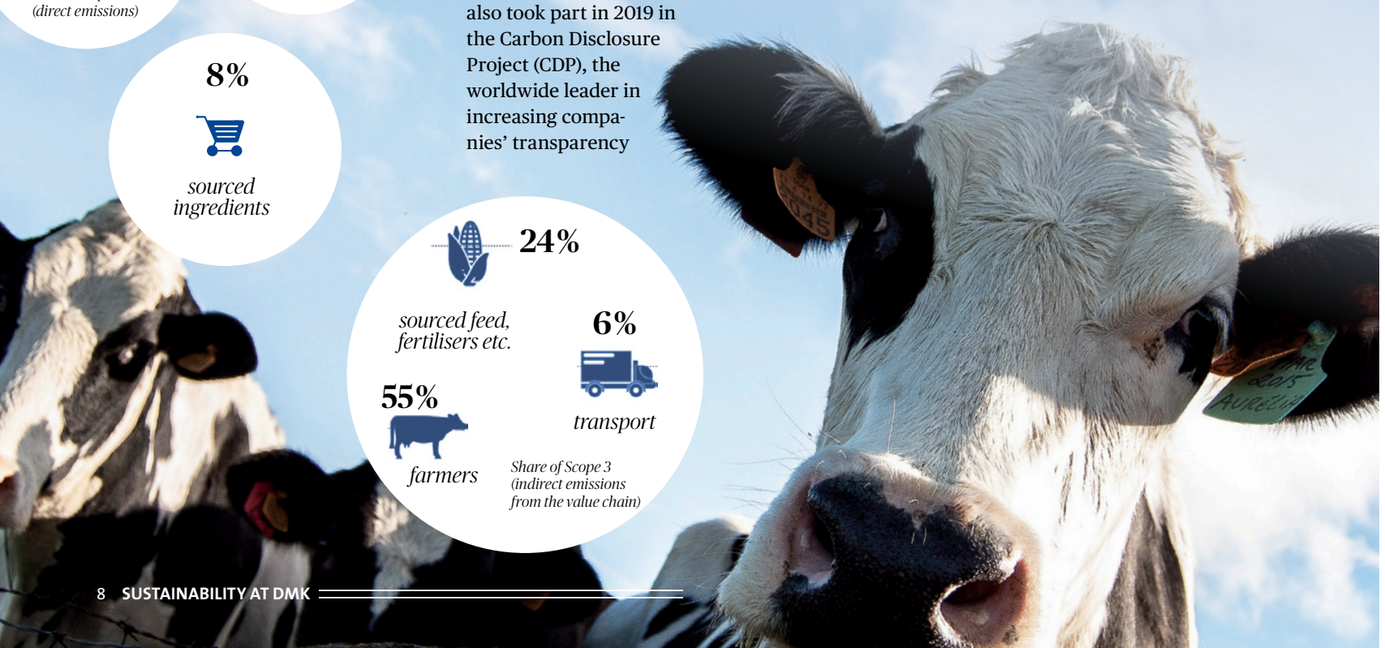
8% *sourced ingredients*

24% *sourced feed, fertilisers etc.*

6% *transport*

55% *farmers*

Share of Scope 3 (indirect emissions from the value chain)



Methane + CO_2e

Methane emissions from keeping cattle and nitrous oxide emissions from land used for agriculture play a particularly major role in the dairy industry. Methane (CH_4) is one of the most significant greenhouse gases worldwide, with causes many times more damage to the climate than CO_2. The various greenhouse gas emissions are converted into CO_2 equivalents (CO_2e) worldwide for calculation purposes.

Reducing emissions

German agriculture as a whole emits 65 million tonnes of CO_2 e annually, which is 7.3% of German greenhouse gas emissions. In the context of the EU's climate-neutral goal by 2050 (European Green Deal), emissions from agriculture should have been reduced by 34% by 2030. We are currently having our CO_2 reduction goal validated by the Science Based Target Initiative so that we can comply with the Paris climate target by 2030.

Key aspects

Raw milk accounts for the largest share of the ecological footprint, at almost 80%. The main drivers include methane from the cows' digestion, methane from the storage/spreading of slurry, nitrous oxide from the use of fertilisers, and the origin of feed. Other aspects also have a part to play, depending on the type of farm.

To reach the ambitious goals and take climate protection in agriculture forward, we will concentrate on a number of focus points in the coming years:

► DMK Agrarian Climate Check

With the DMK Agrarian Climate Check, farmers can generate their individual climate footprint themselves. The impact on their CO2 footprint is determined on the basis of available operating data. The farms will then discover how climate-friendly the production of their milk is and where improvement potentials can be tapped. From 2022 onwards, all DMK farmers have access to the DMK Agrarian Climate Check via their supplier platform myMilk. Participation is voluntary, but there is a financial incentive by way of the Milkmaster bonus.

► Participation in the dairy sustainability module

The „Nachhaltigkeitsmodul Milch" ("dairy sustainability module") is a system for improving sustainability in the German dairy industry even further. It was developed by scientists and practitioners. In addition to climate protection, it covers many other sustainability criteria. Its aim is to create more transparency and improvements for the whole industry. The data from all participating farms will be analysed once a year and published in consolidated form in trade articles and on the www.qm-milch.de website. Every participating farm will also receive an individual, anonymised report on the results.

► DMK climate journey

As a dairy cooperative, we want to take our farmers with us on the journey towards more climate protection. For this purpose, we are going to make a wide range of information and training opportunities available to our farmers on myMilk.de from 2022 onwards. This is intended to help them improve the decisions they make in relation to climate protection aspects for their farm.

► Climate-friendly farms of the future

The vision of a "Net Zero Farm" is new terrain, and is current at DMK right now as a pilot project. Together with partners from science and industry, we want to develop practical concepts for everyday use by the dairy farmers which will also prove worthwhile in business terms. We are looking for opportunities for individual site concepts to reduce emissions further and compensate for the residual emissions. On these farms of the future, measures to be tested include renewable energies, feed additives to reduce methane, humus storage in soil, the cultivation of native protein crops and architectural measures to optimise the climate footprint.

► Taking other topics forward

Feeding is a core topic because of its impact on the climate, and will continue to be one of our concerns. DMK had already determined the relationship between feeding, milk yield and methane emissions in a large-scale feeding experiment in 2015. Several feed manufacturers and 23 dairy farms were involved in the field study, which ran over several months. One core result was that a higher milk yield significantly reduces the average methane emissions per litre of milk.

The higher the milk yield, the lower the methane emissions per litre of milk.

More info:
Feed: p. 18
Biodiversity: p. 12
Protecting resources: p. 22-23
Product LCA: p. 31

Animal welfare as a hotspot topic

The cows' health and welfare are subjects close to our farmers' hearts by nature. Because they know how important animal welfare and keeping cattle in good health are to the production of high-quality milk.

The farms play a particular role in keeping and looking after the animals. The farmers' commitment has a direct influence on the animals' health and therefore on the quality of the milk; as a result, it is very much in their own interest to look after their dairy cows' well-being. In the Milkmaster Programme, the DMK Group recommends a combination of loose housing systems with access to pasture on a minimum of 120 days a year for dairy and other cows where a farm's conditions allow for it. Since not every farm has sufficient meadowland nearby, pasture feeding cannot be used universally in Germany. A large share of DMK dairy farmers, currently around 40%, enable their animals to have temporary access to pasture. Access to pasture is therefore of great importance to DMK farms, although this varies widely by region.

The conditions in which cattle are kept is a central topic.

The housing system is of great interest to the public. Around 96% of the volume of milk that is processed by DMK comes from farms on which loose housing is the norm. The animals can then move around freely and therefore live healthier lives. In addition, feeding, which has a considerable impact on the climate footprint of dairy farming, can be better regulated with indoor systems. Tie-stall housing is also still practised in our cooperative. However, its use is very much in decline. Just under 23% of the dairy farms - but corresponding to less than 4% of the milk volume - keep their cows in tie-stall housing. The majority of these farms are run with "seasonal" tie-stall housing and therefore enable the animals access to pasture as well. Less than 1.3% of our dairy farmers practice year-round tie-stall housing with no access to pasture, which corresponds to a milk volume of around 0.23%. The DMK Group checks the conditions and possibilities for getting out of year-round time-stall housing regularly and supports farmers with consultancy if they change their housing.

Share of milk volume/ of dairy farmers

Milk volume for loose housing:
96.1%
Loose housing
77.3%
Milk volume for tie-stall housing:
3.9 %
Tie-stall housing:
22.7%

Housing system labelling

An industry agreement on housing systems was concluded at the end of January 2022. This has enabled agriculture, the dairy industry and food retailers to reach a common agreement on higher animal welfare on as many farms as possible. We want to further improve animal welfare on a continuous basis and increase transparency for consumers. At the DMK Group, we commit to the Level 2 housing system and want to make participation possible for all DMK farmers through a higher price. However, this requires retailers to integrate the Level 2 housing system into their product assortment across all products, not just drinking milk. We don't have any "drinking milk cows" at DMK, our farmers' milk is used in a variety of products. Intensive discussions are currently being conducted on the subject.

Our Milkmaster Programme

We want to ensure that we produce, process and sell our raw milk responsibly and use resources economically in doing so. Despite its valuable contribution to our society, German agriculture and the dairy industry with it are subject to critical scrutiny by the public, particularly with regard to housing systems, feeding, animal health and environmental and climate protection. We therefore introduced Milkmaster as far back as 2015 - our implementation programme for sustainability in milk production. Milkmaster's production code describes standards for responsible milk production in clear and concrete terms. At the same time, the programme offers farmers support in making continuous improvements on their farms. The production code, which applies to all DMK dairy farmers, is a core element. The Milkmaster Code is the substantive vision of the Milkmaster Programme and is intended to create transparency between the farmers and the market. It formulates clear recommendations and expectations concerning the four topic blocks of animal welfare, animal health, the environment and climate protection as well as economics and social affairs. 87% of DMK farmers accounting for 97% of the milk volume could be reached in 2021 with the Milkmaster bonus programme. We provide financial incentives to improve animal welfare in the form of bonus payments. In the year 2020, €13.4 million was paid to our farmers in Milkmaster bonuses, from the programme's inception in 2016 to 2021 the figure was around €150 million. The bonus is based on the ratios for udder health (somatic cell count), the cows' longevity (productive life) and the availability of a herd care agreement as well as pasture access and participation in the digital Agrarian Climate Check.

At
80%
of DMK farms with 83% of the milk volume, the lifespan of the animals was over
58
months.

