Continuous sustainability measurements as part of the CSR policy of Agrifirm

Results 2010

agrifirm

Background

As part of the CSR strategy, Agrifirm yearly calculates some environmental Key Performance Indicators (KPI). In this report the results of 2010 will be evaluated.

METHODOLOGY AND CHANGES

The methodology as explained in 'Operationalisation Method – Phase 1 and 2, version 1.2 as written by Jasper Scholten and Hans Blonk is the backbone of the calculations. The exact calculation rules and background data as used in Agrifirm is presented in "Calculation rules for corporate wide KPI measurements" written by Suzanne van den Hoven in 2009.

Until 2009 the research boundary was on Feed Netherlands (Voeders NL) and Feed Belgium (Cehave Van den Berghe), in 2010 also Feed Germany (Kofu), Feed Poland (Cehave Pasze) and Feed Hungary (Kabai Tap) are included. The results of former Agrifirm are from 2010 incorporated in the Feed NL results. In 2008 and 2009 the calculations of Feed NL were based on former Cehave Landbouwbelang Voeders NL.

To obtain the correct background data for the foreign countries HAS Kennis transfer executed in 2010 a research to the different animal production systems in Poland, Germany and Hungary. Other relevant background data (distances, landuse) are used as described in Suzanne van den Hoven evaluation report of 2009.

In 2010 a web-based software tool has been developed which contribute to simplify- and increase the speed of calculating the KPIs.

GENERAL OBSERVATION

The measurement of environmental performance indicators has started in 2008 within former Cehave Landbouwbelang as a tool to increase awareness in the environmental impact of compound feed production. Because of the complexity of the market there are no direct targets related to these indicators. External actors as market developments (price, availability of raw materials and feed safety) have a big influence on the results.
However, Agrifirm has a clear R&D/CSR strategy to influence the environmental impact of the company. There is, for example a New Raw Materials department continuously searching for new and more efficient or sustainable raw materials. Continuous optimisation of raw materials in feed leads to the most economic and healthy feed for our customers. And new feed R&D is checked along sustainability criteria. So, the continuous attention on sustainability in various departments of our company leads to better understanding and availability of data and help in realising the results as they are presented in the next chapter.

Results

Functional units

The KPIs are expressed in functional units (abbreviated as: fu), ie per ton of live weight (fattening pigs and broilers), per ton of eggs (laying hens) and per ton of milk (dairy cattle). This is important, as the feed largely determines the level of productivity on the farm. Insofar as the information is available within the business, the entire chain has been chartered, from raising to end product.

Calculations based on compound feed

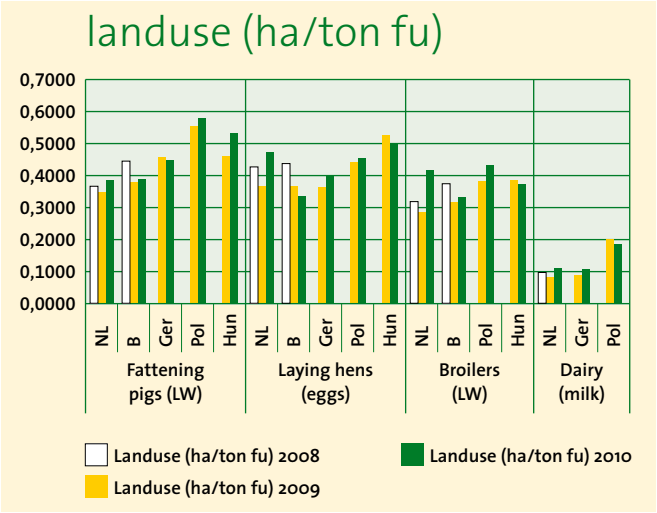
Total rations for pigs and dairy cattle usually comprise partly compound feed and partly moist products, such as moist feed for pigs and roughage for dairy cattle. The KPI calculations, as currently presented, are based on the production of compound feed, given that the Agrifirm subsidiaries can influence this. The effect of wet products has therefore been disregarded for the purpose of the calculations.

Analysis of the KPIs with regard to 2008, 2009 and 2010

In annex A the results are presented in table form. In the following paragraphs bar diagrams are used to illustrate the effects of every indicator in every sector.

