Update 2023

Sustainable food production

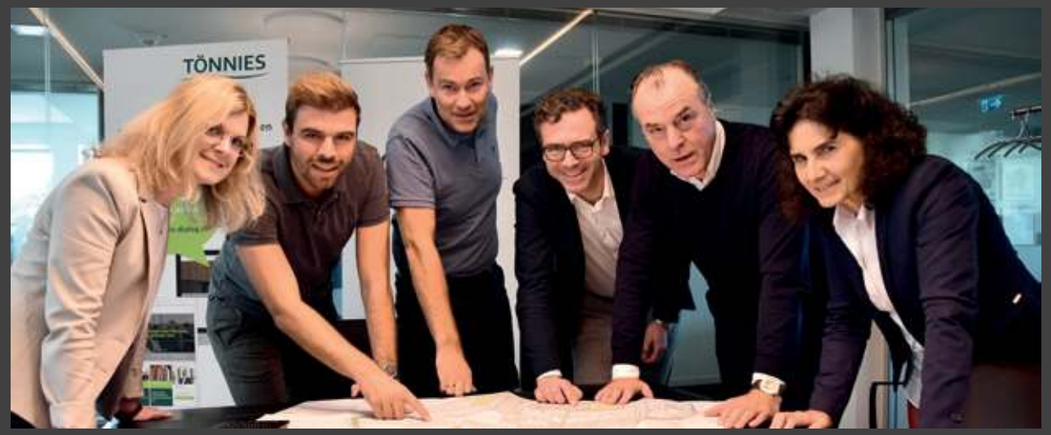
Responsibility today. For the food of tomorrow.

TÖNNIES

Agenda t30
Tönnies Sustainability Goals 2030

Agenda t30 – Update 2023

**We are taking responsibility today.
For the food of tomorrow. Our task: to supply healthy and tasty food to millions of people using as few resources as possible. This is our goal, every day.**



Dear readers,

At the Tönnies Group, we know what responsibility means - and how beneficial transformation can be, despite the associated challenges. Increasing objectivity in public debate shows that we are on the right track, both socially and commercially, particularly with regard to livestock farming and food. We face the tasks that come with sustainability and responsibility. Cautious handling of our earth's finite resources is the key to economic advancement, social justice and the integrity of creation.

At the same time, it was and still is our mission to supply millions of people with essential and healthy food every day. Animal-based food remains an irreplaceable resource in this regard. In close collaboration with farmers, we pull together to bring about necessary changes in a sustainable and transparent manner. The goals are clearly defined, and our actions are increasingly paying off. By 2030, we will be one of the most sustainable food producers in Europe. The basis for this is our t30 Agenda. We are constantly expanding our timetable to include specific actions within the framework of Science Based Targets. This initiative for reducing greenhouse gas emissions on the basis of scientific principles aims to restrict global warming to significantly less than two degrees. In the area of social care, we have also achieved important goals and have defined and published our strategy in a Basic Declaration of Human Rights.

We will present excerpts from the results of our sustainability work on the following pages. But we know: we still have a long way to go. Anyone who wants to stop climate change must take responsibility for the long term and progress in a courageous and innovative way. Nowadays we are convinced that sustainable actions will also secure our financial success. Why?: times are changing. As are we.

Dr. Gereon Schulze Althoff
Chief Sustainability Officer (ESG)