Bonus programme

The Milkmaster bonus programme reached 87% of DMK farmers with 97% of the milk volume in 2021. Through bonus payments, we provide financial incentives to improve animal welfare. In 2020, € 13.4 million was paid out to our farmers under the Milkmaster bonus, and around € 150 million since the start in 2016 until 2021. The bonus is based on the key figures for udder health (cell count), the lifespan of the cows (useful life), the existence of a herd management contract as well as grazing and participation in the digital agricultural climate check.

Promoting animal health further

Good animal health management promotes the animals' vitality and fitness and forms the basis for the production of high-quality, superior milk. Early recognition and prevention of diseases to protect the animals have therefore long been a focus area for us in farming practice. A wide array of animal health aspects has been laid down since 2015 and also incorporated in the 2020 update of the Milkmaster Code. Aspects of animal health are externally audited on a regular basis in the mandatory QM-Milk quality management system - DMK suppliers are therefore automatically subjected to regular controls. The bonus criteria for Milkmaster are aimed at udder health for the area of animal health: the somatic cell count of the cow's milk is one of the most important indicators here. DMK also demands that every dairy farmer has herd care carried out by a veterinarian regularly, at least twice a year. This is an important point in preventing diseases and therefore in further reducing the use of antibiotics. Moreover, longevity is a bonus criterion. The average age of the cows has remained stable over the past years, while the milk yield has increased.

More info:
Cooperative: p. 16
Future viability: p. 14

5 Animal welfare freedoms

Our declared objective is to continuously improve animal welfare. The Five Freedoms of animal welfare must be observed and actively promoted by all dairy farmers – this is laid down in the preamble of the Milkmaster Production Code, which is binding on all farmers. These internationally recognised guidelines for the welfare of animals are as follows: Freedom from hunger, thirst and malnutrition, Freedom from discomfort, Freedom from pain, injury or disease, Freedom from fear and distress, Freedom to express normal behaviour, e.g. through adequate freedom of movement.

Animal welfare label

Animal welfare has been the central sustainability topic in the dairy industry for some years now, driven by politicians, consumers, retailers, NGOs and social debate. Animal welfare comprises a wide range of different detailed topics and dynamic requirements. At present, the focus is clearly on the implementation of the private-sector housing system label from the Initiative Tierwohl für Milch (the "Animal Welfare for Dairy Initiative"). DMK is also in regular dialogue with the Deutscher Tierschutzverbund e.V. ("German Animal Protection League"), which awards the animal protection label. The use of the label for certain product categories has been examined; at present, DMK has no opportunity to apply it due to lack of demand from customers. DMK is also in close dialogue with the Initiative Tierwohl ("Animal Welfare Initiative") and is collaborating on the further development of the standard.

LINK

More about **animal welfare** and specifically the **Milkmaster-Programme**
dmk.de/wie-wir-handeln/tierwohl/

Industry initiative Nachhaltigkeitsmodul Milch

We also support the industry initiative Nachhaltigkeitsmodul Milch ("Sustainability Module Milk"). This initiative also examines various aspects relating to housing and animal health, for example including the use of antibiotics, calf health and certain practices which are viewed critically, such as dehorning.

Biodiversity as a strategic focus

Biodiversity represents an important foundation of our lives and has been at risk for decades. DMK has set biodiversity as one of its four strategic focal points for the period up to 2030. The goal is a contribution to maintaining biodiversity.

The DMK Milkmaster Production Code has contained recommendations on how farmers can contribute to the conservation of biodiversity since 2015. These include, for example, grassland, flower strips, crop rotation, regional feed and pasture feeding. The farms are autonomously responsible for implementing biodiversity measures in line with circumstances on the farm. Pasture feeding, for example, is not possible for every farm. Promoting diversity of species in meadows and pastures, nature protection along rivers, streams and ditches, protecting grassland and farmland birds or protecting insects depends on the farm's circumstances.

There was a bonus for pasture in the Milkmaster Program in 2021 for

663 million kilos

of milk from almost

1,300 farms

Diversity of species on the farms

DMK would like to persuade all farmers to participate in Nachhaltigkeitsmodul Milch in the medium term. This initiative records and also encourages diversity of species. For example, the module considers the cultivation of arable land and grassland, supplying them with nutrients and balancing nutrients, fertiliser management, crop protection measures and elements in the landscape and areas which are of particular ecological value such as flower strips.

We want to use primarily domestic raw materials in expanding our non-dairy product assortment. The legumes used for this purpose, such as peas and field beans, as well as cereals, oats in particular, can also be an important addition to crop rotation for the farmers.

The "Der Norden blüht auf" ("The north in bloom") Initiative

Patches of blossom on arable land are a valuable source of food and an important habitat for insects and small animals. The MILRAM brand, together with DMK farmers and with the support of the Mensch. Natur. Landwirtschaft e.V. ("Man. nature.agriculture") association, planted areas with flowers on arable land in 2021. In addition to the important contribution to biodiversity, this project is intended to stimulate dialogue between the brand, the public and agriculture. Through to the middle of May, DMK farmers, with the support of MILRAM, sowed a total area of 10 hectares - roughly the size of 16 soccer pitches - on their own land with a mix of regional wild herbs, crop plants and grasses. These produced their first flowers in the summer and will blossom for several years. The Bremerland brand contributed in Bremen. (▶ *page 12*)

There will be blossom and the sound of busy insects around DMK's factory in Zeven, Lower Saxony as well. In collaboration with the Zeven association Blütenmee(h)r, a flower strip totalling ten hectares in area was created in the year 2021. Two insect hotels were also put in place there for wild bees, ladybirds, bumblebees and other insects.

More info:
Climate protection: p. 8-9
Non-dairy alternatives to milk: p. 13

Pasture feeding

The DMK Group has subscribed for many years to the pasture charter of Pro-Weideland ("Pro-Pasture), which owns the product label of the same name. Positive effects on environmental protection, animal welfare and biodiversity are attributed to pasture feeding. Many farmers whose circumstances make pasture feeding an option do implement it. DMK offers to purchase meadow milk for selected locations and volumes.

Measuring diversity of species

The connection between climate protection and biodiversity was examined in a project together with the Bodenseestiftung (Lake Constance Foundation) in the year 2019. The participating DMK dairy farmers were given pointers on how to improve their individual climate footprint, taking the diversity of species at their location into account. The Lake Constance Foundation has also developed a Biodiversity Performance Tool (BPT) to enable biodiversity to be measured. It uses 78 indicators to capture the strengths and weaknesses of the actors. DMK tested the tool with farms in a pilot project in 2019.

Trend towards non-dairy

To young people in particular, non-dairy alternatives represent deliciousness and variety of flavour. The demand for plant-based alternatives to dairy products is growing, partly because of the rising worldwide demand for proteins.

"Milk is and will remain DMK's core and its main product."

Ingo Müller, CEO

As a forward-looking dairy cooperative, we cannot and will not shut ourselves off from the trend towards non-dairy alternatives. How are we going to tap opportunities and at the same time take our farmers, who own DMK and who make their living from milk, along this route with us? We will opt for products with high value added and speciality segments.

The DMK Group embedded strategic growth areas in the "Vision 2030" which included plant-based alternatives to dairy products. DMK presented concepts for vegan products for industry and food service for the first time at the ANUGA trade fair in 2021. One key area is the cheese product group. For example, a vegan cheese was presented which works very well in the food manufacturing industry. Its development therefore focused on melting and browning properties, for example, so that the non-dairy cheese would feature the same characteristics as a conventional cheese on pizza, soufflés and bakes and as a filling. In addition, MILRAM and MILRAM Food Service for professional users are introducing vegan products for the retail grocery sector and innovative concepts with cheese, yoghurt, desserts and milk drinks.

The manufacture of non-dairy products is essential in order to meet consumers' needs and remain competitive.

25 %

High organic targets in the EU

The European Union aims to expand ecological agriculture to 25% of all agricultural land by 2030 with the Farm to Fork strategy.

So far, the level of the organic share for different sectors has not been defined. Less than 8% of arable land is used for ecological cultivation in Germany at present. With just short of 5%, organic products have a small share of the food market to date, but it is growing fast.

At DMK, sites such as Zeven and the DMK Baby and Ice Cream factories are certified in accordance with EU organic standards - a basic condition for processing organic milk. DMK has processed organic milk products in the BU Baby with the Humana brand, but otherwise has no significant volumes in the organic segment at present. This is partly because the segments which SMK primarily serves in retailing and industry have had virtually no demand for organic milk so far.

A joint effort and plannable prospects working towards a more ecological dairy industry in which customers may be willing to pay more and to purchase the volumes produced is therefore needed in order to meet the EU's ambitious targets.

As the EU's plans progress, farmers may also see promising prospects in converting to organic farming. However, these will initially be accompanied by investments and higher costs at the farmers' level. It is therefore always a decision to be made by the individual farms as to whether a conversion will be in their economic interest.

The DMK Group has included the topic of organic farming in the Materiality Matrix; DMK stakeholders rated its importance as "medium" in the most recent stakeholder survey. We will continue to observe developments relating to organic farming. (▶ *page 6-7*)

More info:
Product price developments: p. 32

One farmer feeds this many people

2018 > **134**

1990 > **69**

1970 > **27**

"All of the 120 cows on our farm have a name that fits the animal's character. Every individual one is a member of the Greggersen family, I've never known anything different. To 'safeguard our farm's continuity, it is important to me always to keep up to date with trends and developments in agriculture. This also includes technical investments, for example, such as two robotic milking machines which are activated automatically when the cows want to be milked. That gives us more time for other things and makes the cattle more relaxed."

Agnes Greggersen,
farmer.

Modernisation on dairy farms

Farmers face the challenge of achieving more and moresustainability and flexibility in production while at the same time resources are in short supply and restrictions are tighter.

Our farmers operate as independent businesspeople. The structural change in agriculture continues and places great demands on the dairy farmers. Over the last decade, the number of dairy farmers with DMK - and generally in Germany - has roughly halved, while at the same time the volume of milk has increased slightly. The higher productivity was enabled partly by modernisation on the farms. A very high level of technical progress has been achieved in agriculture and specifically in dairy farming. At the same time, the profession faces more and more, often new, demands, restrictions and laws from the political sphere, society and the retail sector.

Ø
105
Cows per Farm

Structural change in agriculture

It is often easier for larger farms to master the growing demands on modernisation and transformation effectively in economic terms as well. At the same time, the ecological footprint of larger and modern farms is significantly smaller as a rule, since the milk yield per cow is also higher. Succession remains an important issue in many farms.

Year	Milk volume in kg	Number of dairy farmers in the cooperative
2010	6.9 billion	11,000
2021*	4.3 billion	4,500

** excl. DOC*

Designing transformation

Milk production has increased in Germany in the past years despite declining herd sizes. Structural change will progress even further in the coming years and decades.

