

Foreword

NON-FINANCIAL REPORT

Dear reader,

Our overriding objective as a company is to motivate as many people as possible to adopt a plant-based diet and treat our environment responsibly. We are convinced that every reduction in the consumption of animal products is an important step towards limiting global warming to a maximum of 1.5 degrees Celcius by the year 2100 – and we offer our consumers tasty and climate-friendly alternatives to help us achieve this aim. By doing so, we are creating a sustainable future for all life forms on our planet: good for you, better for everyone.

Since 2019, we have been making sustainability visible to consumers by displaying a sustainability score on our product packaging that shows the environmental performance of each of our products. With this Annual Report, we are taking the next step and for the first time report in more detail on how we live sustainability as a company: for our investors and customers, employees and business partners – as well as all other stakeholders interested in learning more about the Veganz approach to environmental, social and governance (ESG) issues.

In future, we plan to expand the non-financial information we report, so that we not only meet current expectations towards our Company, but also anticipate future ESG requirements and opportunities. We want to proactively seize the opportunities that open up for us as a company with a sustainable business model in a growing market with ample future potential.

In 2021, we made good progress towards this objective and, for example, significantly reduced our own carbon footprint by increasing the share of renewable energy in our electricity consumption to almost 100% and by largely switching from gas to district heating. We are delighted to have significantly increased staff satisfaction – as evidenced by our surveys – and to have reduced staff turnover substantially. We are also very proud that we made it easier for all staff to reconcile their family and professional lives thanks to flexible working hours and models – thus harnessing the huge potential both in our management positions and in the Company as a whole with significantly more women than the industry average.

We also have plenty in store for 2022: we plan to complete our B Corp certification as a responsible company, set ourselves clear climate targets and survey our internal and external stakeholders as part of a materiality analysis to understand their sustainability priorities even better. Based on these findings, we will develop a sustainability strategy with clear objectives that we want to achieve in the short to long term and define specific steps in an ESG roadmap for the coming years. We also want to intensify our dialogue with investors in order to identify potential ESG opportunities on the capital market. Moreover, we aim to intensify the cooperation with our suppliers so that we can continuously improve our ecological footprint and ensure high social standards along the entire supply chain.

As you can see, we still have plenty of work ahead – and hope that our sustainability efforts will convince you of our approach!

Berlin, 25 May 2022



**Jan
Bredack**
CEO



**Anja
Brachmüller**
COO



**Moritz
Möller**
CMO



**Alexandra
Vázquez Bea**
CFO

ABOUT THIS REPORT

The so-called Corporate Social Responsibility (CSR) reporting obligation pursuant to sections 289b-e and 315b-c of the German Commercial Code ('Handelsgesetzbuch', HGB), which requires the disclosure of material non-financial information, does not apply to companies whose shares are traded exclusively on the Open Market – as is the case for Veganz Group AG.

Nevertheless – and true to our motto 'We Make Sustainability Visible' – we want to give stakeholders an insight into our sustainability efforts over the past fiscal year on the following pages. The non-financial key performance indicators (KPIs) we report are based on internationally recognised ESG criteria of the Sustainability Accounting Standards Board (SASB) for the Processed Foods sector and cross-sector core metrics of the World Economic Forum (WEF) from the WEF white paper 'Measuring Stakeholder Capitalism'.

In addition, we describe how we actively contribute to the achievement of several of the 17 Sustainable Development Goals (SDGs) of the United Nations (UN) with our products and our corporate activities. In the chapter 'Better for the Environment', we describe environmental KPIs from our corporate activities and their development – ranging from C for CO₂ to V for volume of packaging. Under 'Better for Society', we present our commitment to employees and how we ensure that our food meets the highest quality and safety standards. And in the sections under 'Better Corporate Governance', we explain how we ensure ethical behaviour at Veganz and how our Supervisory Board is structured to perform its control functions in the best possible way.

One final note: all KPIs presented below apply – unless otherwise stated – to the entire Veganz Group, which consists of the individual companies Veganz Group AG and Veganz Retail Berlin GmbH & Co. KG. This also applies to the underlying – and as yet unconsolidated – financial KPIs at Group level, which serve as the basis for calculating the relevant key environmental KPIs in relation to sales.

OUR CONTRIBUTION TO THE UN SDGS

The 17 UN SDGs were adopted by all UN member states in 2015 as part of the '2030 Agenda for Sustainable Development' with the aim of defining concrete goals to protect the environment, end poverty and improve the economic prospects for public and private sector actors around the world.

