



# Sustainability Report 2021

SEASON JULY 2020 • JUNE 2021





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Henry van der Heyden

## Message from THE CHAIRMAN

We are pleased to present our third annual sustainability report in a year that presented the complexities of COVID-19 and a national drought. I believe we can look back with pride on the professional way Manuka has managed these challenging issues.

It is during difficult times, such as the ones we have been facing, that the cohesion of our teams, collaborative work, and capability of our people come to the fore. These factors have enabled us to keep on growing during challenging times. This year has been no exception, with 178 million litres of milk produced by season's end.

We are proud of where we are now, but also aware that we still have a long road ahead. We are determined to keep moving forward in the route of long-term sustainability, to boost and strengthen our three main strategic pillars; social, environmental and economical.

In this report, we will share the progress made during the 2020-21 production season, including several new initiatives, and further improvements to existing projects.

We continue to care for the wellbeing of our staff, adding new benefits each year. Our indicators of the work environment, measured through our Great Place to Work Index, continue to rise, and this season we obtained the official certification for this programme. We also had 74 internal promotions, reflecting our commitment to develop our workforce with training and internal management of talent.

We are seeking further initiatives to help us continually improve our performance on animal welfare and grow the knowledge levels of our people through training. We increased PABCO certified farms by 2 percent, closing the season with a 98% of our management centres in compliance with the high standards required by the SAG to award this certification.

Finally, we want to reaffirm our commitment to the South of Chile, where our social and community initiatives are concentrated. Significantly, the Manuka team is almost 100 per cent local, as are our purchases. In addition to this, 80 percent of contractors we work with are small or medium businesses, as we work together to develop this great industry.



Moisés Saravia

## Letter from THE GENERAL MANAGER

It is a new year for us reporting on our commitment to sustainability by preparing our third Sustainability Report. This report is our second under GRI standards, where we reflect the social, environmental and economic management progress for the 2020-2021 season.

The 2020-2021 season was very challenging. The whole world faced a pandemic in addition to the drought during the summer; where all farmers have been weathering the storm of two circumstances that challenged our way of doing things. Despite this, we can proudly say that we have made further progress in maintaining efficient production and on the path of our commitment to sustainability.

The material topics established in this sustainability report are defined based on the input of our primary stakeholders. In that sense, I would like to highlight the change of focus when compared to the previous year. In the 2019-20 report, the work on animal welfare was highlighted as the main priority. In this season's report, we focused on developing our employees and community relations. We believe that this change in the material topics is positive. It allows us to see how we continue to improve year by year in certain areas and how others become relevant as we move forward on our sustainability path.

For this reason, in this report, we emphasize our work in our relationship with our communities. We continue implementing our Corporate Citizenship Program, thus continuing the critical work of developing bonds and strengthening relationships that we have consolidated with our neighbours and local organisations.

The most remarkable examples of this season are the improvement of the water network for the wellbeing of our La Junta neighbors, our alliance with the Sercotec Osorno Business Center to provide support and boost local entrepreneurs and suppliers, the renewal of the Bibliomóvil library book collection, with a donation of new books to benefit the community of Puerto Octay, and our participation in the Chile Presente Program, designed to support the school leveling of people over 18 years of age.

We have intensified and improved our waste reduction work within our environmental management processes, seeking mechanisms aligned with the circular economy, such as the pilot project developed in our Pool Los Puentes, where corrals were built 100% with recycled plastics. We also continued to increase our network of solar heaters, going from 9 to 14 dairies equipped with this infrastructure, 15% of our total facilities.

It is also worth mentioning that during this season, we created the Tres Hojas Foundation. Its purpose is to promote the development of the dairy sector for the entire region and to share knowledge and experiences in dairy production based on the pasture model. It has a diverse board, which brings together strategic alliances between the different views and actors in the sector with a teaching model that strengthens and generates the skills necessary to develop and grow professionally in the national dairy sector.

Regarding our team, our organisational climate continues to progress, our areas are increasingly consolidated and specialised, and our organisational culture continues to evolve. This season we had 74 internal promotions (12% of our staff), allowing our employees to grow professionally within Manuka.

In our role as the country's largest milk producer, we have a commitment and responsibility to manage our business to the highest standards of production and sustainability. We are committed to focusing on the welfare of our people and animals, respecting our surroundings and the environment. That is our contribution to future generations and our planet.