1. Landuse

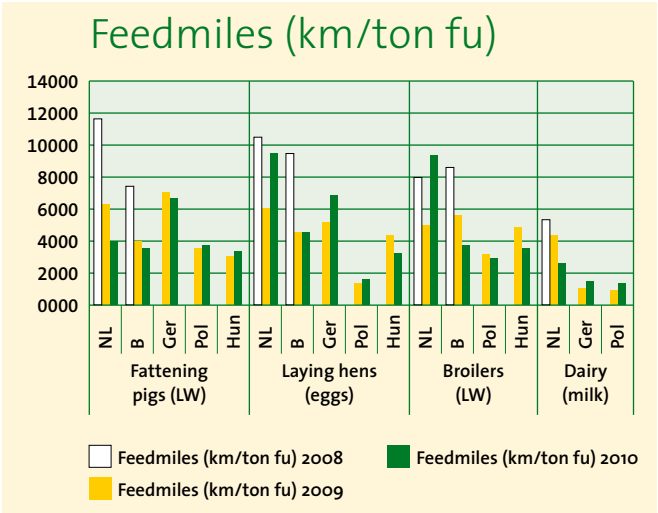
Landuse is the sum of the amount of hectares of land that is used for the production of the raw materials for compound feed expressed as ha/ ton fu.



- The landuse impact of milk is the lowest of all sectors. This is caused by a low feed conversion for dairy.
- Eastern European companies use in general more land than western European companies. This is mainly caused by higher yields from agricultural land in Western Europe and lower feed conversion. The % of co-products is not of influence on this.
- There is no general trend observable over the years. The land use is relative stable.

2. Feedmiles

Feedmiles is the sum of the amount of kilometres that raw materials of a specific compound feed has travelled, from the origin of crop growth to the farm of use. It is expressed as km/ton fu.



- Zero imports of grains from South America from 2009 to 2010 resulted in lower feedmiles for the pig sector in the Netherlands. Some imports were executed for the poultry sector, contributing in an increase.
- The lower feedmiles of Feed NL is caused by a yearly increase of raw materials originating from Netherlands and Germany. This increase is not the result of a specific policy but the effect of market conditions.
- A higher soy content in broiler feed of former Agrifirm north and a high volumetric share contributed to the increase of feedmiles of broiler feed in the Netherlands.

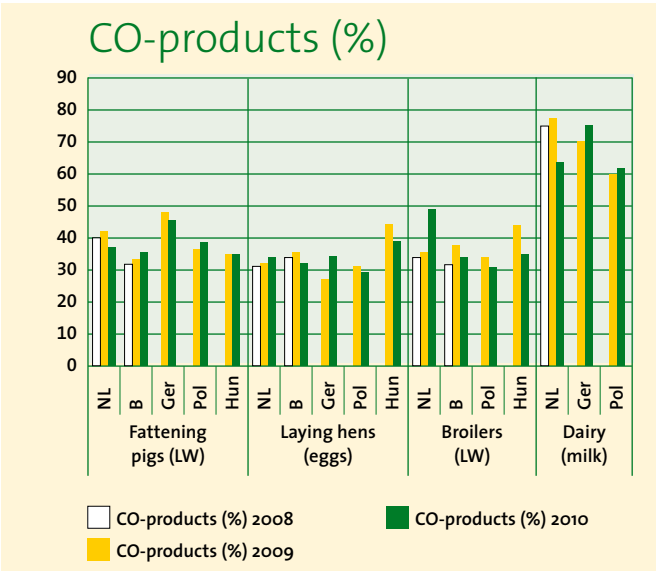
3. Percentage co-products

Co-products are raw materials which result from a processing step in which the original raw material is being divided into several products.

Following table shows results of the use of co-products and use of soybean extract on group level.

	2008	2009	2010
Percentage co-products of total	**47,7**	**49,1**	**47,5**
Percentage co-products (excl. soy) of total	**36,4**	**39,2**	**34,6**
Percentage soy of total co-products	23,7	20,2	27,1
Percentage co-products (excl. palm) of total	**42,9**	**43,7**	**42,5**
Percentage palm of total co-products	10,1	11,0	10,6
Percentage co-products (excl. soy and palm) of total	**31,6**	**33,8**	**29,6**
Percentage palm of total co-products	33,8	31,2	37,6