With our efforts to promote a plant-based diet, as well as our business model and corporate policies, we are actively contributing to the achievement of several of the United Nations' SDGs:



SDG 6: Clean Water and Sanitation

According to a study published in the *Water Science & Technology Journal* in 2013, the total annual water consumption for the diet of a person living a vegan lifestyle is around 710 m³.¹

This is less than half the amount of water used in a meat-based diet, estimated at just under 1,580 m³ per person per year on average. Veganz promotes the shift to a plant-based diet with offerings from breakfast to dinner. Via our products, we specifically support the achievement of the sub-goal to increase water efficiency in the agricultural sector and thus address the global threat of water scarcity (SDG sub-goal 6.4).



SDG 12: Responsible Consumption and Production

We not only emphasise environmental friendliness in our food, but also in our product packaging. In 2020, Veganz therefore launched the first compostable packaging for refrigerated products that can be completely biodegraded within 90 days. This means that a Veganz plant-based cheese alternative only consumes a total of 473g of CO₂ per pack, and thus less than a quarter compared to an animal-based cheese in conventional packaging, which consumes at least 1,942g of CO₂ per item. While packaging innovations like this actively contribute to SDG sub-goal 12.4 (avoiding the release of chemicals and waste into the environment), recyclability is also a key concern for us and we support sub-goal 12.5 – to significantly reduce waste through reuse and recycling. In 2021, 17 of our product packages were already made entirely from renewable or recycled materials.

¹ Source: Vanham (2013). The water footprint of Austria for different diets. Retrieved from https://foodethics.univie.ac.at/fileadmin/user_upload/p_foodethik/Vanham_2013_WST_The-water-footprint-of-Austria-for-different-diets_01.pdf on 18.04.2022.



SDG 13: Climate Action

According to a study on ways to reduce negative environmental impacts in the agricultural sector, a global switch to a purely plant-based diet would mean a reduction of almost 50%

of all CO₂ emissions in the food sector. The German Federal Environment Agency estimates that the CO₂ footprint of a purely vegan diet is 940 kg per year, almost 50% less than that of a conventional omnivorous diet (estimated at 1,760 kg CO₂ per year). With our purely plant-based product offerings, we are therefore helping to significantly reduce negative climate effects in the field of nutrition.



SDG 14: Life Below Water

Ever more overfishing is a growing global problem which SDG 14 aims to address, among other things. With a steadily expanding range of attractive fish substitutes that currently

includes smoked salmon, fish fingers and tuna alternatives, Veganz also helps people used to fish products to reduce their fish consumption so that fish stocks can be protected more effectively.

¹ Source: Poore, J. & Nemecek, T. (2018). Reducing food's environmental impacts through producers and consumers. Retrieved from <https://www.science.org/doi/full/10.1126/science.aaq0216> on 18.04.2022

BETTER FOR THE ENVIRONMENT

BETTER FOR THE CLIMATE

As a provider of foodstuffs, we have a small direct environmental footprint compared to other players in the food value chain. Nevertheless, we want to be exemplary in what we do and motivate both our customers and our business partners to make their own contribution. In 2020, we therefore began to record key climate figures for our Company for the first time – and already made encouraging progress in certain categories in 2021:

For example, we significantly reduced those CO₂ emissions for which we ourselves are responsible in 2021. We replaced our previously conventional fleet of company cars with electric vehicles and switched the heating at one of our three outlets in Berlin from natural gas to district heating. As a result, our direct CO₂ emissions (Scope 1 according to the Greenhouse Gas Protocol, GHG) fell to 3.0 t CO₂e in 2021 (prior year: 7.3 t CO₂e). We also more than halved our indirect energy-related emissions (Scope 2 according to GHG) to 7.2 t CO₂e in 2021 (prior year: 15.1 t CO₂e) by increasing the share of renewable energies in our electricity consumption.

CO₂ EMISSIONS: SCOPE 1¹

	2021	2020	Δ 2020–2021
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Natural gas	1.8	4.1	-56
Fuels	1.2	3.2	-63
Total	3.0	7.3	-59

¹ Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

CO₂ EMISSIONS: SCOPE 2¹

	2021	2020	Δ 2020–2021
Emission sources	(in t CO ₂ e)	(in t CO ₂ e)	(in %)
Electricity and district heating	6.5	15.1	-57
E-vehicles	0.7	–	–
Total	7.2	15.1	-57

¹ Market-based figures. Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

As is common for companies in the food sector, the majority of the emissions related to our business activities (over 99.9%) originate from our value chain (Scope 3 according to GHG) – more precisely from our upstream supply chain: almost all of

our Scope 3 emissions in 2021 arose from the cultivation, production and upstream transport of our food products. As a result of sales growth, our Scope 3 emissions therefore also increased to 10.8 thousand t CO₂e in 2021 (prior year: 9.0 thousand t CO₂e).