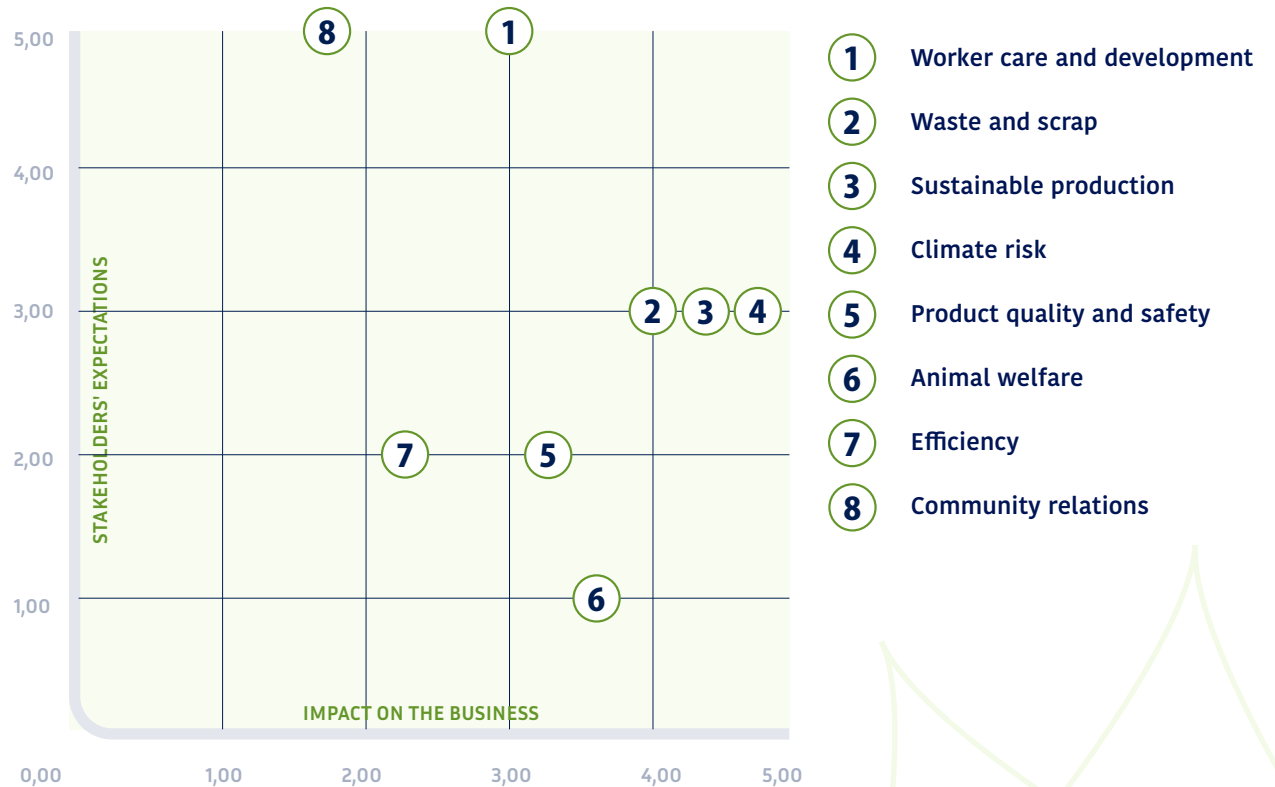
Before inviting you to learn in detail about our sustainability management last season, I would like to take a moment and especially thank and recognise the entire Manuka team. I want to highlight their professional and individual qualities, the great camaraderie they show every day, and the conviction they instill in their activities. Undoubtedly, these are key attributes to maintain our growth and successfully face future challenges.

# About THIS REPORT

This document is our third reporting exercise and the second following the GRI methodology. It is intended to inform our stakeholders about our economic, social, and environmental performance in the period 1 July 2020 - 30 June 2021 and report our progress and challenges in sustainability, in a balanced form.

This report specifically deals with the material topics that we define in a collaborative manner with our stakeholders and it takes into account the context in which our company performs.

The report was prepared following the GRI Standards in its 'Essential' option. In line with this, the contents were defined through a formal process for identifying material issues. This included the review of international standards such as the Dairy Sustainability Framework<sup>1</sup> and SASB<sup>2</sup> in addition to a Benchmark based on four international dairy companies. The methodology included the revision of our internal policies, and programs, interviews with key Manuka executives, and a survey of our customers, suppliers, and community representatives. We prioritised the issues identified based on stakeholders' expectations and the impact on the business.



<sup>1</sup> Methodology developed by six international dairy organisations, and also aligned with UN SDGs 1, 2, 8, 12.

<sup>2</sup> SASB standards are oriented to the disclosure of sustainability information of importance to investors, defining governance, environmental, and social aspects for 77 industries