Agenda t30 – Update 2023

Our goals for the protection of resources

From page 6

Agenda t30 – Update 2023

Our goals for animal welfare

From page 10

Agenda t30 – Update 2023

Our goals for social cohesion

From page 14

Table of Contents

Editorial **2**

Our goals for the protection of resources **6**

Less soy is more! 7

TONISO is bearing fruit 8

The future is electric 9

Our goals for animal welfare **10**

Fresh air for the pigs 11

Cutting-edge animal logistics 12

Back to the roots 13

Our goals for social cohesion **14**

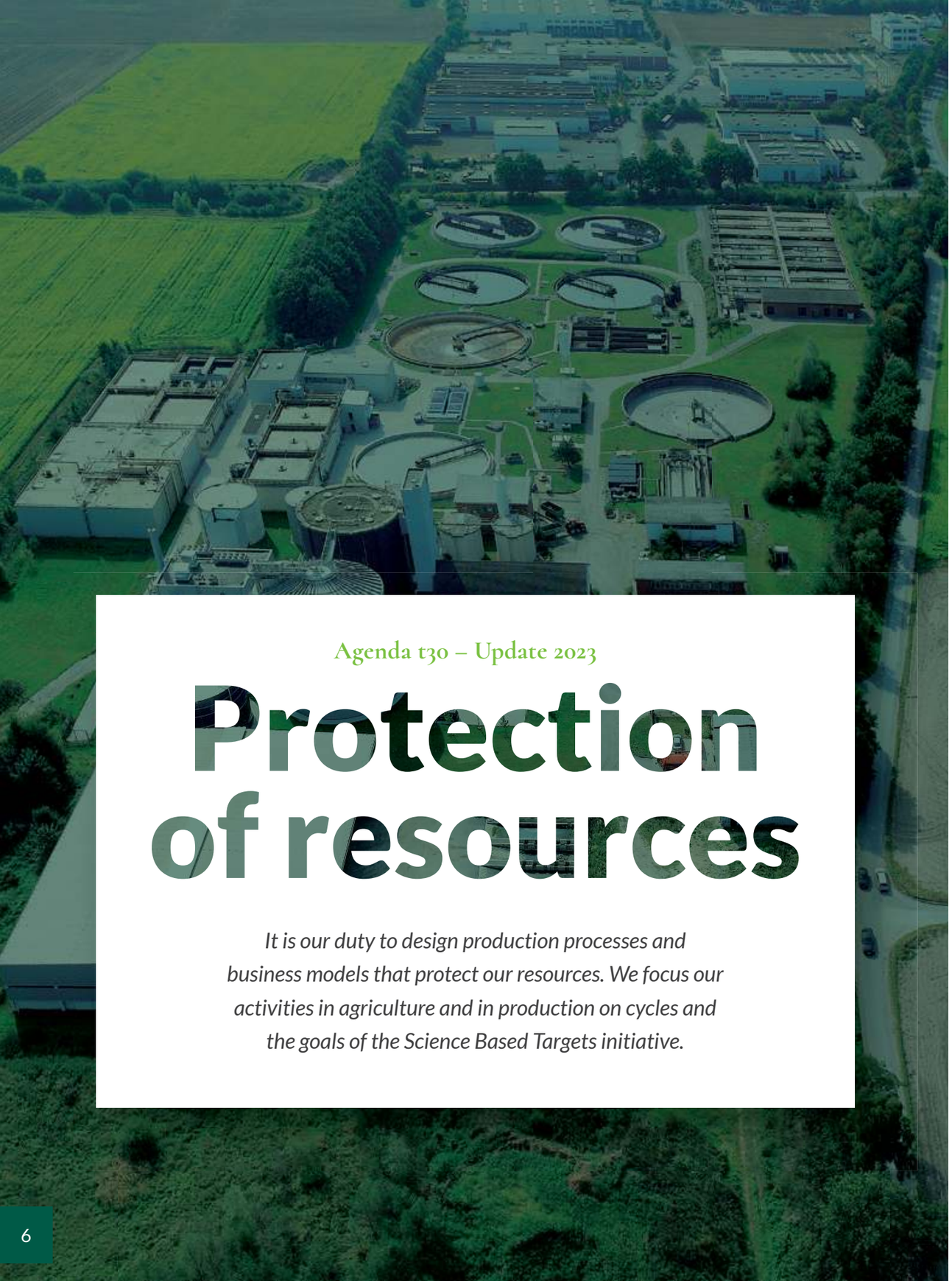
Focus on people 15

About robots and social care 16

Company apartments, if you want one! 17

Outlook **18**

On the way to the future: for successful transformation! 19



Agenda t30 – Update 2023

Protection of resources

It is our duty to design production processes and business models that protect our resources. We focus our activities in agriculture and in production on cycles and the goals of the Science Based Targets initiative.

Less soy is more!

Soy plays an important role in livestock farming. However, there are good reasons for reducing its use. Tönnies is thus focussing on sustainable protein feeds and is no longer using soy from rainforest regions or from the savannah of South America.

No other sprout has seen such rapid growth in recent decades. In addition to wheat, corn and rice, soy is today one of the world's most important crops: for tofu, in cosmetics and paints, and as biodiesel. The by-product of this production is soy extraction grist for livestock farming. Although the bulk of the feed for German pigs and cows comes from domestic crops and grass, soy grist is still popular as an added ingredient and valuable source of protein.

In principle, the cultivation of soy in a varied crop sequence is positive. As a legume, the plant enriches the nitrogen content of the soil and soil life. However, if rainforests or grasslands are destroyed for this purpose leading to the creation of large monocultures, the disadvantages outweigh the advantages. One good example of the negative impact is the Brazilian savannah forest: over the past 40 years, around half the natural vegetation has been converted into arable and grazing areas and a further 30 percent of the land has been significantly compromised.

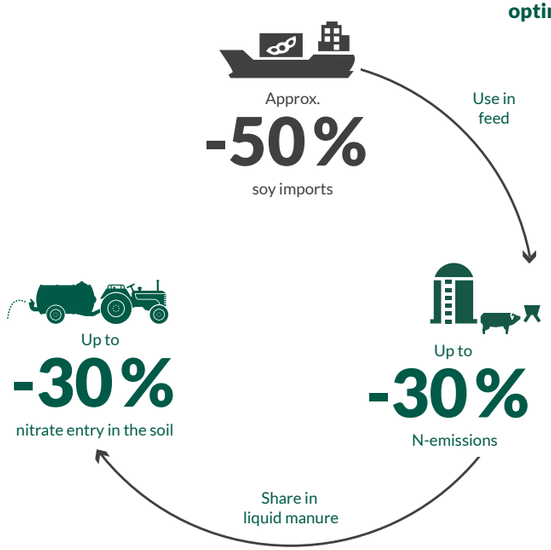
The fight against worldwide deforestation is on the agenda of the EU Parliament, which approved a regulation for deforestation-free supply chains in 2023, and it is also on ours: TONISO is the name for our animal-optimised, nitrate and soy-reduced feeding concept. We have been developing this idea in close collaboration with the agricultural industry for the past six years. Studies that we have carried out together with the feed industry and the NRW Chamber of Agriculture show: reducing the use of soy benefits the pigs as well as the environment. This results in lower costs and better digestive health.