CO₂ EMISSIONS: SCOPE 3¹

	2021 (in t CO ₂ e)	2020 (in t CO ₂ e)	Δ 2020–2021 (in %)
Emission sources			
Purchased goods and services	7,533	6,905	+9
Upstream transport	3,188	2,064	+54
Other sources	85	66	+29
Total	10,806	9,035	+20

¹ Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

In 2021, our emissions increased by almost 20% across all three scopes – due exclusively to value chain emissions – and thus by slightly more than our sales growth at Group level (12%). However, with a 7% increase in CO₂ intensity to 322 t CO₂e per €1 million sales (prior year: 301 t CO₂e), our overall climate impact in 2021 across all three scopes remained comparatively low: according to a 2021 study on CO₂ intensity in the food sector for 14 countries responsible for more than 65% of global food production, the average CO₂ intensity in 2014 was just under 557t CO₂ per €1 million sales of food products.¹

However, we do not intend to rest on our laurels: with the aid of the X-Degree Compatibility (XDC) model, we plan to set a binding climate target for our own CO₂ emissions in 2022 which is in line with the goals of the Paris Climate Agreement. We also want to work with our suppliers to explore ways to further reduce the emissions of our input products and product transport.

¹ Source: Mrówczyńska-Kamińska A, Bajan B, Pawłowski KP, Genstwa N, Zmyślona J (2021). Greenhouse gas emissions intensity of food production systems and its determinants. PLoS ONE 16(4): e0250995. <https://doi.org/10.1371/journal.pone.0250995>
Note: The study reports currency figures in dollars. Our conversion from dollars to euros here is based on the exchange rate of 1 EUR = 1.21 USD as of 31 December 2014.

BETTER PRODUCTS

We are convinced that plant-based nutrition is an important lever for slowing climate change. With our products, we want to help motivate as many people as possible to try plant-based alternatives and thus make their diet greener, one step at a time. For example, each person can reduce their diet-related CO₂ emissions by almost a quarter if they eat meat less frequently and more consciously as a flexitarian, and by as much as almost a half if they adopt a completely vegan diet.¹

Our plant-based foods already account for significantly less CO₂ in production than comparable animal products – but this is not enough for us. And we already made good progress in 2021: although the CO₂ footprint of the products we purchase increased by almost 9% in absolute terms to 7.5 million t CO₂e in 2021 (prior year: 6.9 million t CO₂e), it grew less strongly than our sales at Group level (+12%) and thus resulted in an overall reduction in the CO₂ intensity of our input products.

With regard to CO₂ emissions, we offer our consumers additional transparency at product level: we are one of the few companies worldwide to display precise figures on the respective eco-balance on all our packaging. To this end, we cooperate with the Swiss institute Eaternity, an independent organisation that has developed a solution for measuring the ecological footprint of food.

Using the latest methodology and our detailed raw material, supplier and producer data, Eaternity calculates a specific sustainability score for each of our products across a total of four categories: CO₂ emissions, water consumption, animal welfare and rainforest protection. In 2019, Veganz was the first food company in the world to systematically display Eaternity scores on all its products.

As far as our basic ingredients are concerned, we regard cocoa, soy and palm oil as the most critical ingredients from an environmental and social perspective. Producers who process them for us use various certifications to guarantee minimum ecological and social standards in their sourcing: for example, 100% of our producers who process palm oil have RSPO certification (Roundtable on Sustainable Palm Oil) and 64% of cocoa processors have UTZ certification – which is now part of the Rainforest Alliance and confirms sustainable cocoa cultivation – and 28% Fairtrade certification.

¹ German Federal Environment Agency (n.d.). CO₂ calculator of the German Federal Environment Agency. Retrieved from https://uba.co2-rechner.de/de_DE/ on 18.04.2022

BETTER FOR THE WATER – AND BETTER ENERGY

43.4

water intensity
m³ per €1 million sales
(prior year: 54.5)

Due to work-from-home effects, there was a year-on-year decrease in our water consumption to 1,454 m³ in 2021 (prior year: 1,638 m³). As a result, our water intensity also decreased by 20% to 43.4 m³ per €1 million sales (prior year: 54.5 m³). We sourced the water directly consumed by us exclusively in Berlin and thus did not draw any water from areas with a high or very high groundwater stress level according to the World Resource Institute (WRI).

We were also able to reduce our energy consumption in 2021 – primarily through longer work-from-home phases: our electricity and district heating consumption fell to 457 MWh in 2021 (prior year: 476 MWh), both of which we sourced exclusively from external energy suppliers. At the same time, the share

of renewable energies in our electricity consumption also increased to 99.4% in 2021 (prior year: 94.0%). And by increasing our use of district heating, we were able to more than halve our natural gas consumption to 9 MWh (prior year: 20 MWh). As a result, our energy intensity fell by 14% to 13.6 MWh per €1 million sales in 2021 (prior year: 15.8 MWh).