# MATERIALITY ANALYSIS



Material subject	Why is it material?	How is it managed?	Management indicators	Coverage
Care and development of workers	Our employees are our main asset, and the knowledge they possess is essential to achieve good production results. For this reason, we strive to maintain excellent working conditions that enhance their performance, in addition to promoting their professional growth.	<ul style="list-style-type: none"> <li>➔ Training program.</li> <li>➔ Career development plan.</li> <li>➔ Performance evaluations.</li> <li>➔ Benefit plan.</li> <li>➔ Work climate management.</li> <li>➔ Security Management System.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Average hours of training.</li> <li>➔ Percentage of workers trained.</li> <li>➔ Average age.</li> <li>➔ Worker turnover.</li> <li>➔ The number of internal promotions.</li> <li>➔ The number of workers evaluated by labour category.</li> <li>➔ Results of the climate survey.</li> <li>➔ The number of accidents at work.</li> <li>➔ The number of occupational diseases.</li> </ul>	Internal
Waste and scrap	We take care of and manage the impact generated by our waste, mainly plastics.	<ul style="list-style-type: none"> <li>➔ Development of a waste management system starting to involve our communities.</li> <li>➔ Alliances with different stakeholders to promote recycling and waste management initiatives.</li> <li>➔ Working to generate a culture of recycling in our immediate environment.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Percentage of waste reused and recycled.</li> <li>➔ Tons of waste by disposal method.</li> </ul>	Internal and external
Sustainable production	Our production model reduces our environmental impact, thanks to strict controls and strategic production management. It also generates economic sustainability since it is possible to produce at a lower cost.	<ul style="list-style-type: none"> <li>➔ The New Zealand grazing model is implemented based on a systematic and accurate grassland production system, paddock rotation, and strategic pasture management.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Grass production indicator.</li> <li>➔ Tons of ms/ha.</li> <li>➔ Efficiency levels in kg ms/kg sl.</li> <li>➔ Percentage of feed based on permanent pasture.</li> </ul>	Internal and external
Climate risk	Climate change has the potential to affect the whole world and all production systems. In our case, the most significant risk lies in the decrease of rainfall and consequent droughts that affect our grazing model.	<ul style="list-style-type: none"> <li>➔ The efficiency of the sustainable production model.</li> <li>➔ Emissions offsets.</li> <li>➔ Native forest.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Carbon Footprint.</li> <li>➔ Water footprint.</li> <li>➔ Hectares of native forest.</li> </ul>	Internal and external
Safety and quality of the product	We have a deep commitment to producing food of the highest nutritional quality and food safety for our consumers.	<ul style="list-style-type: none"> <li>➔ Animal traceability.</li> <li>➔ Specific protocols for all processes.</li> <li>➔ Preventive vaccination program.</li> <li>➔ Use of vitamins, minerals, and deworming.</li> <li>➔ PABCO Certifications.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Solids per litre of milk.</li> <li>➔ Average somatic cell count (cel/ml).</li> <li>➔ Average colony forming units (un/ml).</li> <li>➔ Percentage of PABCO certified properties.</li> </ul>	External
Animal welfare	The indicators show respectful handling of the cows, with low disease rates, good living conditions for the cattle and a constant effort to raise awareness among workers about the importance of good treatment of the animals.	<ul style="list-style-type: none"> <li>➔ Protocols oriented to the good treatment of animals.</li> <li>➔ Training of workers in animal welfare.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Longevity of cows.</li> <li>➔ Percentage of workers trained in animal welfare.</li> <li>➔ Percentage of mastitis.</li> <li>➔ Percentage of lameness.</li> <li>➔ Audit compliance results.</li> </ul>	Internal and external
Efficiency	Our efficiency is based on the precision and constant measurement model of the food resource, grassland.	<ul style="list-style-type: none"> <li>➔ The efficiency of the sustainable production model.</li> <li>➔ Feed planning and efficient grassland management.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Grass production indicator.</li> <li>➔ Tons of ms/ha.</li> <li>➔ Efficiency levels in kg ms/kg sl.</li> <li>➔ Percentage of feed based on permanent pasture.</li> </ul>	Internal and external
Community relationships	We seek to grow together with our neighbours, positively impacting our environment, and economic and social development.	<ul style="list-style-type: none"> <li>➔ Diagnosis of the communities.</li> <li>➔ Corporate citizenship manual.</li> <li>➔ Projects to support education.</li> <li>➔ Projects to promote rural life.</li> <li>➔ Manuka Emporium.</li> <li>➔ Local employment.</li> <li>➔ Support to local suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>➔ Evaluation of the impact of our joint projects with the community.</li> <li>➔ Emporium Sales.</li> <li>➔ Percentage of local workers.</li> <li>➔ Percentage of purchases from local suppliers.</li> <li>➔ Amount of purchase from local suppliers.</li> </ul>	External



# MANUKA FAMILY



## ABOUT US

Located in the heart of southern Chile, with operations in the regions of Los Lagos and Los Rios, we are the largest milk production company in the country, with more than 178 million litres of milk produced this season and increasing annually.





## MANUKA IN NUMBERS

**28,658**

Total hectares <sup>3</sup>

**5,130**

Hectares of native forest

**\$54,419**

Milk sales in MM CLP

**14** Customers

- ↪ Central Valley Foods
- ↪ Agrocommerce
- ↪ Southern Fields
- ↪ Field Commercial
- ↪ The Cheese Factory
- ↪ Lactalis
- ↪ Filomena Dairy Products
- ↪ Nebe Dairy Products
- ↪ Quilanto Dairy Products
- ↪ Dairy and Cheese Frutillar
- ↪ Nestlé
- ↪ Prolesur
- ↪ Surlat
- ↪ Watt's

**13,661**

Hectares of permanent grassland <sup>4</sup>

**68,008**

Head of livestock (including cows, calves, and bulls)

**+178**

Million litres of milk produced during the season

**62.8%**

Percentage of permanent grassland <sup>5</sup>

**601**

Workers

**22**

Calf Rearing Centers

**56**

Dairy Farms

**20**

Dry Stock Areas <sup>6</sup>

<sup>3, 4, 5</sup> Includes owned, and leased fields.