The Tönnies Group bases its actions on Science Based Targets. These are globally aligned targets founded in climate science which aim to reduce CO_2 emissions and limit the worldwide temperature in accordance with the Paris Agreement.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TONISO is bearing fruit

With comprehensive actions and the switch to predominantly domestic protein plants in animal feed, Tönnies is driving forward sustainable food production. TONISO, the animal-optimised, nitrate and soy-reduced feeding concept, has arrived in the pig pen.



Up to 50 percent less soy use in feed, 30 percent less nitrate in liquid manure and in the soil, and thus in the groundwater – that is the TONISO feed concept. In the meantime, four out of five Tönnies suppliers have switched to protein-reduced methods. Across the country, soy imports for agricultural use have fallen by a quarter in the past three years. The share of soy in feed rations for fattening pigs is currently less than ten percent.

"This area has the potential for greater savings. We are sure that further sustainability goals can be achieved with the TONISO programme", said Dr. Wilhelm Jaeger, Director of Agricultural Unit at Tönnies. The goal is also to reduce the carbon footprint by reducing protein content.

TONISO relieves the environment and promotes animal health. From 2024, soy in QS animal feed for cows, pigs and poultry must be certified as sustainable and come from deforestation-free production. Consumers can depend on this.

Milestone 2023
Nitrate reduction

28 %
less nitrate content in liquid manure

Goal 2030
30 %
less nitrate content in liquid manure

The future is electric

Logistics and mobility are the cornerstones of a functioning and prosperous economy. Logistics is essential for production and commerce. With Tevex, Tönnies is a pioneer in the electrification of refrigerated logistics.

With more than 300 towing units and around 1,200 semitrailers, our shipping subsidiary Tevex Logistics is one of the largest refrigerated logistics companies in the country. The fleet is continuously being expanded to include vehicles with alternative drive systems. With six fully-electric tractor trailers and one refrigerated articulated train, Tevex is a pioneer in the electrification of refrigeration logistics.

The Volvo FH Electric is currently in use with a range of 300 kilometres at full utilisation and a permitted total weight of 44 tonnes. The different trailer models, some with fully-electric refrigeration, enable climate-efficient transportation.