In order to firmly establish the economical use of energy at Veganz, we published our Energy Policy in 2022 in which we commit ourselves to raising energy efficiency across all areas of the Company:

<https://veganz.com/sustainability/environmental/>

ENERGY CONSUMPTION¹

	2021	2020	Δ 2020–2021
Energy sources	(in kWh)	(in kWh)	(in %)
Electricity and district heating	456,938	475,815	-4
(thereof: share of fossil energies)	0.6%	6.0%	-5.4%-points
Natural gas	8,890	19,988	-56
Total	465,828	495,803	-6

¹ Figures for the central warehouse are not included. Some data are estimated, extrapolated or based on prior-year figures.

BETTER PACKAGING

We not only pay attention to what our products contain, but also everything around them – such as packaging that is as sustainable as possible. In 2021, the total packaging weight of Veganz products sold was 1,083 t (prior year: 926 t), of which

the majority – 762 t (prior year: 667 t) – was easily recyclable paper for transport. Our packaging intensity increased slightly to 32.3 thousand kg per €1 million sales (prior year: 30.8 thousand kg).

PACKAGING MATERIAL

	2021	2020	Δ 2020–2021
Packaging type	(in kg)	(in kg)	(in %)
Paper (product packaging)	168,531	130,097	+30
Paper (transport packaging)	761,576	667,105	+14
Glass	46,801	42,051	+11
Iron	2,856	1,536	+86
Aluminium	33	74	-55
Plastics	97,386	85,188	+14
Other	5,719	445	+1,187
Total	1,082,903	926,496	+17

Over the next few years, we want to take further steps towards achieving circularity for our packaging materials. In 2021, for example, 17 of our products already featured packaging made from fully recycled and/or renewable materials – documented, for example, with the Blue Angel or the FSC seal (Forest Stewardship Council). These included popular products such as Veganz Gourmet Block, Veganz Soy Granules and Veganz Wafer Choc Bar Hazel.

With targeted innovations and improvements, we are continuously making our packaging even more sustainable. For example, we use compostable films made from NatureFlex™ material, renewable packaging materials made from cellulose and starch, and already almost exclusively mineral oil-free printing inks.

BETTER FOR SOCIETY

BETTER SATISFACTION FIGURES

The needs and wishes of our employees are of particular importance to us. We therefore conduct regular surveys in which employee satisfaction is expressed by the so-called 'Employee Net Promoter Score' (eNPS) as our key performance indicator. This figure can range from -100 to a maximum of 100 points.

In 2021, we conducted a total of three surveys within Veganz Group AG, in which more than half of our employees participated, and achieved a very good eNPS of 32.7 points – significantly above the average for companies from selected European countries across various industries (13 points).¹ We were particularly encouraged that the score was significantly above the prior-year figure – in 2020, the average eNPS from two surveys conducted during the year was 14.5 points.

In addition to the eNPS, numerous sub-aspects were also rated more positively in 2021: for example, employees were more satisfied with their own work and with their superiors – both of which were rated highly. There was also a significant increase in staff loyalty to Veganz: for example, the fluctuation rate within Veganz Group AG fell to 15% in 2021 (prior year: 24%).

¹ Netigate Deutschland GmbH (2022). 2022 Update: 'Wie hat sich die Mitarbeiterbindung gegenüber dem Arbeitgeber seit 2019 entwickelt?' Accessed via <https://www.netigate.net/de/reports/mitarbeiterbindung-im-wandel/> on 19.4.2022.

SATISFACTION DIMENSION

	2021 (scale of 0-10 pts.)	2020 (scale of 0-10 pts.)	Δ 2020–2021 (in pts.)
Satisfaction with own field of activity	8.4	8.2	+ 0.2
Satisfaction with direct superiors	8.7	8.0	+ 0.7
Satisfaction with management	8.1	7.7	+ 0.4
Loyalty to Veganz	8.2	7.7	+ 0.5
Information on corporate strategy	7.1	6.9	+ 0.2
Work processes at Veganz	6.6	6.4	+ 0.2

However, we do not intend to rest on our laurels and still see room for improvement, for example, in the ratings for our internal communication. In 2021, we therefore introduced a Company-wide Intranet, a regular internal newsletter with video messages from the CEO and quarterly lunch talks to inform staff about the latest Company developments.

Our surveys also indicated potential for improvement with regard to internal work processes. In the following, we will therefore describe in detail what we already did for our employees in 2021 – and what we would like to do in future.

BETTER OPPORTUNITIES FOR EMPLOYEES

In particular, our employees wanted more team events to get to know each other better. In recent years, we therefore introduced a variety of formats – such as going out for meals together and bowling evenings. Highly popular events during the COVID-19 lockdowns were our ‘online social hangouts’, where employees could chat about things other than work.