Different structures and changes in milk production will result, both in Germany as a whole and also at DMK.

It is a challenging time for farmers but also for the whole of the DMK Group, not least because of a new, changing political environment: the EU Green Deal, the Farm to Fork Strategy and the changes in the EU's Common Agricultural Policy (CAP) affect production conditions for the farmers. Added to these factors are the rising demands on, for example, animal welfare, feed, transparency in the supply chain and the reduction of emissions in animal husbandry.

As Germany's largest dairy company, we have decided to actively shape the transformation of the value chain - together with our farmers and a number of other actors. Because we can only resolve these tasks together.

More info:
Cooperative: p. 18
Climate protection: p. 8-9
Animal welfare: p. 10-11

Generating value creation

Together, we want to create value - this goal unites all 13,500 people at DMK, farmers and employees alike.

The economic performance of fresh milk products, its competitiveness and also the price paid to farmers for their milk are determined by value creation. DMK's central concern is to make value-creating products from its raw milk.

"In our Vision 2030, we have clearly defined the fact that we want to grow in international market and with high-value products."

Martin Humfeldt,
Managing Director wheyco and Operations Director DMK BU Industry.

Creating value from milk

We supply millions of people in Germany, Europe and Asia with food. Our primary sales area is Germany - 70% of our raw milk equivalents land on the shelves of German food retailers. This means that DMK creates high-quality foods with short distribution paths. In addition, our supply chains make a major contribution to value creation in the regions concerned.

Values in this context are monetary - in other words, income for the farmers, for example. At the same time, DMK makes a healthy diet possible for a large number of people. We also contribute to the preservation of agriculture and the rural area.

Different ways of value creation

We want to generate the highest possible value from the contents of the milk collected. This is done in an environment of conflicts: falling milk volumes, high demands from customers, a highly diverse product portfolio and fluctuating milk prices for different types of processing.

There are areas which generate high value on the market side, for example branded products, infant formula or food service. However, these sectors cannot absorb the entire six billion kilos of milk because they tend to be fairly small. We therefore also have to create value or new areas of application in markets with high volumes, such as cheese, skim milk powder and whey. That can be done, for example, by utilising whey and with selected products which are used in the food manufacturing industry. DMK has to invest constantly in new technology and in research and development for this purpose.

Utilising whey, for example

Whey is created every time cheese is produced. The trend today is to process the liquid further. As a result, wheyco is an important pillar and growth driver for DMK's Business Unit Industry. The company makes whey into tailor-made ingredients for the food industry.

Whey is a true all-rounder. Whey permeate enhances the flavour in chocolate, confectionery and baked goods. Bakery products brown better and are moister. In ice cream, whey protein isolate makes the product creamer and substitutes protein for lactose. Protein-rich nutrition is also very popular with health-conscious people.

70%
of our raw milk equivalents land on the shelves of German food retailers.

As one of the largest cheese producers in Europe, we earn above-average milk prices only with a clear focus on cheese in combination with whey. Whey derivatives offer a lot of scope for growth, innovation and differentiation here.

More info:
Innovation : p. 30
Non-dairy alternatives: p. 13
Regionality: p. 26

Vision 2030

The first choice for dairy products of natural origin– all through a person's life.

That is the focus of our Vision 2030. Value creation plays a prominent part in this vision. We want to make the best from our milk. We create delicious products with our know-how and maximise the value for our customers and for DMK.

DMK business areas

- Cheese
- Fresh dairy products
- Ingredients
- Infant formula
- Vegan products
- Ice cream
- Whey
- Food Service

Whey

People were not always as aware of the value of whey are they are today. Long considered a by-product of cheese manufacturing which was of no value to the food sector, whey was used in the past to fertilize fields and for fattening livestock.

The Fixed Price Modell

The Fixed Price Model is an on-line platform set up by DMK. This simple, secure and constantly available hedging model is accessible to all members of the cooperative. Using this platform, farmers can offer part of their milk volume on the commodity futures exchange at a fixed price and participate in the market's activity by trading in milk on their own account. For many farmers, achieving the highest possible prices is not their foremost concern. They want the planning certainty and the possibility of smoothing out the peaks and troughs in the milk price which are offered by a fixed price, particularly in times when the markets are highly volatile.

"For me, it is important to get closer to the dairy company and be able to make a better assessment of the interaction between the operating business and market trends. I'd also like to benefit from the experience of other young colleagues in the profession."

Christoph Prüser, 25 years of age, joined the Young Dairy Farmers' Working Group (AKJM) in 2020. He runs the family farm in Scheessel, Lower Saxony, together with his parents.

Our foundation: the cooperative

DMK is a dairy company organised on the basis of a cooperative. Our farmers are owners, members, milk suppliers and co-shapers of the future.

The cooperative organisation at DMK stands for continuity, self-management, a shared community and mutual support. This structure needs the commitment of many people who not only run a farm but also take up elected office in DMK's executive bodies, officiating on the Advisory Board, Supervisory Board or Board of Management or acting as members' representatives. They form an important bridge between the operating company and the farmers. Elected officers at DMK safeguard self-management as a dairy farmers' cooperative. The voluntary work of the elected officers on behalf of the cooperative is extremely valuable.

More than
300
colleagues currently hold elected office in the cooperative and the company

myMilk as the digital core

myMilk is the digital platform for communication with our dairy farmers in Germany. It went online at the beginning of 2020. Since then, more than 5,000 DMK farmers have used all the services they need in collaboration with the dairy company in a clearly structured, easy-to-use form. The platform can be used on a PC or on a mobile device such as a smartphone or tablet. It therefore integrates to optimum effect into the everyday routine of the farmers, who can work with myMilk in the cowshed, office, or in the field.

The Milkmaster Programme also has its digital home within myMilk and runs entirely online. For the bonus system, DMK farmers submit their volume plans and other details for the fulfilment of the bonus criteria twice a year on myMilk. New applications are constantly available, including the digital grazing diary and immediate display of special sample test results. There are plans to integrate the DMK Agrarian Climate Check and to make the DMK climate journey available via myMilk. myMilk is constantly evolving in order to make DMK farmers' daily routine easier.

Just under
5,200
dairy farmers in the cooperative.

Developing young talents

The future of a cooperative is in the hands of its members. This is one reason why we attach great importance to developing young talents, and set up the Young Dairy Farmers' Working Group (AKJM) in 2001. Young farmers up to the age of 30 can be appointed to this special network, which currently consists of 72 members. The AKJM is not one of the cooperative's official executive bodies, but prepares its members for elected office later. It therefore ensures that there are young talents coming up and that there is always new blood in the executive bodies.

More info:
Innovation: p. 30
Milk price: p. 17

Good income for the farmers

The milk price plays a decisive role in the farms' income, and is therefore a core indicator for DMK.

The dairy company's final milk price is the most important economic factor for dairy farmers. Because the milk is their main source of income. The final milk price is made up of a basic price per kilo and bonuses that are paid to the farmers for specific add-ons.

"In past years, the milk price was often unpredictable, and that situation is unlikely to change in the future. I'm aware of what my own costs are. With the new price hedging, I can influence part of my income better and increase my planning certainty as a result. Because there will be unforeseen events in the future as well."

André Hornberg, farmer at Hornberg GbR, Gütersloh.

A competitive milk price

For example, DMK pays a premium of 1 cent for GMO-free milk - in 2021, this related to 3 billion kilos of milk. We also pay a bonus to farmers who participate in the Milkmaster quality and sustainability programme. Other milk prices stated in the market include certain premiums, such as the BLE milk price. The final milk price settled down again at a pretty good market level in 2021 after a number of very challenging years for the farmers. DMK traditionally compares the final milk price to the BLE milk price (the price determined by the Federal Office for Agriculture and Food). The milk price in 2022 is likely to be higher than in the previous year because of the situation in the year 2022 and the turbulence in the agricultural markets.

Milk price **2021** in cents / kilo	
BLE	35.71
DMK	**35.88**

DMK's final milk price

Every dairy company has its "own" milk price based on its structure. That price fluctuates - as does the national milk price - depending on the season and region and for different products (e.g. drinking milk, cheese, skim milk powder) at every dairy company in Germany. The milk price results from the product portfolio into which the fat and protein units of the collected milk are channelled. DMK has a very broad product portfolio and is also in competition with other actors internationally. The milk price is also a criterion for competitive success, especially in the regional environment of the location of dairy companies, because of the individual payments made in the milk-producing regions. The dairy companies are therefore always in competition for the raw milk.

Between 2016 and 2021, DMK paid over
€ 150 million
to the farmers through the Milkmaster bonus for certain animal welfare- and sustainability-related activities.

The milk price - particularly the final price with its premiums and bonuses - is also a management tool for DMK, with which we reward the fulfilment of particular market requirements. This works for some requirements such as pasture feeding, and partly for GMO-free milk. However, not all customers are equally prepared to reward certain add-ons supplied by the farmers. This presents DMK - and the farmers - with challenges. Because there is no such thing as a drinking milk cow, yoghurt cow or cheese cow. Milk is produced and is then processed in various ways. Higher qualities such as locally grown feed and more space for the cows entail more requirements on the farmers, which DMK often does not recover from the customers by way of the milk prices and corresponding bonuses. In the current debate on greater animal welfare, for example, we strongly advocate that our farmers should also be rewarded by the market players for their extra efforts.

Conventional v. organic

According to the Association of the German Dairy Industry (MIV), the average price paid to farmers in Germany for conventionally produced cow's milk in 2021 was around 36.28 cents per kilo*. By way of comparison, the price paid for organic milk was around 50.25 cents per kilo*. The profit margins are not significantly higher than those for the production of conventional milk because of the significantly higher production costs in ecological production.

** Average price in Germany for conventional and organically produced cow's milk, 4.0% fat, 3.4% protein ex farm, provisional according to MIV*

Animal welfare levy

The strategy currently under discussion for farm animals advocates an animal welfare levy on animal products in connection with a higher standard of animal welfare. The inflation in consumer prices for meat and dairy products due to the discontinuation of value added tax relief is under discussion by the responsible parties.

More info:
Product price development: p. 32
The cooperative p. 16
Value creation p. 15
Future viability: p. 14

83%
of our farmers grow more than half of their feed themselves.

What is more sustainable feed?

Feedstuffs are often the subject of public debate. At DMK, the majority of feedstuffs are grown in the region of use and are also free from genetic modification.

A cow's feed ration consists of approx. 70% roughage (grass silage, maize silage, grass, hay) and approx. 30% high-performance feed to boost milk yields (cereals, grain maize, rape or soy meal). The farmers in our cooperative are self-employed entrepreneurs and accordingly take full responsibility for procuring feed for their cattle.