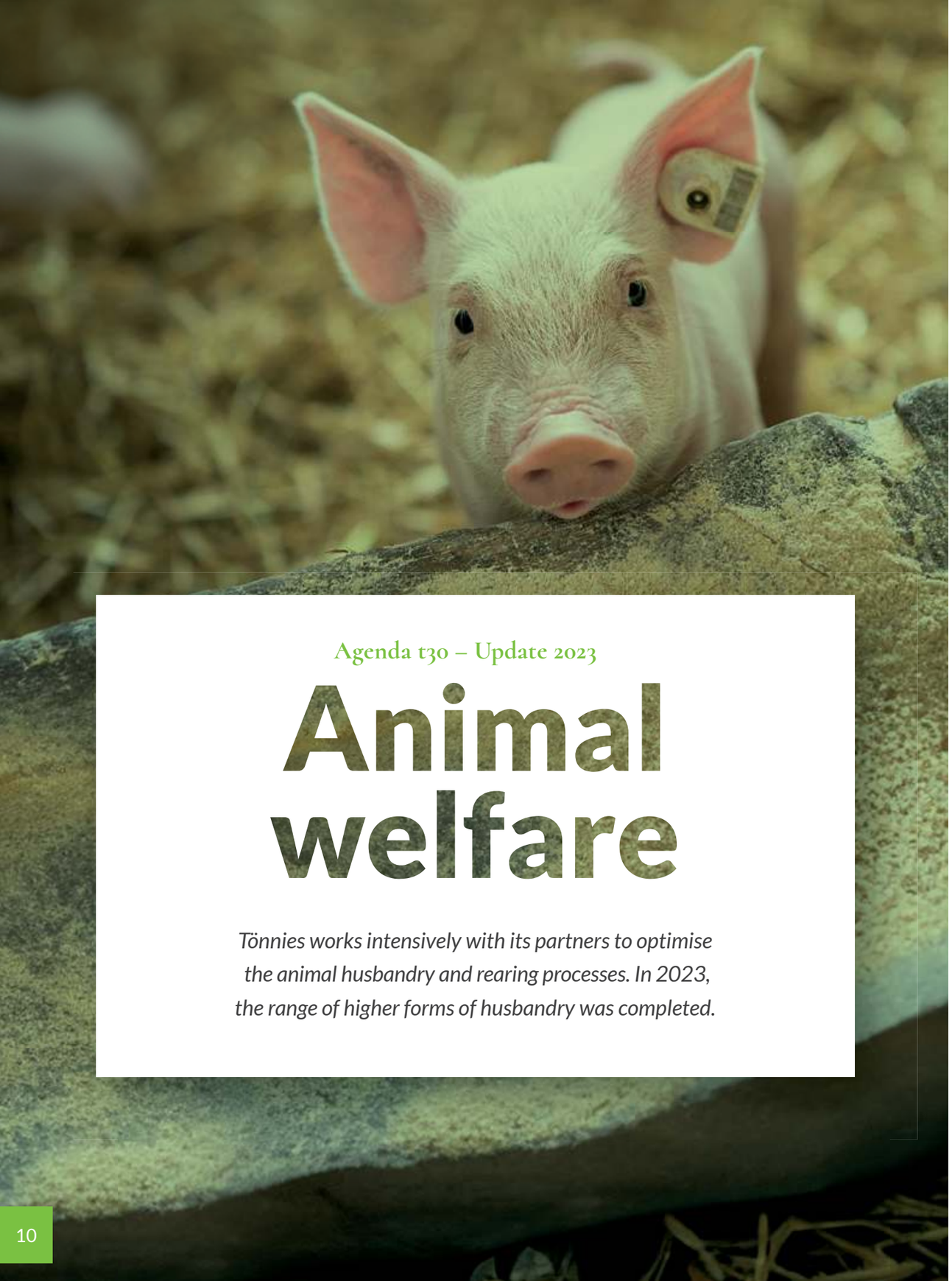
"The E-fleet enables the fully-electric transportation of goods from the Ruhr and from East-Westphalia to our block train, which transports them by rail to the seaports of Bremerhaven and Hamburg", said Managing Director Dirk Mutlak, and Managing Director Marcus Stühlinger adds: "We can now also transport containers with imported goods from the seaports by rail and then with the E-LKW without causing direct CO_2 emissions."

In addition, digital processes enable greater efficiency which, combined with optimum transport clustering, leads to an overall reduction in environmental pollution. By 2030, we will have reduced our CO_2 emissions for our main sites by a half. We have already achieved a reduction of 34 percent.

Milestone 2023
CO_2 savings in Logistics

34 %
fewer CO_2 emissions from road transport (excl. containers) for our most important sites

Goal 2030
50 %
fewer CO_2 emissions from road transport (excl. containers) for our most important sites



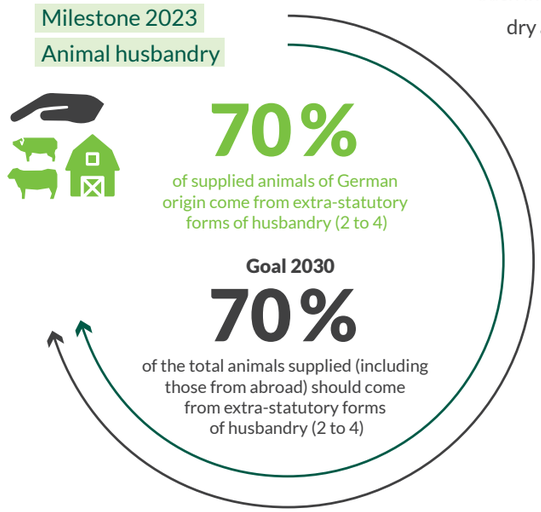
Agenda t30 – Update 2023

Animal welfare

Tönnies works intensively with its partners to optimise the animal husbandry and rearing processes. In 2023, the range of higher forms of husbandry was completed.

Fresh air for the pigs

Christoph Bühlmeyer is one of the farmers who is actively looking at pig-keeping of the future. Tönnies supports the Rheda-Wiedenbrück farmer on his clear path towards developing a husbandry system of the future.



For many years, Christoph Bühlmeyer has grappled with issues relating to the alternative husbandry of pigs. His outdoor, air-conditioned pig pen offers 6000 places, faeces and urine separation, and liquid manure management with significantly reduced emissions. There is also an integrated processing level to convert the liquid manure into organic fertiliser.

For many years, we have marketed his animals under farming method 3 – and this was long before there was even any animal husbandry labelling. As a pioneer from the start, it is never easy because every investment is a risk. In spite of this insecurity, animal-friendly husbandry and transparency of actions are his top priorities. With this form of animal husbandry, Christoph Bühlmeyer shows how the needs of pigs and environmental aspects can be perfectly connected. His pig pens have intelligent climate control with ventilation flaps. This creates different climate areas, enabling the pigs to have structure in their living environment. In addition, a run has been created along with various activities. The floors have also been designed differently. Faeces and urine can be collected separately and automatically drained off. Because the faeces and urine are separated, hardly any ammonia is created.