Even before the COVID-19 pandemic, many employees wanted to be able to work more from home. We therefore quickly enabled a large number of them to work completely remotely during the lockdowns. Encouraged by the positive experience, we want to continue to give staff the opportunity to work from home – also after Corona restrictions have been lifted. Permission to do so will be granted by the respective supervisors – after a brief consultation within the team of course – in a generally simple process.

And remote work is not the only area where we want to help our staff improve their work-life balance. This aspect is becoming increasingly important for our younger employees in particular – and with an average age of 34.5 in 2021 (prior year: 34.0), we are pretty young!

To ensure that all our employees – regardless of age – are able to reconcile their professional and private lives, all staff are free to work their contractually agreed working hours within the framework of our ‘trust-based working hours’ scheme. In addition, we offer everyone the opportunity to work part-time – which 40 of our 99 employees utilised in 2021. And if the respective life situation changes again, this is also no problem for us: every part-time job can be converted back to a full-time position on request. For us, flexibility is not synonymous with insecurity: with the exception of working student contracts, all employment contracts at Veganz are open-ended. As of 31 December 2021, we employed one working student (prior year: three). At Veganz Retail Berlin GmbH & Co. KG, which comprises our self-operated supermarkets, employment contracts are

initially limited to one year when joining the Company – this applied to ten colleagues as of 31 December 2021 (prior year: 14). The ratio of fixed-term contracts across the entire Company was therefore 11.1% as of 31 December 2021 (prior year: 17.9%).

We also want to make it easier for our employees to handle important private matters. We therefore offer paid days off for moving home, birthdays, weddings and the birth of a child, and grant employees paid vacation days if a child is ill.

The success of our measures to promote equal opportunities for women and men is reflected in the high proportion of women working for Veganz, which stood at 66% across the Company in 2021 (prior year: 60%) – almost 25 percentage points above the industry average in Germany.¹

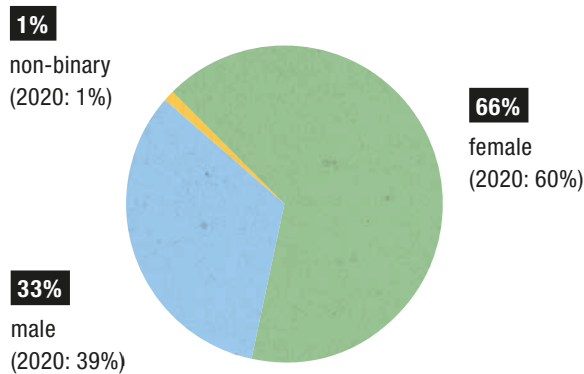
We are also proud of our high proportion of women in managerial roles – 44% at the top two management levels (prior year: 50%). Here, too, we were well above the industry average of just under 20%.²

This makes it correspondingly easy for us to convince new talents to join Veganz: in 2021, we hired a total of 18 new employees (prior year: 22) at Veganz Group AG, of which 83% were female (prior year: 55%), 44% were under 30 (prior year: 27%), 50% were aged 30 to 50 (prior year: 73%) and 6% were over 50 (prior year: 0%). We offer both new and existing colleagues additional benefits on top of our industry-standard remuneration.

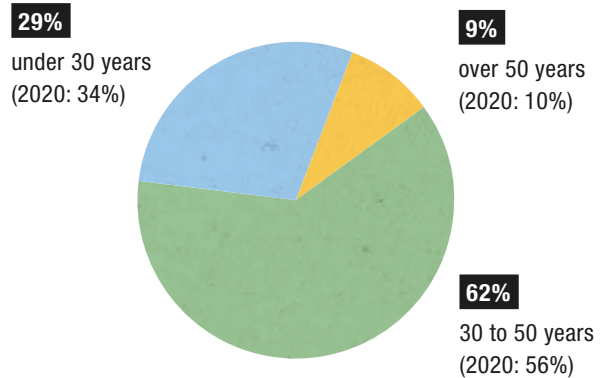
¹ Source: German Federal Employment Agency (2022). ‘Beschäftigte nach Berufen (Klassifikation der Berufe 2010) - Deutschland, West/Ost und Länder (Zeitreihe Quartalszahlen)’. Retrieved from: https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html;jsessionid=F70757E6DE980428957F8A88846C150C?nn=1523064&topic_f=beschaeftigung-sozbe-klb2010-zeitreihe on 18.04.2022

² Proportion of women in the Food and Beverage Distribution industry in the USA 2021. Source: McKinsey & Lean In (2022). Women in the Workplace. Retrieved from: https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2021.pdf on 18.04.2022

GENDER DIVERSITY AT VEGANZ 2021



AGE DISTRIBUTION AT VEGANZ 2021



BETTER CAREER PROSPECTS WITH VEGANZ

In addition to the (career) opportunities we offer our employees, it is also important to us that they are paid appropriately – and this is of course independent of personal characteristics, such as gender or origin. To ensure that this happens, we also monitor the difference in salaries between female and male employees throughout the Company ('gender pay gap').