<sup>6</sup> The dry areas aim to manage the production of replacement, and transfer animals for future dairy production.

# We create value through dairy production

We are milk producers who seek an increasingly sustainable model by managing social and environmental impacts. Consequently, our partners, environment, and communities are our main concern.

Since our beginnings in 2005, this 'permanent-pasture-and-strategic-management-of-grass' model has inspired our work. We systematically and precisely nourish and measure the grass growth so that our cows feed when it reaches its highest nutritional intake, stimulating their reproduction.

The remarkable qualities of southern Chile allow us to produce milk through a highly efficient model, based on exceptional quality standards to sustainably produce milk of high nutritional value to be delivered to different dairy plants for further processing and marketing.

Planting of ryegrass is an essential part of this model and this is the main species present in our meadows. Due to its nutritional content, it is an excellent source of food for cows, for its nutritional content, which added to its high productivity, makes it very profitable.



# Corporate GOVERNANCE

Our board of directors is made up of eight highly committed members, who achieved 100% participation and attendance to scheduled meetings<sup>7</sup>. Their diverse experiences provide the strategic guidance to carry out our operational work efficiently and sustainably.

We also have different board committees to constantly monitor the company's key focus areas.

## BOARD COMMITTEES

Committee name	Objectives	Frequency	Members
Production, and Development Committee	Productive performance and organic growth of the company.	Once a month	13
Dry Stock Committee	Continuous improvement in the performance of this area.	Once a month	5
Sustainability Committee	Evaluation and continuous improvement in sustainability issues in the company.	Every 3 months	6
Finance, and Risk Committee	Exchanging ideas about the direction of the company's financial management.	Every 3 months	7

## MEMBERS OF THE BOARD OF DIRECTORS:

**Henry van der Heyden**

Position: Chairman  
Country: New Zealand



**Steve Smith**

Position: Director  
Country: New Zealand



**John Ferris**

Position: Director  
Country: New Zealand



**Jos Van Loon**

Position: Director  
Country: New Zealand



**Brendan Balle**

Position: Director  
Country: New Zealand



**Mark Townshend**

Position: Director  
Country: New Zealand



**Crístián Swett**

Position: Director  
Country: Chile



**Moisés Saravia**

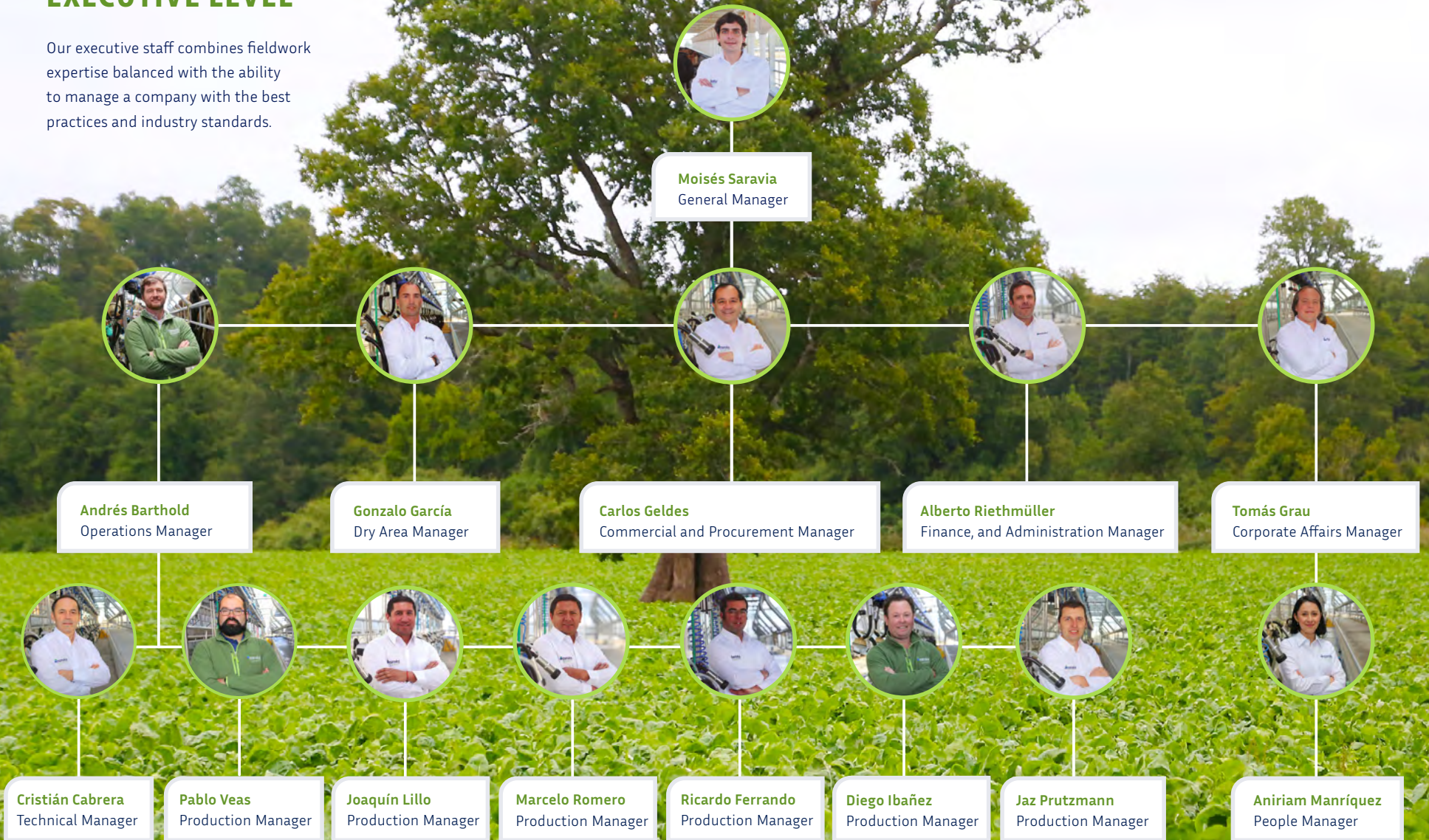
Position: Managing Director  
Country: Chile