Such innovations are extremely important with regard to animal husbandry and food production. “We are pleased about the creative solutions that enable another view of the issues and thus new developments”, said Dr. Wilhelm Jaeger, Director of the Agriculture Unit at Tönnies. “We help to ensure and expand animal welfare and animal protection in husbandry. We also exchange experiences with farmers and focus on targeted marketing.”

Relevant drafts and experiences can be viewed online under stallbau.toennies.de. A total of 70 percent of pigs of German origin supplied to us were already reared with husbandry levels that exceed the statutory standards.

Consultation compendium
> stallbau.toennies.de

Tönnies Research
> www.toennies-forschung.de

Focus on animal welfare

Improving conditions for livestock on the basis of scientific knowledge – this is the declared goal of non-profit Tönnies Research. The focus here is on animal welfare and the sustainability of animal husbandry. The interaction of science, economics, politics, and NGOs creates new perspectives.

Cutting-edge animal logistics

Technical advancement and digital innovations in logistics are not just key to reducing greenhouse gas emissions – they also have a positive impact on animal welfare.

Whether it is the heat, the cold, or storms, increased traffic volumes, travel over mountains and valleys, or clear routes: in spite of all adversities, optimum conditions must prevail during transportation. It is our goal to plan routes for our own fleet to be as environmentally friendly and, at the same time, as efficient as possible. Route planning and logistics workflows for animal transports are optimised with the use of digital tools. For example, transport routes can be reduced.

In addition to a variety of other tools in the upstream and downstream sections, satellite-supported technology is also used on the road. Telematic systems enable us to monitor the location and condition of our trailers and vehicles in real time. Sensors also transmit important data. For example, they sound an alarm if unauthorised persons tamper with the trailers, steal goods, contaminate the sensitive load, or cause the animals unnecessary or avoidable stress. In the next step, we intend to use the findings from comprehensive data collection relating to goods transports to optimise the delivery of live cattle. The welfare of the animals will be further increased with digital unloading management. Transparency in the supply chain would also be increased which, in turn strengthens the trust of customers and consumers.

In collaboration with our suppliers, routes and logistics at the abattoirs can also be adjusted to suit the needs of people and animals. Ideally: no more standing and waiting times, a significant reduction in fuel and working time, and a reduction in the time spent by the animals on the lorry. <

Back to the roots

Keeping cattle in a meadow is best for animal welfare, the climate, and biodiversity. Strengthening this form of husbandry and making it clear to consumers - this is the task of the PRO WEIDELAND initiative.

Criteria for the quality mark:

- Grazing in a meadow for least six hours for at least 120 days each year
- Pastureland of at least 2,000 m² per cow, of which 1,000 m² must be meadow
- Freedom of movement throughout the year; use of tethers only with 180 days of grazing, and in winter, run every other day
- No genetically-modified feed

Tönnies committed to the PRO WEIDELAND initiative in 2022 and is today one of 40 supporters. "Grazing is an important future topic for us", emphasises Gunnar Rohwäder, Director of Agriculture at Tönnies Beef. "In doing so, we are respecting the wishes of customers and also consumers, and also making a contribution to greater sustainability and climate protection in cattle farming."

Tönnies has been selling pasture-fed meat with the PRO WEIDELAND mark since the end of 2021. In return, the company pays the participating farmers a bonus for each animal. In addition to pasture farming, particular value is placed on functioning herd management. Exercise is also prescribed as necessary for the health and well-being of the animals because in natural conditions, cattle cover many kilometres each day. In addition, natural climate stimulants such as sun, rain and wind have a positive impact on the immune system and reproductive behaviour.