As of 31 December 2021, we had 99 employees in total (prior year: 95). Since many of them take advantage of the opportunity to work part-time, we had a total of 80.6 so-called Full Time Equivalents (FTE) in 2021 (after converting part-time to full-time positions). As headcount at Veganz is still comparatively low, individual salary differences can already have a major impact – even when due to non-gender-related factors such as greater work experience. Within Veganz Group AG¹, we had a minor salary difference of -0.1% (prior year: -3.6%) for women compared to men in 2021, unadjusted for such factors. Adjusted for the position factor, the salary difference in 2021 was 1.2% (prior year: -1.5%). At Veganz Retail Berlin GmbH & Co. KG, the salary difference was slightly higher due to a higher fluctuation rate and the associated non-gender-specific duration of the respective company affiliation. We will continue to monitor our Company's gender pay gap in future and aim to keep it in the low single-digit percentage range.

To ensure that all employees can earn a decent living, we initially set a minimum wage of €12.50 per hour in 2021 for all positions held by Veganz Group AG employees (excluding apprentices and interns). This is to be extended to all employees of Veganz Retail Berlin GmbH & Co. KG in 2022. Overall, the average hourly pay at Veganz was €12.39, which is about 30% higher than the minimum wage of €9.50 per hour applicable in Germany in 2021 (prior year: €13.18, 41% higher than €9.35).

Once a year, all employees attend performance review meetings with their supervisors at which they discuss the achievement of individual targets, reflect on cooperation and discuss the outlook for the next twelve months.

In addition to a salary commensurate with market conditions and performance, we also offer our employees various benefits: for example, we promote sustainable mobility by subsidising (e-)bike leasing, providing local public transport tickets or offering a needs-based mobility budget. We also take the health of all team members very seriously and therefore offer – in addition to our in-house courses, such as hot yoga and joint fitness training – an Urban Sports Club membership, as one option of our so-called 'Cafeteria model'. This allows our employees to choose from thousands of sports offerings from various providers worldwide and select the one that suits them best.

Besides fitness, we also invest in personal and professional development. For example, we regularly train our Quality Assurance staff on food legislation and safety topics as well as HACCP (Hazard Analysis Critical Control Points) requirements. In addition to our in-house training, we invested a total of approximately €6.3 thousand, or €102 per FTE (only employees of Veganz Group AG), for external educational and training measures in 2021. We intend to systematically increase this amount in future and, starting in 2023, to record all internal and external education and training hours so that we can monitor and steer the professional development of our employees more effectively.

¹ Excluding apprentices and interns

BETTER HEALTH, BETTER SAFETY

Only a small part of our team is currently employed in food production, which means that the risk of occupational accidents is comparatively low. As a responsible employer, the health and safety of our employees is very important to us. In addition to our free sports programmes, we therefore provide first aid courses, company doctors as a permanent point of contact and detailed documentation procedures should accidents or injuries occur during working hours.

There were no work-related fatalities at Veganz in 2021 (prior year: none) and no serious injuries with an absence of more than six months (prior year: none). Due to an accident on the way to work, there was one reportable incident in 2021, which led to a total of 27 lost days (prior year: none), corresponding to a Lost Time Injury Frequency Rate (LTIFR) of 6.3 (prior year: –). As there were no other accidents resulting in restricted working capacity and/or medical treatment, the Total Recordable Injury Frequency Rate (TRIFR) in 2021 was also 6.3 (prior year: –).

We also want to avoid work-related accidents wherever possible in future. At the same time, we know that our further growth and the planned new production site in Werder (Havel) will increase the purely statistical probability of work-related injuries. For this reason, we provide regular staff training on occupational safety and continuously monitor the appropriateness of our health and safety measures in the workplace.

BETTER PRODUCT QUALITY

Our products stand for top quality. We want to promote a plant-based diet and make it as easy and tasty as possible for our consumers to try and switch to plant-based alternatives.

The positive properties of many of our food products help us in these efforts: meat substitute products such as our vegan schnitzel alternatives or 'Crispy Nuggets' are rich in protein, iron and vitamin B12, our 'Räucherlaxs' smoked salmon is rich in omega-3 fatty acids and our honey alternative 'Ohnig' is particularly high in fibre but has up to 40% fewer calories than conventional honey. In 2021, we emphasised the beneficial properties of these and other products with a positive impact on the nutrition of our consumers more strongly in our marketing, so that together they accounted for almost 16.6% of Veganz sales in 2021 (prior year: 6.5%).