<sup>7</sup> Configuration of the board of directors until June 30, 2021.

## EXECUTIVE LEVEL

Our executive staff combines fieldwork expertise balanced with the ability to manage a company with the best practices and industry standards.





# Ethical MANAGEMENT

Our ethical principles support the company's mission and vision, and our actions, whether individual or collective, must be guided by these principles.

We have defined ethical behaviours to guide the conduct of company partners performing professional services, including those who provide services as suppliers or contractors.

### These expected behaviours are given effect through:

- Code of Ethics
- Anti-Corruption Policy
- Management Policy for Suppliers, and Service Providers

### This Committee meets when an infringement to the Code occurs.

#### The Committee's responsibilities are:

- Disseminate and apply the Code of Ethics
- Promote the values and behaviours expressed in the Code
- Escalate or address cases to the appropriate level
- Approve recognitions and admonishments
- Generate statistics and reports
- Review requests for clarification.

We also count on the commitment and collaboration of our employees to report any suspected infringement of the rules to the Ethics Committee in a timely fashion so the established procedures can be activated. We have implemented a complaint hotline service through telephone, e-mail, and website<sup>8</sup> to manage complaints simply and safely.

This channel ensures anonymity and confidentiality to those who know or suspect any activity carried out by any employee or person linked to us, which could involve a violation of laws, rules, codes, regulations, internal policies or ethical principles in general.

In the 2020-2021 season, we continued to implement Law N°. 20,393<sup>9</sup> on Criminal Liability of Legal Entities. This law adopts a Crime Prevention Model to improve our internal control framework.

<sup>8</sup> ([www.manuka.cl/escucha.activa](http://www.manuka.cl/escucha.activa))

<sup>9</sup> This Act regulates a system of criminal liability of legal persons applicable to 13 types of offences: (1) Money laundering. 2) Financing of Terrorism. 3) Bribery of public officials, national, and international. 4) Receipt. 5) Incompatible negotiation. 6) Corruption between individuals. (7) Misappropriation. 8) Unfair administration. 9) Water pollution. 10) Commercialisation of hydrobiological resources in prohibition. 11) Illegal extraction of benthic resources. 12) Processing of illegally overexploited hydrobiological resources. 13) Non-observance of isolation or other preventive measures ordered by the health authority in the event of an epidemic or pandemic. The Ten Principles of the Global Compact are based on Universal Declarations, and Conventions applied in four areas: Human Rights, Environment, Labor Standards, and Anti-Corruption.

## VISION

*We are committed to generating shared value through natural and sustainable milk production.*

## MISSION

*To provide opportunities for the people of southern Chile by improving and professionalising the dairy industry. We do this by implementing the New Zealand grazing model to produce our milk.*



# Commitment to Sustainability

In line with our motivation to integrate sustainability in our daily business management, we adhere to the Ten Principles of the Global Compact. We are committed to the UN Sustainable Development Goals, explicitly identifying our contribution through 5 of the 17 Goals.