The scope of sustainable feed

According to our most recent surveys from the year 2019, more than 83% of all DMK dairy farmers grow more than half of their feed components themselves or source them from their region. According to their own statement, more than 14% used only home-grown or regionally procured feed. The main object of public interest is soy feed, most of which is imported from Latin America.

The cultivation of soy is associated with the deforestation of rain forests and support of climate change. Soy meal is a by-product of soy processing and is not clearly traceable at this point in time.

If the share of soy in raw milk is considered, a distinction has to be made between GMO-free and conventional milk. Only very little soy is used in GMO-free milk. According to information from feed experts, 95% of soy is substituted in GMO-free compound feeds with (mostly native) rape - in other words, only 5% of soy is used and is then certified in accordance with a GMO-free standard. DMK dairy farmers continue to reduce the share of soy meal in the diet. In 2019, around 70% of the milk produced in the cooperative was free from soy meal because it was subject to the VLOG standard.

Since 2020, the DMK Group has used offset certificates in accordance with the internationally recognised RTRS standard for sustainable feed for the volume of milk produced by the cooperative which was not produced under the rules of GMO-free feeding. The RTRS standard was developed by a multi-stakeholder organisation - initiated by WWF in the context of the Round Table on Responsible Soy. As yet, DMK has no rules relating to the feed used for sourced milk and milk swaps.

More info:
Climate protection p. 8-9

No genetic modification

Freedom from genetic modification in feedstuffs has been an important concern for years now. DMK has had the largest GMO-free flow of raw materials since the beginning of 2016 and is therefore the market leader in GMO-free feeding. At present, more than 3,000 dairy farmers producing 3.1 billion kilos of milk have switched to GMO-free milk production. At present, 10 of the DMK Group's sites have been audited and certified with the "Ohne Gentechnik" label certifying their milk as non-GMO in accordance with the VLOG (Association for Non-genetically Modified Food) standard. DMK offers customers GMO-free ("Ohne Gentechnik") products on the market on the basis of the German VLOG standard. The "Ohne Gentechnik" label continues to be important to 78% of consumers according to the 2020 Nutritional Report by the German Federal Ministry of Food and Agriculture (BMEL).

Together for compliance

Guidelines for employees and the company support legally compliant, secure dealings in business practice – Compliance Management makes it possible.

The Compliance Management System (CMS) reduces or prevents violations of company rules and prevents risks such as corruption.

Every manager is responsible for ensuring that his own behaviour and that of the organisation is in accordance with the law. To make compliance successful, all employees also have to commit to proper conduct and conduct themselves accordingly. Preventive measures and guidelines to prevent infringements have to be established and their implementation must be monitored.

The CMS at DMK includes compliance risk analysis, training courses, compliance guidelines and a decentral organisation of compliance managers. Compliance has long been a component of our business relationships, and we also take this topic to the supply chain by way of our Supplier Code, which is binding on all suppliers. Good compliance structures are now a very important aspect for customers and other stakeholders such as banks and have a very high priority at DMK.

There were no violations on the grounds of corruption in 2021 and no violations of laws or regulations in the social and economic spheres. The CMS was rolled out across the entire Group in the summer of 2020 and now also covers Russia, China and the MENA region, among others. It is unambiguously about preventing corruption and money laundering and reviewing business partners, and in the future it will also be about competition law.

Training courses about the Code of Conduct and anti-corruption are mandatory for all employees throughout the group. Employees who are directly affected in their work will also receive training, for example, about competition law and anti-money-laundering.

There are
30
employees at DMK
working to advance the topic of compliance in addition to their actual job.

The cooperative

DMK eG has introduced its own CMS and designated a Compliance Officer. It meets the same standard as the DMK Group's system and defines focus points relating to specific compliance risks.

Progressing sustainable sourcing

For many years now, we have given attention to sustainability when purchasing the raw materials we use for our products.

DMK has sourced 99% of its cocoa and palm oil, and also wood, from sustainable sources since 2016. In the case of food, we have also focused for many years on the social and environmental compatibility of the supply chains for the raw ingredients used. Requirements are set to increase further in the future, for example when the Supply Chain Due Diligence Act is implemented. DMK considers itself to be well prepared for new developments with a strong purchasing organisation which is experienced in sustainability aspects.

99%
cocoa and palm oil from sustainable sources.
Cocoa: Utz, palm oil: RSPO

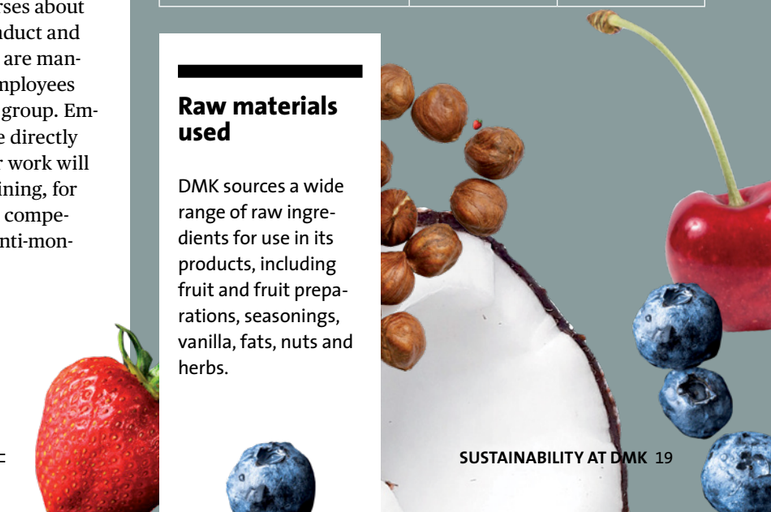
Supply chain scrutiny

EcoVadis, an internationally recognised platform for evaluating sustainability in global supply chains, honoured DMK's achievements in 2020 with the "Gold" quality label for the fourth time in succession. It sees the DMK Group as a front runner in the food industry. EcoVadis gave DMK a "Silver" rating in the most recent ranking. Unilever awarded the DMK Group the rank of "Sustainable Supplier" for the fifth time.

Number of certified sites 2021	DMK GmbH	DMK subsidiaries
VLOG	8	9
Organic	1	4
Meadow Milk	4	4
RSPO	4	0
UTZ	5	3

Raw materials used

DMK sources a wide range of raw ingredients for use in its products, including fruit and fruit preparations, seasonings, vanilla, fats, nuts and herbs.



Complex trade-offs

Packaging is a complex topic. There are often conflicts between the requirements of hygiene, keeping qualities, safety and the convenience to which consumers are accustomed on the one hand and aspects of sustainability on the other. Plastic packaging is currently being changed at DMK in accordance with the new legal requirements on recyclability. A baseline study with consumers showed that sustainability still plays a secondary role as a criterion for customers in Germany compared to properties such as appearance, practicality and resealability.

Certified wood

DMK already committed to responsible use of wood as a basic raw material in the DMK 2020 strategy. Since 2016, DMK has sourced certified wood for primary and secondary packaging and also for wood-based lolly sticks. In the case of primary packaging made of paper, such as soft packaging, soft composite cartons and butter wrapping, the packaging or its paper layer consists of FSC®-certified virgin fibre. All suppliers of secondary packaging made from paper or cardboard such as crates, outer cartons, trays and labels are FSC-certified. Unless otherwise required, DMK uses FSC® Recycled or FSC® Mix paper grades here. If papers made of virgin fibre are used for technical reasons (e.g., to preserve stability under damp or cold conditions), they are likewise FSC® certified.

For packaging which protects products and the environment

Packaging has developed into a core sustainability topic in the food industry and is the focus of DMK's overarching OCEAN project.

Packaging is an important companion to our products for protection and transportation. The better products are protected and the longer foods can be stored, the less food is lost. Packaging is a significant environmental pollutant if its composition means that it is not optimised for technical and biological materials cycles or if it is not recycled. Developing environmentally friendly packaging solutions is a complex task.

Our goal is a more sustainable packaging portfolio

As one of Germany's largest food companies, DMK produces considerable volumes of packaging every day and is aware of its responsibility. DMK works intensively on making its packaging portfolio more sustainable. We work on the product level and in overarching projects under the responsibility of the Research & Technology Center of Expertise in close collaboration with the business units.

DMK's OCEAN project optimises in line with three objectives:

1 // *To increase recyclability*

2 // *To minimise the use of materials*

3 // *To use recyclates.*

Diverse approaches to our packaging

Diverse approaches to our packaging

We have been able to advance a variety of projects in DMK's wide-ranging product portfolio in the past few years. The following examples are a selection which reveals the various approaches and considerations.

► In another **cheese** project in the **we were able to** reduce the weight by 8.5% **with a mono APET packaging.** Since we turn over large volumes in this area, a total of more than **1,000 tonnes of plastic** was saved between 2017 and 2020.

► **To reduce the plastic used for MILRAM creamy plain yoghurt, the fold-back lid was discontinued.** This allowed a saving of 18% of the plastic. Since 2019, 128 tonnes of corrugated cardboard for secondary packaging used in transporting MILRAM cheese products to food retailers have been saved compared to previous years.

► **Recycle-friendliness** was a focal concern for **grated cheese bags.** It will now be possible to switch progressively to a recyclable composite film for all grated cheese production lines by the end of 2022. The new sachet also saves 10% of plastic compared to its predecessor.

► **The switch from plastic drinking straws** to paper ones was made by the first quarter of 2021. DMK uses these straws mainly with milkshakes in carton packaging.

► **The MILRAM brand** stepped up its communication about packaging in 2020 in order to involve consumers more, particularly with regard to recycling. Consumers can find information and tips on recycling via the website under the heading "On course for more sustainability". www.milram.de/sustainability/

► **We were also able to achieve a 10% reduction** in plastic for cheese slices – in this case, the successful approach was to use a thinner bottom film for the 400g packs of cheese slices. Large-scale tests followed on selected systems, further tests and investments have to be made before a large-scale roll-out. The thinner the foil helps to reduce the total amount of packaging used.

► **In line with an EU decision, screw tops on packs have to be fixed by 2024.** The move to these attached screw tops will mainly affect soft packs in the DMK portfolio, for example for milk shakes, drinking yoghurt and the PET bottle for MILRAM Kalder Kaffee. The change is currently being implemented in a variety of projects in several factories.

► **At Uniekaas in the Netherlands** 43% of the material used for sliced cheese could be saved by using a mono plastic pack instead of the previous mix of plastic and paper. The saving was partly achieved by a much thinner film, **recyclability** is also increased here.