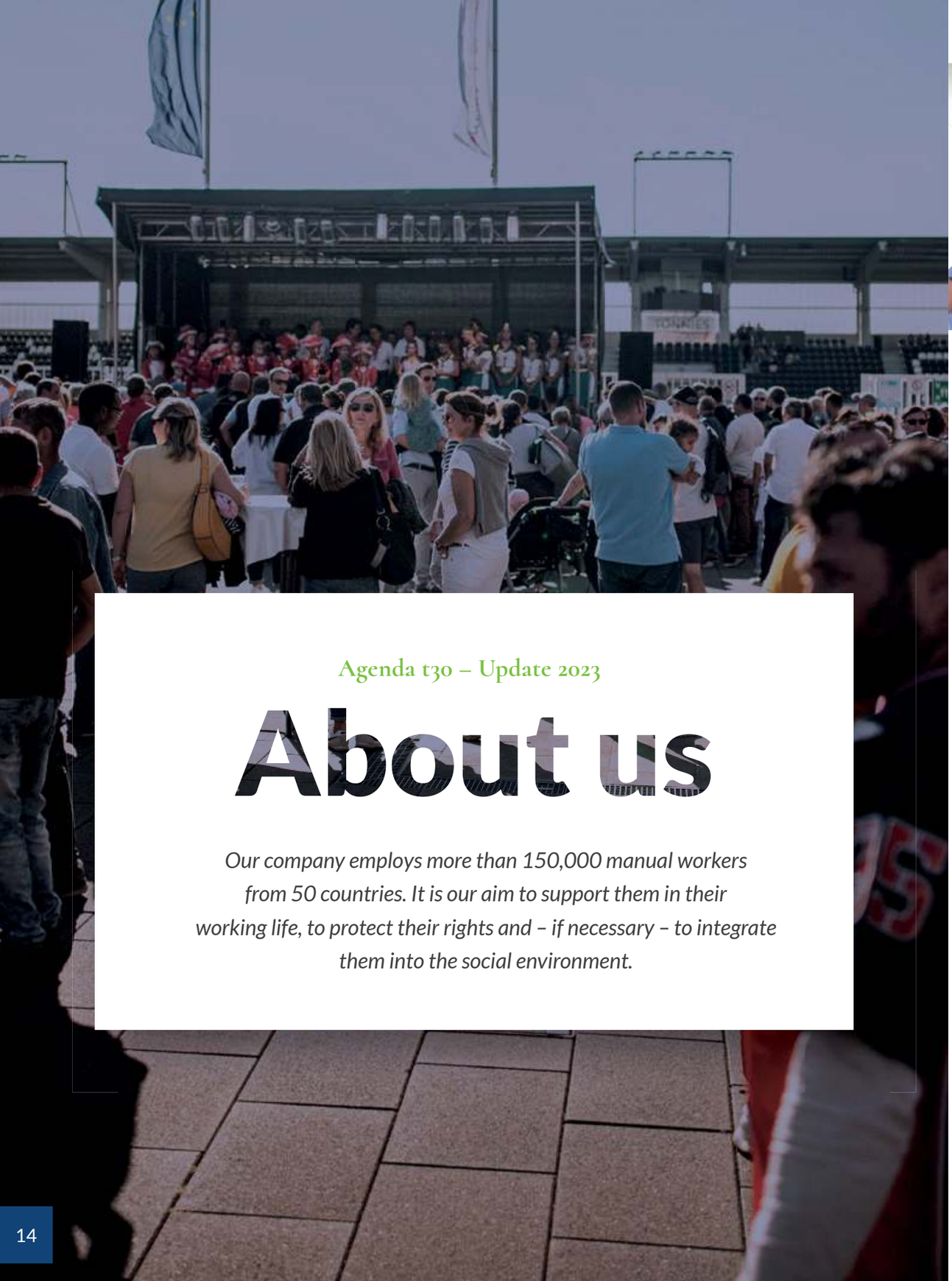
"The program perfectly suits our sustainability strategy", emphasised Christopher Rengstorf, Managing Director of the Beef Unit at the Tönnies Group. <

FAIRFARM – all animal welfare levels on offer

In the Beef Unit too, the Tönnies Group now covers all husbandry forms in accordance with the requirements of the Animal Welfare initiative, from the statutory minimum standard to organic.

The basis for this is the FAIRFARM programme, which was developed several years ago by Tönnies, producers, commercial partners and agricultural organisations. The standards set by the programme significantly exceed the statutory requirements. They include more space, more outdoor climate stimulants, more fresh air and exercise.

FAIRFARM program
> www.fairfarm.net



Agenda t30 – Update 2023

About us

Our company employs more than 150,000 manual workers from 50 countries. It is our aim to support them in their working life, to protect their rights and – if necessary – to integrate them into the social environment.

Social sustainability is all about people. Consideration and promotion of human rights are our top priorities.

Focus on people

Social sustainability places people at its core. The focus is on the consideration and promotion of human rights and protection from discrimination, violence and suppression. We have reorganised Prevention and Risk Management.

The four pillars of the SMETA 4-pillar process:

- Labour standards
- Health and safety
- Environment
- Business ethics

> www.sedex.com

Economising "correctly" – that is really not easy. The more global our world becomes, the more unmanageable the consequences of our actions become. The goal of our social sustainability strategy is to enable all employees to secure a livelihood through their work. This includes paying them fairly, encouraging professional development, and protecting their interests.

An important tool in this regard is the establishment of effective whistleblower systems. At the start of 2023, we expanded our existing contact options to include the whistleblower system Integrityline. Integrityline is accessible, digital, anonymous – with automatic translation.

Equal opportunities and gender equality are an integral part of our HR policy. Our processes, guidelines and training courses are continuously reviewed and further developed.

We have also decided to have the four cornerstones of responsible and sustainable company processes verified in accordance with the SMETA-4 Pillar Standard.

DURING 2022, THE GROUP INVESTED MORE THAN

EUR 30 MILLION

IN THE MAIN SITE IN RHEDA-WIEDENBRÜCK ALONE – AND IT DOESN'T STOP THERE.

About robots and social care

Replacing physically difficult work with robots – that is our motivation for investing in automatic slaughter and butchering technology. For this reason, intelligent robots are facilitating the work at our production sites.