ODS	Objective Goal	Manuka's contribution
	<p><b>2.2</b> By 2030, end all forms of malnutrition.</p> <p><b>2.3</b> By 2030, double agricultural productivity and incomes of small-scale food producers.</p> <p><b>2.4</b> By 2030, ensure the sustainability of food production systems and implement resilient agricultural practices that increase productivity and production.</p>	<ul style="list-style-type: none"> <li>➤ Production of 178+ million litres of quality milk (8.56% solids per litre-average RCC* 227,193 and CFU** 12,528).</li> <li>➤ Through Fundación Tres Hojas, we provide training to improve milk production and product quality</li> </ul>
	<p><b>4.3</b> By 2030, ensure equal universal access to technical, post-secondary vocational, and professional education, including higher education.</p>	<ul style="list-style-type: none"> <li>➤ Training program for workers</li> <li>➤ Through Fundación Tres Hojas, we contribute to the professionalisation of the dairy sector</li> </ul>
	<p><b>8.2</b> Achieve higher levels of economic productivity.</p> <p><b>8.3</b> Promote development-oriented policies that support productive activities, the creation of decent jobs, and encourage the formalisation and growth of SMEs.</p> <p><b>8.8</b> Protect labour rights and promote a safe and secure working environment for all workers.</p>	<ul style="list-style-type: none"> <li>➤ 74 internal promotions</li> <li>➤ Worker development program</li> <li>➤ Occupational health and safety system</li> <li>➤ Benefit plan</li> <li>➤ COVID-19 Protection Plan</li> </ul>
	<p><b>12.2</b> By 2030, achieve sustainable management and efficient use of natural resources.</p> <p><b>12.5</b> By 2030, significantly reduce waste generation through prevention, reduction, recycling, and reuse.</p>	<ul style="list-style-type: none"> <li>➤ Environmental Policy</li> <li>➤ Waste reduction and management program</li> <li>➤ Solar power generation in 15% of dairies</li> </ul>
	<p><b>13.2</b> Incorporate climate change measures into national policies, strategies, and plans.</p> <p><b>13.3</b> Improve education, awareness, people skills, and institutional capacity for climate change mitigation.</p>	<ul style="list-style-type: none"> <li>➤ A pastoral production model that produces less GHG emissions</li> <li>➤ 13,661 hectares of permanent grassland</li> <li>➤ 5,130 hectares of native forest</li> <li>➤ We have started to measure our carbon and water footprint in two pilot projects.</li> </ul>

\* Somatic Cell Count.  
\*\* Colony Forming Units.

# Our TEAM

As a company, we strive for a flat corporate structure, where our employees are the engine of Manuka. In line with this, we need to develop together, providing tools, training, and opportunities to grow within the company professionally.

**100%**

Full-time workers

**99%**

Chilean workforce

**601**

Permanent workers, 17% are women

*Our goal is to reach 20% women in our staff by the 2023-2024 season*

**39%**

Turnover rate

*Our goal is to reduce to 20% by the 2023-2024 season*

**7.52 and 4.57**

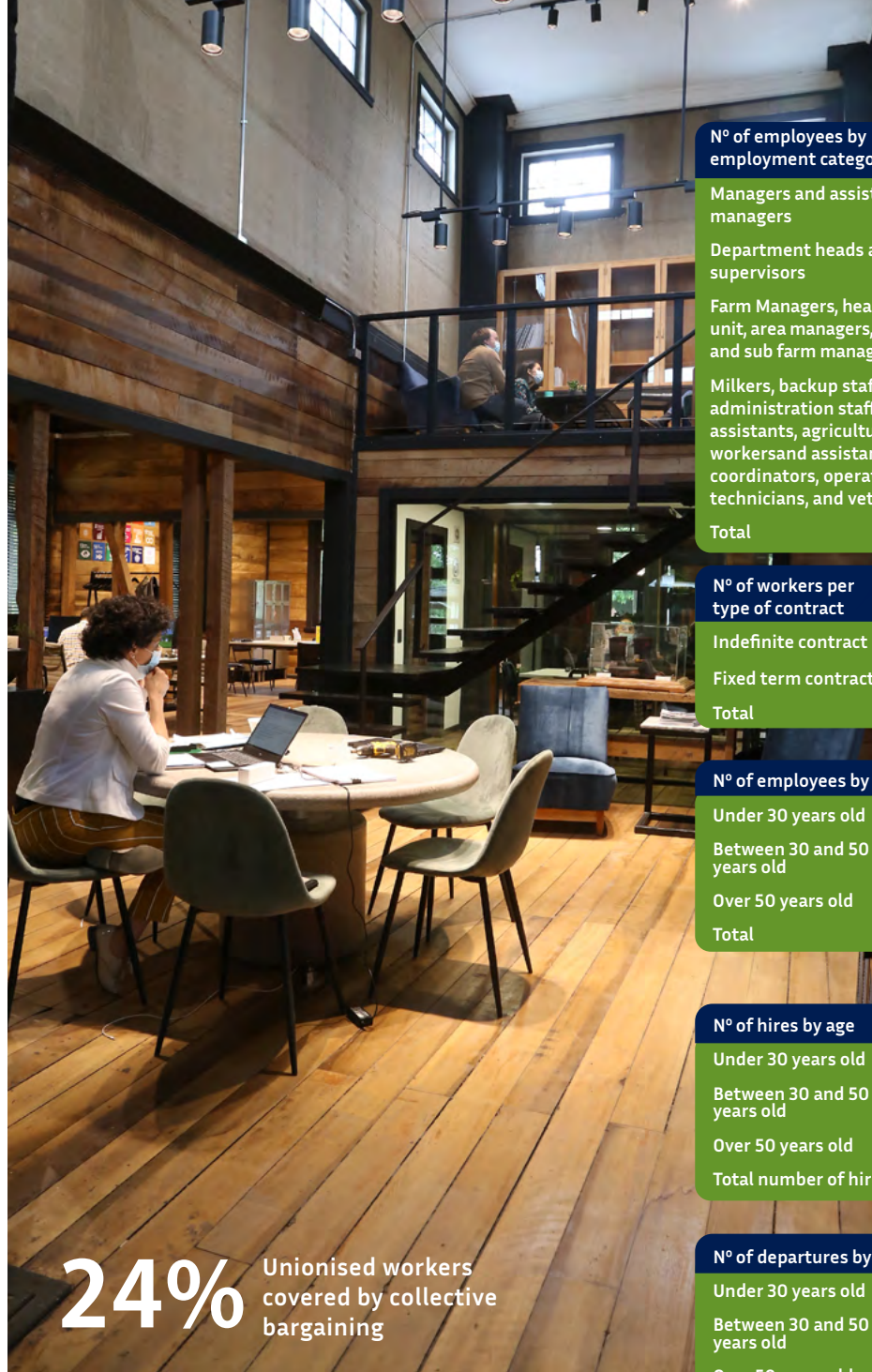
Average years of service for men and women, respectively