Recyclability

The aims of the German packaging law in force since 2019 include increasing the recyclability of packaging. The retail food sector has been optimising packaging for some years now because of its major impact (e.g. costs, recycling). The main focus is lighter and recycle-friendlier packaging.

Types of packaging:

- **Sales packaging:** Primary packaging with direct product contact, including e.g. caps or seals, which are often made of plastic or composite packaging
- **Outer packaging:** Secondary packaging such as cardboard boxes
- **Transit packaging:** Tertiary packaging, mostly intermediate layers and stretch film

79%
of all materials which can be changed are changed to FSC and PEFC, almost 90% is secondary packaging

Flagship project CO_2-reduction

The emissions in our own DMK production (Scope 1+2) account for only a good 5% of the total CO2 emissions in the dairy value chain. Nevertheless, we also want to cut back in this area. The heat generated by natural gas causes a large share of our Scope 1 emissions.
Up to 2022 we have been able to achieve annual reductions of around 4,250 tonnes of CO2 at the Edewecht factory by site-wide use of exhaust heat from heat sources and heat sinks. The site was honoured for this by the German Energy Agency dena in 2020 as a flagship project.

CO_2-emissions

We successfully reduced the direct greenhouse gas emissions (GHG emissions, Scope 1*) in production by just under 17% in the last ten years.

2012	229,980
2017	197,575
2019	194,803
2020	191,610
2021	**194,464**

** DMK GmbH including 75% subsidiaries, calculated on the basis of the volume of gas used in production*

By 2030, our absolute emissions are to be reduced by 25% in Scope 1 and 2 (with the eG milk producers in Scope 1). In order to achieve DMK's climate targets, the use of fossil fuels must also be further reduced and the use of renewable energies expanded.

Economising on resources in milk processing

Energy, water, emissions, waste and logistics are important aspects of protecting resources at our 20 sites.

All of DMK's German sites are certified in accordance with ISO 14001 (Environmental management) and ISO 50001 (Energy management). An Integrated Management System combining quality, occupational health and safety, the environment and energy manages the responsible handling of valuable resources. A team in Energy Management and the team for Occupational Health and Safety and Environmental Protection work together on implementation, across all sites on the one hand and on the level of measures relating to individual sites on the other.

Energy consumption at DMK was reduced by around
15%
between 2012 and 2020.

Reducing the use of energy and emissions

The DMK Group's direct energy consumption came to 1,520,094,616 kWh in 2021 (2020: 1,526,432,378 kWh). DMK's energy consumption was reduced by more than 15% between 2012 and 2020.

Water, a valuable resource

Besides energy, water is one of the most important resources we work with in the factories and which we therefore treat responsibly.

Specific water efficiency is indicated by the water consumption per kilo of incoming raw milk. DMK has been particularly well positioned here for many years because of substantial investments in the factories. On average, we use 1.12 litres of water per kilo of milk and therefore significantly less than the average for our industry.

Water consumption at DMK was reduced by around
5%
Between 2015 and 2020.

We consumed a total of 7.7 million m3 of water in 2021 (2020: 7.8 million m^3). Most of it comes from our own well water and from local water suppliers. Surface water is only used in small quantities for cooling and then returned. We are working at several sites on projects for the further reduction and reuse of water based on water circulation systems in production.

Different effluents occur in a dairy company, for example during production due to heating and cooling processes, or as exhaust vapour from the milk during evaporation processes in the factories, and during the daily cleaning and disinfection processes.

Water shortages are an issue in more and more regions even in Germany, for example at the Holdorf site.

We were able to halve water consumption there by a holistic project in the last ten years. We are also pursuing new paths with the B-WaterSmart project.

Waste management: recycle and reduce

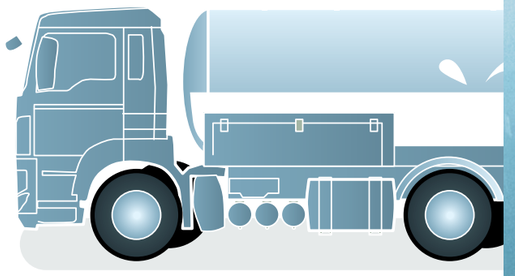
We also work hard on collecting recyclable materials separately and passing them on to the best possible recycling option. Systems for monitoring and documenting waste and recyclables management at all sites lead to a high recycling rate for our waste of 97.6% - only 2.4% is disposed of. Reduction of food waste in production forms part of our quality management.

Our inbound and outbound logistics

Around 190 milk collection vehicles pick up between 600 and 650 truckloads of milk 365 days a year from the dairy farms and take them to the factories, which use them to manufacture cheese, quark, yoghurt, butter, UHT milk, infant formula, milk powder, ice cream or other dairy products as well as special animal feeds.

97.6%
of all waste is recycled.

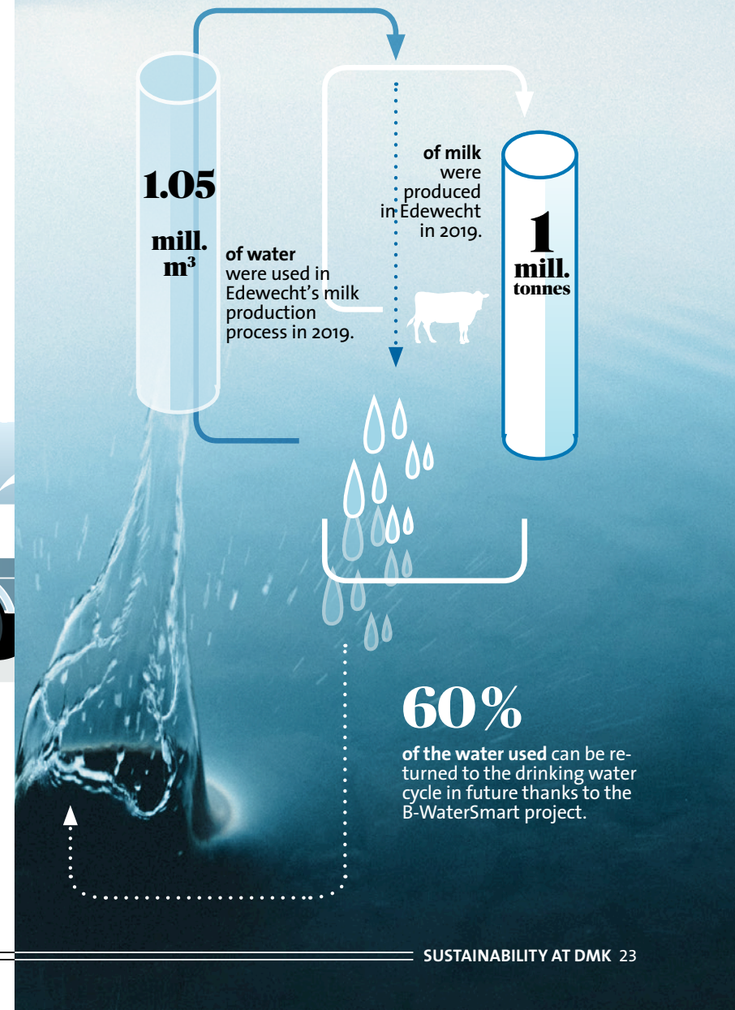
In addition to this inbound logistics system, trucks are on the road on a daily basis to transport the products to our customers. A sophisticated digitally controlled system takes care of route optimisation and a fuel-optimised style of driving.



More info:
Ratios: p. 34-37
Climate protection: p. 8-9
Packaging: p. 20-21

B-WaterSmart

In the "B-WaterSmart" initiative by the EU, ways to handle drinking water responsibly will be sought. DMK's Edewecht site is a participant.
Together with the Oldenburgisch-Ostfriesischen Wasserverband (water association), DMK is pursuing research into ways to reduce consumption of drinking water or even to find new ways of producing drinking water.
The DMK site in Edewecht is seeking to treat the water extracted from milk in some technical processes to produce water of drinking quality and reuse it. The use of treated water conserves groundwater, a valuable resource. In collaboration with a plant construction company, processes to do this and a pilot plant are being developed at Edewecht. The special challenge and declared goal of the project is that the treated water should meet the quality requirements of the Trinkwasserverordnung (the German Drinking Water Ordinance) and therefore be safe for reuse in dairy factory processes. If technical implementation proves successful, the process could also be used at other DMK sites with a drying facility.
The "B-WaterSmart" initiative is part of the EU's "Horizon 2020" programme. A total of 36 project partners from eight countries will collaborate on this in the next four years.



Working flexibly

The coronavirus pandemic has changed our working lives. We offer our employees individual scope to design their jobs. A company agreement provides four models for all administrative employees. An employee works:

1. **Entirely in the home office,**
2. **Mainly from flexible workplaces,**
3. **Mainly in the office,**
4. **Entirely in the office.**

The model is decided by the employee and his line manager. At present, we are planning to offer production employee more flexibility as well and are therefore analysing new working hours models which will also introduce New Work into production.

Supporting young people

As a member of the "Alliance for YOUth" we particularly support young people under the age of 30 and want to give them an easy start to their working lives. DMK currently employs 217 apprentices (share of apprentices 3.7%). We also offer internships for school students and work experience for older students in a wide range of professions.

DMK as an attractive employer

Work together, develop together – that is our motto. Believing in WE means team power, motivation and dialogue with each other.

As the biggest German dairy cooperative, the DMK Group employs more than 7,000 people. A major responsibility, which we aim to live up to with every day that passes. It is therefore important to us for our employees to feel happy at work. We want their working environment to motivate them and enable them to focus on essentials.

6.7%
Share
Severely disabled persons and equivalent (391 employees)

are elderly or in need of care. For this reason, we support out employees by collaborating with external partners to find solutions for such cases. These specially qualified consultants support DMK employees with all questions or problems in the areas of childcare, illness or other care requirements.

Compatibility of career and family

The modern world of work calls for autonomy, flexibility and teamwork - and also has to take the realities of the employees' lives into account. DMK is testing models for different life situations, it is important to the DMK Group to enable a successful work-life balance.

Because many DMK employees have family commitments, whether looking after children or taking care of relatives who

Employees on parental leave:

19 *Men*

111 *Woman*

Employee development

Employees' personal development is a particularly important concern for us. Instead of looking only at the purely professional side of work, appreciation, holistic staff development and transparent management have to be considered.

DMK offers individual training and coaching opportunities so that employees can use and build their own skills and talents.

For DMK, this is also a means to counter the shortage of skilled professionals.

More info:
Ratios: p. 34-37

Occupational health and safety

DMK considers the safety and health of all employees to have a high priority. Accident rates have been falling for years.