A globalised economy needs a strategy for the effective protection of human rights and the environment in supply and value-creation chains. Since the start of 2023, there has been legislation to maintain corporate care obligations in supply chains - in short: the Supply Chain Law. The legislation defines clear requirements for social care obligations. It applies to supply chains and own business units. Tönnies has created structures for the organisation of social care so that the new requirements can be implemented systematically. We published our strategy in a Basic Declaration of Human Rights. The new Human Rights Committee controls and monitors the social care activities. Our own business units have a special priority at Tönnies. This is because over 15,000 people work in them, often in hard conditions. With that in mind, we have addressed the issue of operation automation which simplifies many work steps. Today, some physically (very) difficult work is a thing of the past, because it has been taken over by robots. This enables us to reduce health impairments.

Basic Declaration of Human Rights

We strive for enjoyable and healthy food made with high quality ingredients. We acknowledge that it is our responsibility as a company to observe general, internationally recognised human rights. In this context, it is our goal to take into account the associated human rights and environmental care obligations in an appropriate manner in our actions, to prevent the associated risks, to minimise them, or end any breaches that may have occurred.

Our complete Basic Declaration of Human Rights is available here:

Company apartments, if you want one!

The demand for affordable accommodation is almost always part of a broad social debate. In total, in recent years, we have created several thousand accommodation places for all interested employees in accordance with fixed defined standards. Since the start, Tönnies has invested tens of millions of euro in this project.

GENERAL

APPROX. **15,000** EMPLOYEES WORK FOR THE TÖNNIES GROUP IN GERMANY.

70% OF EMPLOYEES LIVE IN A PRIVATE HOUSE OR APARTMENT.

30% OF EMPLOYEES LIVE IN SUITABLE ACCOMMODATION WE HAVE PROVIDED.