**178**

Temporary workers at our peak (August), 32 on average

**24%**

Unionised workers covered by collective bargaining



N° of employees by employment category	Women	Men
Managers and assistant managers	1	16
Department heads and supervisors	10	22
Farm Managers, heads of unit, area managers, analysts, and sub farm managers	24	181
Milkers, backup staff, administration staff, assistants, agricultural workers and assistants, coordinators, operators, technicians, and veterinarians	73	274
<b>Total</b>	<b>108</b>	<b>493</b>

N° of workers per type of contract	Women	Men
Indefinite contract	97	456
Fixed term contract	11	37
<b>Total</b>	<b>108</b>	<b>493</b>

N° of employees by age	Women	Men
Under 30 years old	38	190
Between 30 and 50 years old	50	199
Over 50 years old	20	104
<b>Total</b>	<b>108</b>	<b>493</b>

N° of hires by age	Women	Men	Total
Under 30 years old	28	105	133
Between 30 and 50 years old	22	63	85
Over 50 years old	5	6	11
<b>Total number of hires</b>	<b>55</b>	<b>174</b>	<b>229</b>

N° of departures by age	Women	Men	Total
Under 30 years old	20	106	126
Between 30 and 50 years old	14	61	75
Over 50 years old	9	22	31
<b>Total departures</b>	<b>43</b>	<b>189</b>	<b>232</b>





## TALENT MANAGEMENT

Meritocracy and career development are essential to Manuka. We firmly believe in the professional growth of our employees, and we seek to provide them with suitable career development plans, opportunities and tools to achieve this.

In the last season alone, we have carried out 74 internal promotions.

**74**  
Internal promotions

Number of employees promoted by job category	Women	Men
Managers, and assistant managers.	0	1
Department heads and supervisors.	0	4
Farm managers, unit managers, area managers, analysts, sub-farm managers.	15	51
Milkers, supports, administrative assistants, agricultural workers, assistants, coordinators, operators, technicians, and veterinarians.	2	1
<b>TOTAL PROMOTIONS</b>	<b>17</b>	<b>57</b>



During the last season, we offered two further new training opportunities for our professionals:

1. The 'Talent Program' - aimed at building succession talent. This is a mentoring programme focused on leadership and people management skills for new managers. It deploys master guides (supervisors and/or managers) to guide the participating employees in their hands-on learning.

2. Farm Manager Excellence Program – this was started as part of our career development plan to formalise the knowledge of our farm managers and grant them a diploma to certify it. This six to eight-month course is delivered through the Centro de Capacitación Lechero del Sur with a curriculum to raise the skills of farm managers and improve our production results. Each farm manager completing the course will receive a certificate valid at Manuka or with any future employer. During the last season, we conducted the first course of this program with 22 participants each undergoing 36 hours of training on animal health topics.

Talent Program	
Total participants	13 participants 10 master guides
Participating positions	Room managers, assistant managers, and farm managers

Farm Management Excellence Program	
Total participants	22
Participating positions	Farm managers and sub farm managers



*In addition we implemented a continuous training plan on technical topics, sustainability, communication, teamwork, and specialisations for managers and directors.*

Main company-wide training programs	Target partners
4x4 driving workshop	Employees who operate a corporate vehicle
Updating labour regulations	HR heads and assistants
Productive Finance Course	Managers, assistant managers, and specific heads of department
Team leadership	Department heads and supervisors
Strategic leadership for sustainability	Managers

*During the season, we achieved 74.2% of trained workers*

Main technical training programs	Target partners
Grazing	Supervisors, farm managers and sub farm managers, room managers, and milkers
Animal Health	Supervisors, farm managers and sub farm managers, room managers, and milkers
Heat Detection	Supervisors, farm managers and sub farm managers, room managers, and milkers
Cow Drying Therapy	Supervisors, farm managers and sub farm managers, room managers, and milkers
Work Inclusion Workshop: Basic Principles	Managers, assistant managers, department heads, unit heads, farm managers, operations, and sub farm managers and management team.