A management system for occupational health and safety is established as standard at all factory sites. It covers all employees. Accidents and injuries and their causes are examined. Every year, the company focuses on one particular key area in which to take targeted action For example, in past years it has given special consideration to accidents relating to stumbles, slips and falls or to accidents when handling machines and tools. The number of accidents has now fallen continuously every year for years in succession.

Workplace accidents*	2019	2020	**2021**
Number	197	190	**125**
Accidents per 1 mill. working hours	24	23	**16**
Absences index**	0.28	0.33	**0.29**

DMK GmbH + min. 75% subsidiaries, including DOC-Kaas
** Periods of absence due to accident in relation to hours worked

"Our focus was on remaining capable of supplying our customers reliably with merchandise, collecting the milk from our farmers and processing it in the DMK factories. Because the measures were sometimes very different in the Federal regions, we had to set standard rules for our DMK sites without losing the flexibility we needed in the process. It was important to provide information consistently while the coronavirus was developing dynamically and in a different way in every area. After all, our measures did not only affect our own employees, but also companies that were working for us. We would like to thank all employees who helped to get us through the pandemic so well during this taxing time. They kept the company on track."

Hermann Köster, COO DMK Supply Chain Management, responsible for the Coronavirus Taskforce.

The target: accident-free operation

We constantly improve our working environment and promote active safety awareness at DMK.
Occupational safety is therefore part of our "TIGER" project, with which we are improving the processes in our factories and offering our employees a safe working environment. Occupational health services are established at all locations. In addition, we repeatedly invest in fire and explosion protection in the factories. On these occasions, improvements are made in architecture and equipment and the early fire detection systems in the factories are optimised.
The current framework conditions for hygiene, safety, environmental protection and fire protection are regularly reviewed with service providers and external contractors.
They all receive regular training with regard to sources of risk and occupational safety at the sites and are kept informed through a variety of communication channels. Moreover, all sites have extensive measures at their disposal relating to company health management.

#stayhungry
TIGER

Occupational health and safety

DMK as a regional actor

Regionality plays a major role for DMK, because both the dairy farmers and the factories are organised by region.

Consumers have a very high appreciation of regionality. DMK's heart beats for the regions in which it operates: Our milk is processed at 20 factories spread over the regions, and our dairy farmers are based in eight large regions. Delivery channels are therefore short in many cases: the factories are supplied by dairy farmers in their region. In the Netherlands, too, dairy farmers are based closed to the local factories.

Regional value creation

This means that many DMK products are of regional origin, even if they are not always stated as such. Because featuring a "regional" label on the products always calls for corresponding demand and rewards from the market.

Bremerland, the regional fresh milk brand

Bremerland milk was launched in regional retailers in April 2020 on the 20th anniversary of the site in Bremen. After more than 14 years, our fresh milk brought the traditional Bremerland brand back to life, one of the most popular brands in the municipal area of Bremen. Consumers increasingly want to know where products come from, and so they should. Bremerland is the first regional fresh milk. It comes solely from 15 Bremen dairy farms.

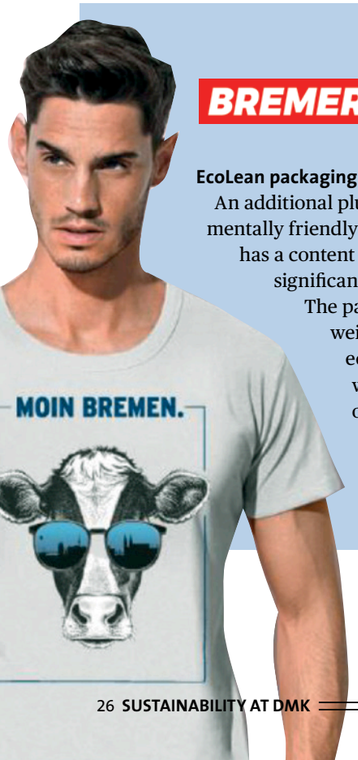
The milk is collected separately, taken immediately to the town of Wedemark for traditional production and sold exclusively in the Bremen region. Fresh milk, immediate processing, short distances.

The Bremerland brand also took part in the biodiversity project to promote flower strips. Regional seed only was sown by the farmers between April and October 2021. The 5 to 6 hectares of land in blossom will be spread across different areas of Bremen. The project will run for two years in cooperation with the NORDWESTNATUR foundation and the BUND Bremen, part of Friends of the Earth Germany.

Together with the Zeven site, DMK is currently taking part in a study about the importance of agriculture in rural areas and the possibilities and limits of regional cycles. The project is intended to put figures on the extent to which value is created by local supply chains and, in turn, the radius in which the products are sold.

Regional value creation

As a company based in Germany, we have strong ties with the regions. A large proportion of our purchases of products and services is procured all over Germany in the various regions around our factories. Our farmers, just under 5,200 in number, have business partners in the regions, for example veterinarians, advisers, or in the feed and agricultural supplies sector.



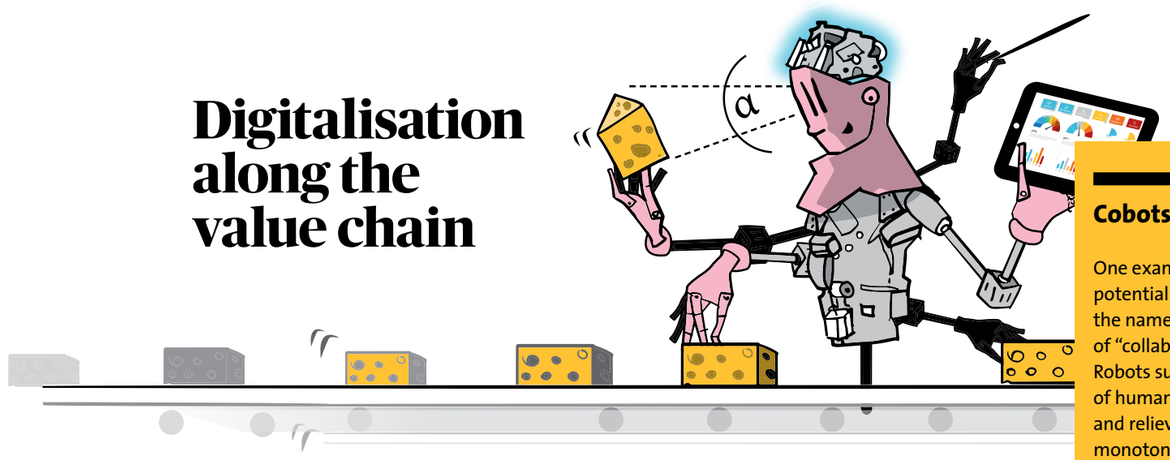
BREMERLAND

EcoLean packaging

An additional plus is the particularly environmentally friendly packaging from EcoLean. It has a content of 35% natural chalk, which significantly reduces the use of plastic. The packaging is very light, with a weight of 14.3g, very light and more economical in energy, water, and waste volume than other types of disposable packaging.

More info:
Biodiversity: p. 12
The cooperative: p. 16
Future viability: p. 14
Packaging: p. 20-21

Digitalisation along the value chain



The lives of all of us are increasingly influenced by digitalisation.

When DMK formulated its Vision 2030, it included a variety of technology trends: For example, we have been examining for some time how automation and robotics, or artificial intelligence and machine learning, will change the dairy industry in the future.

Digitalisation as a megatrend

Shorter innovation cycles, changing parameters and digital developments

- DMK needs to be technologically manoeuvrable and agile. To take this posture, the DMK Group analyses new digital technologies and evaluates its opportunities and risks. Because we want to use digital technologies intelligently to solve practical problems and create added value.

The normal practice is to test in a prototype whether a technology genuinely delvers significant value added. For example, DMK used a pilot to examine the value of optical inspection of dairy products by machine learning compared to conventional quality testing. Augmented reality could also support employees remotely, for example (possibly in maintenance or with documentation) or facilitate interactive data exchange in logistics (e.g., commissioning, sorting).

A task for everyone

We see the digital transformation as a cross-functional task within the company. After all, many of our employees will need digital skills in future. In addition the digital technologies of the future run through the entire value chain. Making digitalisation usable from the farm to the customer is therefore an important future task. myMilk is the digital link between the farm and the dairy company. Digital applications are being used increasingly on farms and are ultimately intended to ensure transparency right through to the customer, for example by means of blockchain. (▶ *page 28*)

Digital packaging is also an area of application at the interface between the dairy company and the customer. (▶ *page 28*)

For example, the infrastructure at the different factory sites and at the administrative centre also needs to be increasingly automated and prepared so as to be able to meet the future requirements of digital applications.

DMK supports the Bremen Hackathon.

Cobots

One example is the potential use of cobots – the name is a contraction of "collaborative robot". Robots support the work of human beings here and relieve them of all monotonous and laborious tasks. Possible new areas of application in milk processing could be sorting, palleting or loading machines with packaging material. The collaborative robot optimises processes and improves productivity.

Hackathons

DMK hat frequently co-sponsored the hackathon in Bremen, which focuses on B2B applications in the context of Industry 4.0. Software developers, designers, data and industry experts, marketers and tinkerers discover at a hackathon what the platforms and ecosystems provided by various partners have to offer. They deliver creative and exciting ideas for the implementation of networked products, apps and services.

LINK

More about the **Hackathon**
www.hackathon-bremen.de

More info:
The cooperative: p. 16
Future viability: p. 14
Packaging: p. 20-21

Blockchain

One topic that we are following closely is blockchain technology, which will provide consumers with more transparency about the route taken by milk in the future. Using the blockchain, data about the production of the milk, its transport and processing time, for example, are digitally recorded and securely linked. Various pieces of information can then be called up on the basis of the production date on the product packaging via an app or on the internet.

Nutri-Score

The Nutri-Score, which has been used in Germany for some time now, can contribute to transparency for consumers and serve as a basis for comparison within a product category. Milk, drinking yoghurt, milkshakes and chocolate milk with a share of milk greater than 80% are not counted as drinks by the Nutri-Score, but are treated and rated as solid products. This takes their superior nutritional quality into account (proteins and calcium in particular). DMK does not use the Nutri-Score at the moment and has not received any enquiries about it from customers.

Traceability

We are working on enabling end-to-end traceability of products in the future. In the year under review, DMK conducted a pilot project with a retailer on tracing products along the entire supply chain and was therefore able to take on board important experience for future applications together with the customer.

Traceability ensures product quality and safety. DMK ensures that production batches can be identified on the basis of the legal requirements. In other areas of the food industry, farther-reaching traceability systems more widespread than in the dairy sector.

One reason is that, for example, mixing processes are involved in the manufacture of dairy products across several stages of production, which leads to fairly high complexity. For example, batches are already aggregated when the milk is collected by tanker from different dairy farms. Consumers' increasing requirement for more transparency across all the value adding stages along the supply chain will mainly be supported by new technologies in the future.