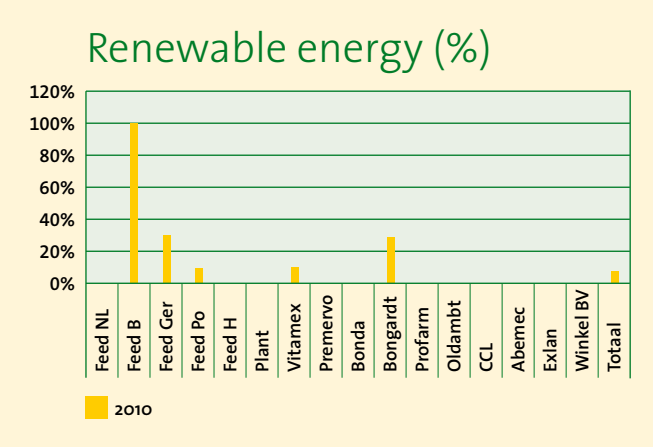
- The use of co-products is relative stable over the years.
- Soybean extract use has increased up to 27% in 2010. The main reason for can be found in the different recipes for compound feed between former Cehave Landbouwbelang and former Agrifirm.
- Use of palm products is stable over the years.
- Agrifirm is aware of the public discussions concerning soybean- and palm use. Agrifirm is therefore devoted to purchase soy more sustainable. The company shall endeavour to do so through participation in the international Round Table of Responsible Soy and related initiatives. In addition, our subsidiary Agrifirm Plant and Cehave Pasze are involved in trials with the cultivation of protein-rich crops in Europe as an alternative to protein from other continents.



- The use of co-products per sector has changed mostly in the Dutch poultry and dairy sector. This is caused by different recipes for feed for former Agrifirm and Cehave Landbouwbelang.
- There is no significant difference in use of co-products in west-European or east-European companies of Agrifirm.

4. Percentage renewable energy

Renewable energy production is the net production of secondary energy carriers (electricity, heat and fuel) from renewable sources.



- So far, Agrifirm subsidiaries did not use renewable energy. This year Voeders van den Berghe has taken the initiative to use 100% green energy! Also the German companies have used a significant amount of green energy as Vitamex Belgium did.

RECOMMENDATIONS FOR 2011

- Now the emphasis was on production systems layers, broilers, dairy and pigs. For next year it has to be evaluated if it is worth to include other production systems in the reporting, like: calves (meat), turkey (meat).
- The data collection process is not equal for all companies and can be time consuming. To increase the level of accuracy and increase the effectiveness of the data collection, the different available systems/company has to be studied and eventually improved.

Appendix A - results in table

		LANDUSE (HA/TON FU)			FEEDMILES (KM/TON FU)			CO-PRODUCTS (%)			RENEWABLE ENERGY (%)	
chain		*2008*	*2009*	*2010*	*2008*	*2009*	*2010*	*2008*	*2009*	*2010*	*2008/2009*	*2010*
Fattening	NL	0,3661	0,3498	0,3843	11795	6280	4006	40,5	41,7	37,4	0	0
pigs	B	0,4322	0,3810	0,3891	7480	4021	3498	31,6	33,4	34,8	0	100
(LW)	Ger		0,4502	0,4453		6961	6841		47,5	46,1		25
	Pol		0,5528	0,5771		3626	3858		37,3	39,1		10
	Hun		0,4674	0,5264		3024	3187		35,2	35,1		0
Laying	NL	0,4136	0,3639	0,4704	10273	6008	9549	30,7	31,5	33,5	0	0
hens	B	0,4233	0,3612	0,3427	9449	4436	4421	33,2	34,4	31,2	0	100
(eggs)	Ger		0,3652	0,3966		5338	6662		26,7	33,5		25
	Pol		0,4413	0,4463		1311	1541		31,2	29,5		10
	Hun		0,5270	0,4992		4191	3396		44,0	39,0		0
Broilers	NL	0,3215	0,289	0,4076	8012	5125	8970	34,2	35,6	49,2	0	0
(LW)	B	0,3741	0,3191	0,3257	8415	5768	3834	31,5	37,3	31,7	0	100
	Pol		0,3874	0,4185		2842	2784		34,9	31,7		10
	Hun		0,3838	0,3807		4563	3711		43,3	34,3		0
Dairy	NL	0,1001	0,0766	0,1032	5497	4255	2484	74,8	77,7	64,2	0	0
(milk)	Ger		0,091	0,1047		763	1192		70,1	75,7		25
	Pol		0,1993	0,1924		569	755		59,2	63,4		10