55% of our product range
is certified organic

The organic seal ('bio') is also a quality feature of many of our products: as of 31 December 2021, a total of 55% of our product range was certified organic. And what about genetic engineering? No thanks! All the products we sell under the Veganz brand are guaranteed free of genetic manipulation. In 2021, sales of our own products accounted for 95.0% (prior year: 95.5%) of total sales at Group level. The remaining 5.0% in 2021 were from third-party products that we sell in our three supermarkets in Berlin – we cannot guarantee the (non-)use of genetic engineering for these products.

But not only our products themselves are top quality – Veganz also meets the highest standards as a Company, especially with regard to food safety: in 2021, we received the top rating once again according to IFS Broker (International Featured Standards Broker), Version 3.1.¹, with a 'Higher Level' rating and a compliance rate of 95.7% (prior year: 97.2%). The few remaining non-conformities from the audits are rectified promptly each year.

We also want to have our first in-house production site, the cheese factory in the heart of Berlin, certified in 2022 and are aiming for IFS Global Markets Food certification. We are planning an IFS Food certification for our new, large production site in Werder (Havel) as soon as it is completed.

In 2021, as in the previous year, there were no recalls of Veganz products. However, there was one violation of officially valid food safety regulations (prior year: 0): During official inspections in Slovakia, a total of five articles of a production batch were found to be missing the printed best-before date (BBD). Based on the official complaint protocol, our investigations revealed that the reason had been a printing machine error at one of our suppliers.

And we also pay attention to fair play in our marketing: we want to attract attention to our products and at the same time make people smile – but not at any (controversial) price. When it comes to marketing, we are aware of our responsibility and always communicate openly and honestly: in 2021 and 2020, we did not breach any statutory labelling and marketing regulations – and thus did not incur any legal costs for marketing violations.

¹ The International Featured Standard (IFS) Broker is an auditing standard for food intermediaries recognised by the Global Food Safety Initiative (GFSI). The requirements relate to the quality management system, the HACCP (Hazard Analysis & Critical Control Points) system and other prescribed programmes such as Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP) and Good Hygiene Practice (GHP).

BETTER SUPPLY CHAINS

Our responsibility does not stop at the boundaries of our Company premises. With the exception of 'Cashewbert', all our products are currently manufactured by contractors – and here too we pay particular attention to suitable quality standards.

In 2021, we had a total of 37 suppliers who produced our products for Veganz according to our precise recipe specifications. Of these, 35 had official certification according to IFS Food or an equivalent standard – and the remaining two had an adequate food safety concept according to HACCP.

We conduct our own random audits of suppliers at irregular intervals. Among other things, we check the existing quality standards, whether hygiene regulations are being adhered to and whether the temperature controls are effective.

In our Code of Conduct for Business Partners, which all our suppliers must sign before they can do business with us, we set out further detailed requirements: <https://ir.vegan.com/compliance-management/>. These range from dealing with inappropriate behaviour and sexual harassment, to expectations of compliance with minimum legal requirements on remuneration and working hours, to our zero-tolerance policy on child and forced labour.

If violations of the minimum requirements set out in our Code of Conduct for Business Partners are not remedied, we have the right to terminate the partnership. Fortunately, we have not yet had to exercise this right, as we are not aware of any explicit violations. Almost all of our direct suppliers are based in the EU, which means that the risk of problematic business practices is relatively low due to the standards that apply here. For this reason, we do not currently see any significant risk of child or forced labour in our supply chain.

BETTER CORPORATE GOVERNANCE

BETTER BEHAVIOUR

We want to help make the world a little better for everyone with our products. It is also important to us that we as a Company meet the highest ethical standards. For this reason, all Veganz employees sign a commitment in accordance with the German General Act on Equal Treatment ('Allgemeines Gleichbehandlungsgesetz', AGG) and our Veganz Code of Conduct when they join the Company.

In the past, all employees were required to report any suspicion of a possible breach of ethical conduct to their line manager, who treated this information in the strictest confidence. In order to make it easier for team members and all other stakeholders to make such reports, we have set up a whistleblower system that has been available on our corporate website at <https://ir.vegan.com/whistleblowing-system/> since May 2022. This online portal enables people to anonymously obtain information on the topics of ethical and law-abiding behaviour and to anonymously report any observed violations of integrity at Veganz itself or at our business partners.

With regard to breaches of ethical behaviour or cases of corruption, we have a clean slate for 2021 and 2020 with zero cases. We want to keep it that way in the future. That is why we are continuously working on the further development of our Code of Conduct, offer staff training on ethical behaviour and regularly review the effectiveness of our anti-corruption measures.