Interactive packaging

DMK conducted a representative online survey in 2019 and found that more than 30% of respondents wanted interactive packaging: by this means, they can obtain more information via the packaging using a QR code, for example. They are particularly interested in housing systems, animal welfare, the manufacturing process and information about the company behind the product. Here, too, the DMK Group is running trials in a number of projects and categories.

Transparency for consumers

Food labelling is not only mandatory in many sectors, it also provides guidance for consumers.

Best before end date

One out of every two Germans confuses the best before end date with the expiry date. We want to work against that. Food can often be eaten safely for much longer than indicated by the BBE date: modern production conditions mean that even fresh dairy products can be enjoyed later.

MILRAM

OFT LÄNGER GUT
SCHAUEN RIECHEN PROBIEREN

LINK

MILRAM provides info on packaging and on the web:
www.milram.de/sustainability

Around twelve million tonnes of food are disposed of as waste along the food supply chain in Germany every year. That's just under 150 kg per person. Agriculture generates 12% of the waste, processing 18%, and private households are responsible for 52% of food waste in Germany.

As a company which processes high-quality raw materials, we make a clear commitment to combating food waste. It is a natural part of our quality monitoring in production and logistics to prevent waste and to reduce it where necessary.

MILRAM supports "Too Good To Go"

The MILRAM brand is a partner in "Oft länger gut" ("Often keeps for longer"), the important campaign against food waste launched by Too Good To Go. In solidarity with retailers, DMK and other manufacturers provide consumers with information about the best before end date and raise awareness of the fact that food should not be simply thrown out.

No! to food waste

There is an ever-increasing awareness of the fact that high-quality food is being wasted.

Innovation on many levels

Innovation and the exploration of new, value-creating products support profitable growth.

Entrepreneurial, fair, innovative - those have been our core values for many years. A corporate culture of this kind needs openness, courage and a readiness to think beyond the day-to-day business.

A communal task

Innovations have such a high status at DMK because they are so important to profitable growth and future viability. Every function, every employee is asked to think innovatively. Nevertheless, processes and tools which help to bring innovations to fruition are needed to control and shape them.

In addition to product innovations, process innovations are also of great importance: one example is the *myMilk*, project, a digital platform which makes the collaboration between the dairy company and the farmers viable for the future (▸ *page 16*). Innovations to machinery and processes are also regularly implemented in the factories. One major and significant innovation in a business area was and is DMK's entry into non-dairy alternatives (▸ *page 13*).

Innovation is a very wide field and is to be found in many aspects: For example, the dairy industry is exploring the diet of the future, the role of biotechnology and certain health aspects. Digitalisation will gain a key role here, for example in innovations for smart milk packaging or for monitoring animal health.

1 third
of all investments were made in strategic and innovative projects

MILRAM:
Oat pudding, SKYR cheese minis, India Curry quark, SKYR cottage cheese
Food Service:
Creme brulee, panna cotta, Greek-style yoghurt 5 kg
***Others** e. g. protein cereals semolina, vegan puddings, tangy gratin cheese*

More than 100
product-based projects are being worked on which will be market-ready within the next 3 years. Around 20 of them are innovative.

Examples of innovative products 2021

Just under 50
projects from the Idea-to-Market process attained market readiness.

More info:
Value added: p. 15
Packaging: p. 20-21
Milk price: p. 17
The cooperative: p. 16
Non-dairy alternatives to milk: p. 13

Strategically embedded processes

The company suggestion system allows every employee to contribute ideas. Our research and development departments concentrate their work on strategic focus areas such as product, process and packaging innovations. Our Insight Hub regularly provides updated information and tools, for example an environmental radar to which more than 500 employees have access. Colleagues, mainly from marketing and product development, use the information on trends and new developments, share knowledge interactively and work in interdisciplinary teams on concrete innovation topics.

Idea-to-market (I2M) is our DMK product development process, in which product-based projects from every business area are made market-ready in accordance with clear criteria. I2M is one of our four core processes and is derived from the DMK Vision 2030, the corporate strategy and the business unit strategies.

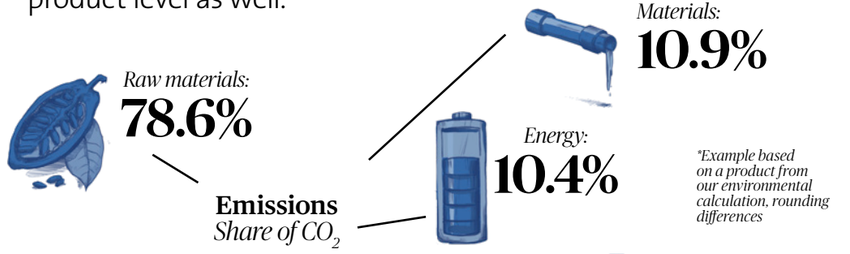
How large is the product footprint?

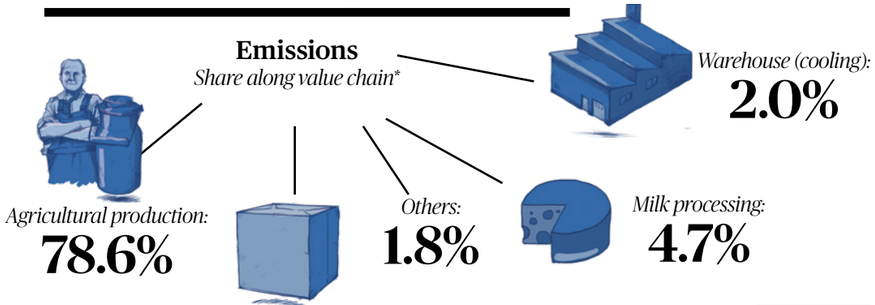
Life cycle analyses (LCA) are gaining in importance in the dairy industry, and the LCA is increasingly being calculated at the product level as well.

The ecological footprint can be determined for, e.g., CO2, water or on an even more comprehensive basis. Calculating it on the level of individual products is a challenge, since a wide range of factors influence emissions on the farms, for example. DMK has devoted itself to producing LCAs, also known as eco-balances, for many years. DMK participated in an EU-level pilot project ("Dairy PEF") at an early stage.

Calculating product LCAs

An environmental calculation is currently being set up at DMK to calculate footprints systematically. We are currently implementing an environmental calculation at the company which can be used to calculate the LCA of individual products. This will also pay off for the superordinate goal of reducing our emissions along the entire value chain. Using Product Carbon Footprint (PCF) Dashboards, we can, for example, determine the emissions for a customer's portfolio and compare to see whether the PCF can be reduced by using different packaging. In addition, it will then also be possible to analyse individual products and make them climate neutral at the customer's request.





More info:
Climate protection: p. 8-9
Food labelling: p. 28
Non-dairy alternatives to milk: p. 13

Interaction of climate and nutritional value

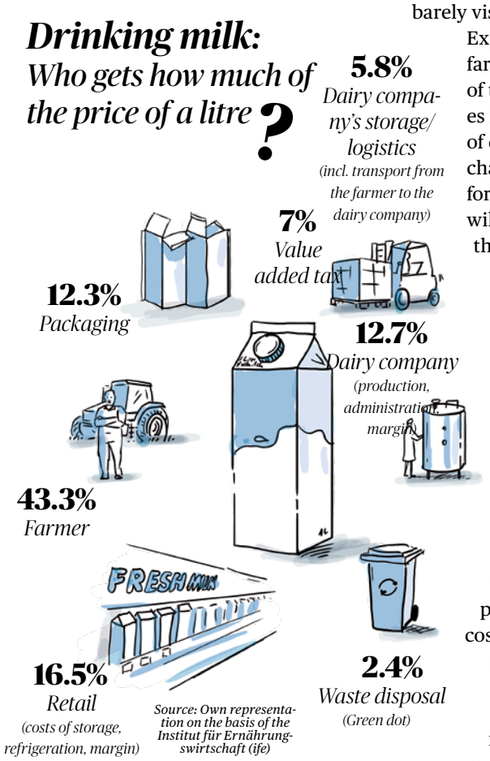
The calculation of product LCAs also reveals further interesting relationships: For example, a vegan alternative to cheese has a smaller climate footprint than the corresponding milk-based product. At the same time, the composition of the products is totally different, which is also expressed in different nutritional value profiles. For example, the milk-based cheese has higher nutrient proportion of fats, but also of proteins. As we see it, both non-dairy and dairy products will have a role to play in the protein mix of the future. For this reason, both products should be weighed up differently and in detail.

Methodical foundations are needed

In 2016-2017, DMK took part in the European Union's "Dairy PEF" pilot project on product environmental footprints. The aim of the project was to develop a standardised EU-wide method of producing Product Environmental Footprints, or PEFs. DMK also used cheese to test how CO2 footprints could be communicated to customers on product packaging. However, there is still no standard method for calculating the footprint of dairy products either for Germany as a whole or internationally.

Shaping the future together

The prices of various dairy products depend on a large number of parameters – and relate to the entire supply chain right down to the consumer.



Source: Own representation on the basis of the Institut für Ernährungswirtschaft (ife)

For many years, German agriculture has been experiencing a fundamental structural change which in many cases has particularly affected smaller farms or some areas of the country. The changes also raise questions for society as a whole: How much value do we want to attach to primary agricultural production in Germany?
How can rural regions be improved?

In the midst of structural change

Product prices are formed by a complex dynamic. At DMK, we manufacture a very wide variety of milk-based products for a large number of markets. These include products containing a high proportion of milk, such as quark, cheese, butter and drinking milk. There is less raw milk contained in many products and it is barely visible, for example in cake or pizza. Expenses and risks have risen for the farmers over the past years because of tighter restrictions, increased prices for feed or crop failure in periods of drought. In the midst of structural change, the question of a "fair price" for a litre of milk or a pat of butter will continue to arise in future for the individual farmers.

Appreciating and creating value together

Our task as a cooperative dairy company is to market our shareholders' milk to the best possible effect. Product prices for dairy products depend heavily on the product category and the prices which can be achieved in the market. Many demands on production such as regionality, animal welfare and climate protection increase production costs. Who pays for that? As complex changes take place, there is not always a simple answer to that.
Most recently, consumer prices for a number of dairy products rose very sharply in the early months of 2022, partly in response to general political developments and turbulence in the agricultural markets. In such times it is all the more of a challenge to find a good solution to the question of financial appreciation and a fair distribution of the burdens for all parties concerned.
This does not only concern DMK - even, as the market leader and the largest cooperative in Germany, we have a special role. As an industry, we should and will stand up for a new appreciation and a responsibility for shaping the transformation of the dairy industry together - on the part of the dairy farmers and dairy company, politicians, consumers, retailers and industry as well as trade associations, feed manufacturers and other actors in the value chain.