STANDARDS

6 PERSONS IN THE APARTMENTS, THERE SHOULD BE AT LEAST ONE BATHROOM AS WELL AS AN ADDITIONAL TOILET.

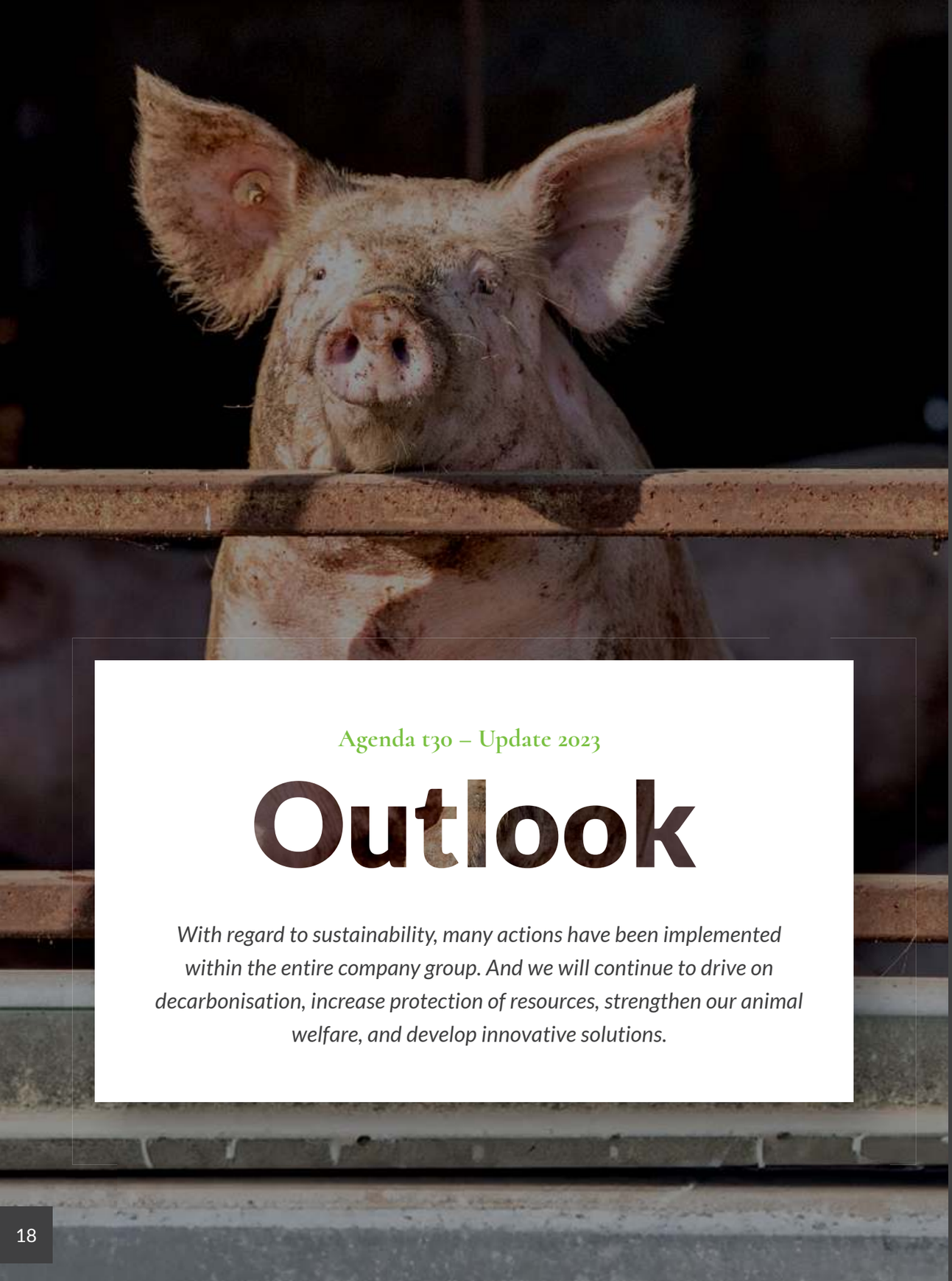
INVESTMENTS

THE PROPERTY COMPANY HAS ALREADY PURCHASED AND RENTED OUT MORE THAN **400** APARTMENTS AND HOUSES NEAR TO OUR SITES. (AS AT SEPTEMBER 2023)

EUR **30** MILLION INVESTMENT TOTAL. (AS AT SEPTEMBER 2023)

MORE THAN **4,500** ACCOMMODATION PLACES.

MORE THAN **300** NEW KITCHENS WERE PURCHASED FOR THE APARTMENTS AND INSTALLED.



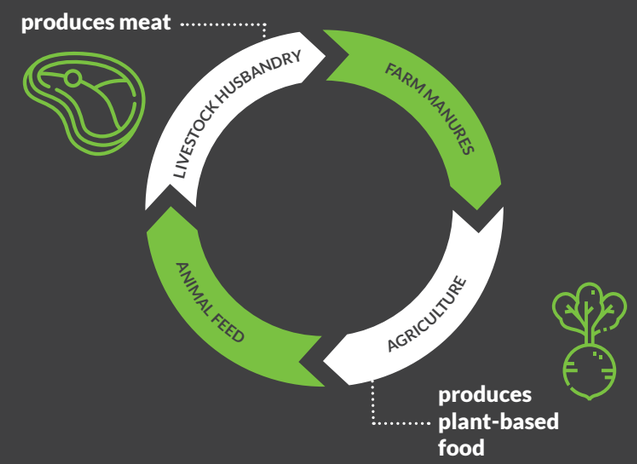
Agenda t30 – Update 2023

Outlook

With regard to sustainability, many actions have been implemented within the entire company group. And we will continue to drive on decarbonisation, increase protection of resources, strengthen our animal welfare, and develop innovative solutions.

On the way to the future: for successful transformation!

In April 2023, the Food and Agriculture Organization (FAO) of the United Nations presented a study showing that governments should demonstrate more clearly the benefits of consuming food from land animals. Why?: Meat, eggs and milk remain important sources of essential nutrients which cannot be readily provided by plant-based foods. However, this means it is even more important that the challenges associated with animal husbandry are met: environmental protection, animal welfare, and social issues.



German farmers and the meat industry have been on their way for a long time. Nowhere in the world is pork produced in a more climate-friendly way than in Germany. This is confirmed by a study by the World Resources Institute. Taking into account the justified demand for animal welfare, the wish to maintain biodiversity, and sustainability efforts, the Tönnies Group is doing everything it can to be a pioneer in this transformation, on the basis of fact-based and scientifically-based discussions. We are currently busy expanding our activities to the international sites of the Group.

In 2024, our goals relating to the Science Based Targets initiative will be validated. Our achievements and plans for saving CO2 will then become clearer. The focus will primarily be on the supply chain because the greatest potential for resource savings lies with feed, the husbandry methods, and the use of liquid manure. Progress that we make there helps us to bring balance to animal husbandry.

We are also focussing on greater efficiency by producing our own electricity. We are investing in modern technologies and regularly review our energy mix to become even better. Within the framework of a Power Purchase Agreement, from 2024 we will purchase 50 million kilowatt hours of green electricity from a hydroelectric power station at the Chiemsee lake. This is enough to cover 20 percent of the Group's total requirement. In addition, preparations are currently taking place in Rheda for the construction of an installation with which we will take biogas extracted from our own sludge, liquify it, bring it to the level of natural gas, and then feed it into the company network. We will also separate carbon dioxide in this process, which can then also be used for operational purposes.

We accept responsibility for the food of today and for the world of tomorrow. By 2030, we will be one of the most sustainable food producers in Europe.

Agenda t30

Tönnies Sustainability Goals 2030

Picture credits

Title: Countryside / iStockphoto / Danielrao
S. 4, S. 10: Piglet / iStockphoto / borevina
Other images: Tönnies

TÖNNIES

Tönnies Group
In der Mark 2
33378 Rheda-Wiedenbrück

Phone: 05242 / 9610
E-mail: info@toennies.de