OUR CODE OF CONDUCT: WORKING FOR VEGANZ

Our Code of Conduct sets out in detail what is permitted – and what is not – with regard to employee behaviour. Among other things, it describes

- the non-discriminatory appreciation of all people we interact with – regardless of age, gender, religion, skills, origin or sexual orientation,
- the prohibition of giving or accepting unauthorised benefits to or from our business partners,
- the protection of operational, corporate and personal data by all appropriate and reasonable means, and
- the avoidance of conflicts of interest that might arise from secondary employment or equity investments.

Our complete Code of Conduct is available online at: <https://ir.vegan.com/compliance-management/>

BETTER DATA PROTECTION

Although personal data is not central to our business model, we are very aware of our responsibility in terms of the General Data Protection Regulation (GDPR) and want all persons in contact with Veganz to feel secure in this regard.

In order to identify possible risks with regard to data management in good time, we work together with an external service provider in the field of data protection and privacy. We follow a defined step-by-step model to classify risks according to the probability of their occurrence and the severity of any possible consequential damage.

Among other things, we regularly conduct data protection audits to ensure compliance with data protection requirements. The current audit conducted by our external service provider was successfully completed in early 2022 and the first recommended actions have already been implemented.

In addition, we make use of various tried and tested measures. These include the use of encryption protocols and software as well as physical, electronic and procedural security precautions in connection with the collection, storage and disclosure of personal data.

Our Data Protection Officer is responsible for all questions concerning data protection. He can be contacted by mail at datenschutz@vegan.de.

BETTER SUPERVISION

As the highest governing body, the Supervisory Board is responsible for ensuring that our corporate strategy is being implemented effectively – and is as sustainable as possible.

It is therefore very important for us to have a Supervisory Board whose members have the necessary expertise. Our Supervisory Board currently consists of four male and one female member, all of whom are non-executive members in accordance with the requirements of the German Stock Corporation Act. Two of the members have been members of the Veganz Supervisory Board for less than one year, the other three members for less than three years. They have a wide range of expertise in the field of sales, marketing, operations, finance and sustainability. In addition, four of our Supervisory Board members have worked in the food industry:

OUR SUPERVISORY BOARD

Name	Function & roles at Veganz ¹	Sector expertise	Professional expertise	First elected on	Elected until:
Roland Sieker	<ul style="list-style-type: none"> ▪ Chairperson of the Supervisory Board ▪ Member of the Audit Committee ▪ Independent 	Food (manufacturing)	Marketing; strategy; sustainability	27 August 2019	Annual General Meeting 2023
Janina Mütze	<ul style="list-style-type: none"> ▪ Deputy Chairperson of the Supervisory Board 	Market research	Marketing	24 June 2021	Annual General Meeting 2023
Michael Durach	<ul style="list-style-type: none"> ▪ Supervisory Board member ▪ Independent 	Food (manufacturing)	Sales; marketing; sustainability	24 June 2021	Annual General Meeting 2023
Ronny Gottschlich	<ul style="list-style-type: none"> ▪ Supervisory Board member ▪ Independent 	Food (retail)	Operations; marketing	20 August 2020	Annual General Meeting 2023
Dr Jens Pippig	<ul style="list-style-type: none"> ▪ Supervisory Board member ▪ Chairperson of the Audit Committee ▪ Independent 	Food (retail)	Sales; marketing; finance	20 August 2020	Annual General Meeting 2023

¹ Definition of independence in accordance with recommendations C.6 and C.7 of the current German Corporate Governance Code: <https://dcgk.de/de/kodex/aktuelle-fassung/praeambel.html>. Retrieved on 18.04.2022

Further information on the activities of the Supervisory Board in 2021 and their remuneration can be found on pages 8–11, in the Remuneration Report on pages 50/51 and under Other Disclosures on pages 61/62 of this Annual Report. Information on the current mandates of Supervisory Board members and their detailed professional background is provided on our website: <https://ir.veganz.com/supervisory-board/>

BETTER FINANCIAL TRANSPARENCY

Certain financial KPIs are also relevant from a sustainability perspective. In this section, we therefore highlight some of the relevant figures that are regarded as core financial KPIs by the ESG standard of the World Economic Forum (WEF):

In 2021, Veganz paid €1,930 thousand in corporate tax (prior year: €980 thousand) – including other taxes (car tax only) of €0 thousand (prior year: €1 thousand). The employer's share of social security contributions was €470 thousand in 2021 (prior year: €420 thousand). Expenses for property tax and non-creditable sales taxes were not incurred in 2021 and 2020.

Conversely, the Company received government financial support of €21 thousand in 2021, consisting of subsidies for electric company cars and an apprenticeship bonus (prior year: €52 thousand from short-time work benefits).