More info:
Future viability: p. 13
Value added: p. 15
Milk price: p. 17

Sector strategy 2030

The German dairy industry's Strategy 2030 was published in the year 2020. It was intended to indicate solutions to increasing restrictions and the structural shift and to strengthen dairy farming in Germany for the long term. The core of the sector strategy is a 20-page catalogue of measures which was developed by more than 100 representatives of the German dairy industry. CEO Ingo Müller was initially one of the people calling for a sector strategy, and DMK contributed to the design and implementation.

LINK
Strategy 2030:
www.milchindustrie.de/strategie-2030/

Initiative Milch

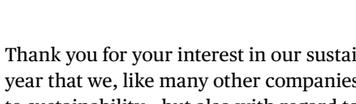
DMK is a founder member of the "Initiative Milch", which is one of the measures in the Sector Strategy 2030. The industry communication which was launched in October 2021 promotes diversity, flavour and personal milk moments. Modern dairy farming is also a focus of the initiative as a webcast.

Dear reader,

Thank you for your interest in our sustainability activities! 2030 is the year that we, like many other companies, have our sights on with regard to sustainability - but also with regard to our business development as a whole. We are focusing the DMK Group systematically on 2030 - without any of us knowing exactly what the world will really look like in 2030. In times of radical changes, crises and disruptions in whole industries, we are navigating by the line of sight, but at the same time we have a clear image of our target in front of us.

This also applies to the dairy industry's sustainability: We have set ourselves new milestones in the last years, such as our commitment to climate protection goals and our readiness to implement the Level 2 housing system provided that the retailers put it in place for the entire product assortment. We are not always the pioneer in every sustainability topic - partly because our primary commitment goes to our shareholders - the farmers.
And they have had to shoulder a large number of sustainability requirements from the market in the past decade. However, we have repeatedly proved that when market conditions allow, we will take the lead courageously and resolutely - as we did recently on the topic of non-dairy alternatives to milk. And we will continue this approach in the future.

I have been managing the topic area of sustainability at the DMK Group for more than a decade now, and we have been able to achieve a great deal together with innumerable colleagues and our farmers. We also aim to remain a reliable partner for the various stakeholders in future and help to shape the transformation to a more sustainable dairy industry in every possible way. Let is drive this transformation forward in solidarity with a number of responsible parties, and remain in constructive dialogue for this purpose.



Dr. Philipp G. Inderhees Global Head of Corporate Strategy, responsible for sustainability in the DMK Group

Ratios

In addition to the ratios within the topics, we provide other detailed ratios here.

Economic

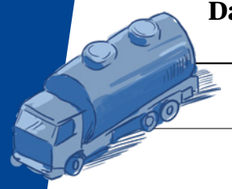
With more than
20
sites
the DMK Group is Germany's largest dairy company. Germany is the core market for the DMK Group, we also operate in the Netherlands, Italy, Russia and in selected international hubs.

7,485
employees

Sales
5.5
Billion Euro

Milk volume
6.3
bill. kg of processed milk

Just under
5,300
active dairy farmers
supply the valuable raw material for our products

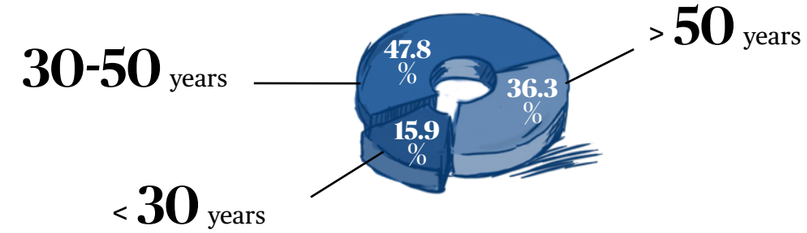


Dairy farmers + milk volume	Deutsches Milchkontor eG dairy farmers	DMK GmbH contract suppliers	DOC-Kaas (Netherlands)
Number of dairy farmers	4,549	17	612
Average milk volume (kg)	923	3066	913

Social

DMK GmbH + 75% subsidiaries (region Germany and Netherlands), 31.12. of the year

Age structure of employees

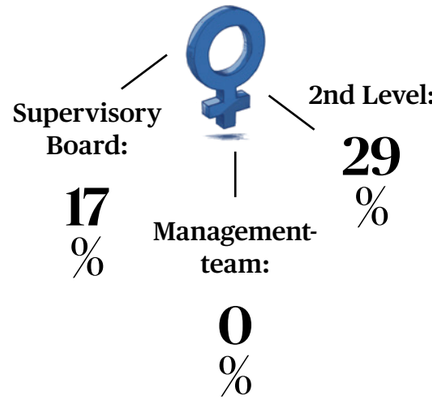


Gender

5,836 employees

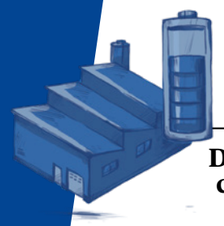
69,3 % | **30,7 %**

Proportion of women



	2019		2020		2021	
employees Total number	**6,035**	**89.2%**	**6,043**	**100%**	**5,836**	**100%**
Permanent	5,380	89.2%	5,427	89.8%	5,291	90.7%
of whom, full time	4,795	90.7%	4,795	88.3%	4,621	87.3%
of whom, part-time	382	9.3%	632	11.7%	670	12.7%
Temporary	655	10.9%	616	10.2%	545	9.3%
Employees covered by collective bargaining agreements	5.939	98.4%	5,959	98.6%	5,758	98.7%
Employee turnover	472	8.8%	366	6.1%	388	6.7%
New hires	720	10.8%	818	13.5%	453	7.8%

DMK GmbH + min. 75% subsidiaries (Germany and the Netherlands)



Ecological

	2019	2020	2021
Direct energy consumption total, in kWh	**1,471,028,261**	**1,526,432,378**	**1,520,094,616**
Of which, direct energy from non-renewable energy sources	1,459,152,222	1,512,049,712	1,507,157,700
Electricity	284,491,217	348,268,982	346,031,233
Natural gas	1,053,050,259	1,051,376,608	1.055,003,246
District heating	46,811,556	46,052,338	44,332,349
Diesel fuel	87,810,390	65,184,000	60,407,167
Liquid gas	661,414	566,385	540,485
Heating oil	1,978,725	749,660	843,230
Of which, direct energy from renewable sources	11,876,039	14,233,405	12,936,906
Hydro power	0	0	0
Biomass	11,876,039	14,085,144	12,803,636

DMK GmbH + 75% subsidiaries (excl. DOC Kaas) Basis of survey of direct energy from non-renewable resources is actual energy volumes consumed. Basis of survey of direct energy from renewable resources is purchase/conversion of wood consumption for biomass. Biomass at Waren site. The volume of energy generated from hydropower was not included due to the sale of the Rimbeck site.

Fresh water consumption

Total:
7,703,362 l

Own water:
3,516,424 l

External water:
4,186,938 l

Effluent

Total:
8,302,909 l

Direct discharge:
2,030,216 l

Indirect discharge:
6,272,693 l

DMK GmbH + min. 75% subsidiaries (excluding DOC Kaas, sunval, Strückhausen)

Waste (t)	2019	2021
Packaging recyclables	5,541.6	6,473.5
Separator	1,089.9	1,942.6
Residual waste/household waste	598.6	766.3
Construction and demolition waste	541.8	577.8
Hazardous waste	332.0	400.0
Document destruction	1.4	87.9
Other (without sewage sludge)	309.7	240.3
Recycling rate	94.5%	97.6%
Disposal	5.5%	2.4%

DMK GmbH + 75% subsidiaries (without DOC)

Framework of contents

With this brochure 'Responsibility - sustainable management at DMK' published in June 2022, DMK presents its economic, ecological and social achievements along the lines of the material topics of our current materiality analysis.

DMK reports every year in the format of the online integrated annual report, which last appeared in June 2021. The data collection period is the 2021 financial year from 1 January to 31 December.

The content was prepared in accordance with the GRI Standards: "Core" option. The disclosures in the original are in accordance with the latest available versions of the German translation of the GRI Standards, which can be downloaded from: ***www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-german-translations/***

The GRI disclosures which are material and covered are shown in the GRI content index. The Responsibility Report was not subject to external assurance.

Unless otherwise stated, the figures refer to the year 2021.

Unless otherwise stated, the contents and key figures refer to DMK's associated companies and participating interests in Germany and include dairy farmers and member dairies of DMK eG and contract suppliers to DMK GmbH, DMK GmbH and companies in which DMK has a minimum participating interest of 75%. The key figures for employees consolidate DMK GmbH + 75% subsidiaries (Germany and Netherlands region) on 31.12. of the year.

DMK has collected the data and contents in close collaboration with the responsible departments and with analysis of various management systems including an electronic human resources management system and the DIN EN ISO 14001 environmental management system as well as the DIN EN ISO 50001 energy management system.

There were no significant changes in the organisation or its supply chain in the period under review compared to the previous year and no material restatements of core information. Contact points for questions regarding the report are Dr Philipp Inderhees and Thorben Schwiebert.

Please note: For ease of reading, we always use the masculine form in the report to refer to persons of all genders.

ECOLOGICAL

GRI-General disclosure	*Title*	*Content and omissions*
Universal standard		
Disclosure 102-1	Name of the organization	33
Disclosure 102-2	Activities, brands, products and services	15, 23 // *www.dmk.de/wer-wir-sind, www.dmk.de/was-wir-machen*
Disclosure 102-3	Location of headquarters	Bremen
Disclosure 102-4	Location of operations	34 // *www.dmk.de/wer-wir-sind/standorte*
Disclosure 102-5	Ownership and legal form	16 // *www.dmk.de/wer-wir-sind/struktur*
Disclosure 102-6	Markets served	34
Disclosure 102-7	Scale of the Organization	Only total number of employees and turnover: 34, 35
Disclosure 102-8	Information on employees and other workers	34
Disclosure 102-9	Supply chain	6
Disclosure 102-10	Significant changes to the organization and its supply chain	33
Disclosure 102-11	Precautionary principle or approach	Integrated into our management systems and risk aspects: 4, 22
Disclosure 102-12	External initiatives	8. 11, 12, 23, 26, 27, 29
Disclosure 102-13	Membership of associations	4, 24, 32
Disclosure 102-14	Statement from senior decision-maker	2
Disclosure 102-16	Values, principles, standards and norms of behaviour	11, 18, 19, 30
Disclosure 102-18	Governance structure	*www.dmk.de/wer-wir-sind/struktur*
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