Within our Continuous Training Program, the first Diversity and Inclusion Workshop had almost 70 attendees and the participation of an external consultant. The workshop was mainly aimed at leaders in the areas of production, finance, and administration to learn and understand terms and concepts they are unfamiliar with improve their ability to work with diverse groups of people.

Average hours of training by position	Women	Men
Managers and assistant managers	1	6
Department heads and supervisors	8	6
Farm managers, unit managers, area managers, analysts, sub-farm managers	7	7
Milkers, support, administrative assistants, agricultural workers and assistants, coordinators, operators, technicians, and veterinarians	7	3
Total participants	6	5

We conduct annual performance evaluations at different professional levels to enable us to effectively manage the development and professional growth of our teams.

Number of employees evaluated in their performance by position	Women	Men
Managers and assistant managers	1	16
Department heads and supervisors	9	25
Farm managers, unit managers, area managers, analysts, sub-farm managers.	2	50
Milkers, support, administrative assistants, agricultural workers and assistants, coordinators, operators, technicians, and veterinarians	29	48
Total participants	41	139



# Working CONDITIONS

Our people are our most valuable asset. We must ensure their working conditions are optimal to support their ability to perform to the highest level. With this in mind, we focus on managing three main areas: work environment, benefits, and occupational health and safety.

## WORK CLIMATE MANAGEMENT



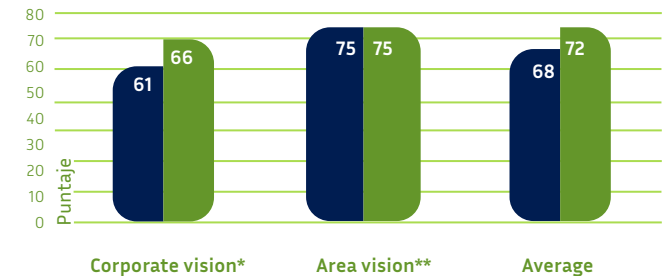
We strive to strengthen a good work environment. We use the Great Place to Work survey evaluation tool to measure levels of employee satisfaction in the work environment, leadership, benefits and culture, among other indicators.

In 2020, with 90% of employees participating in the survey, we achieved the Great Place to Work certification for our work in this area.

The results of this survey help us understand the correlation between the company's performance and the experience of our employees. This enables us to maximise the potential of our team and achieve the objectives we have for the HR area in the short, medium, and long term.

### GPTW

● 2018 ● 2020



\*The Corporate vision refers to perceptions of the organisation as a whole.  
 \*\*The Area vision refers to perceptions of people's own teams.



We are currently developing a work climate plan that seeks to address the areas which received the lowest ratings in the evaluation and to keep advancing and contributing to the quality of life of our employees and their families. This plan will be implemented during the 2021-2022 season.

## Work Climate Plan 2021

### Areas of management focus

**GENUINE LEADER**

#### 1. ACTIONS

→ A series of actions will be carried out, both virtually and face-to-face, to motivate teams and foster closeness and good personal and working relationships.

Improvement of the Manuka Welcome process.

Periodic mailings of "Tips for a Good Work Climate."

On-site and virtual sports activities.

#### 3. BENEFITS

→ Current benefits will be promoted, and some new ones will be proposed so that belonging to the company is attractive and in line with the expectations of our people and partners.

Creation of the 'time with a meaning' casual leave permit.

Encouragement of career development.

Health operations.

Simplification of procedures.

Benefits brochure.

#### 2. ACKNOWLEDGEMENT

→ We will recognise noteworthy achievements and exciting life events and highlight people who have contributed to the company's development.

Recognition of administrative management.

Celebration of seniority.

Reset Manuka Values.

Competition for innovation in process improvement.

→ Tools will be provided for middle-level managers to improve their performance and promote good practices and ideas with their teams.

Support for leaders to foster a good work climate.

Training on leadership strategies.

Meetings to raise difficulties and discuss good practices.

Training activities on legal regulations.

#### 4. CONNECTION

→ We will create spaces to encourage interaction, (whether within teams, different areas, or the environment), strengthen ties and improve collaborative work and bonds.

Plan of management visits to the field.

Administrative work in other units.

Family visits for children.



## BENEFIT PLAN

We have a benefit plan which is highly valued by our team members. We are constantly updating and improving it to broaden its coverage and respond to new needs that may arise.

In 2020 we launched the Health and Wellness program to support our team in medical monitoring practices, and through agreements for dental and ophthalmological treatment. We also started a mental health care service involving visiting psychologists for a weekly visit to those who have signed up for this service.

As part of our Health and Wellness program, we also conducted the vaccination campaign against influenza in this new season. We deployed vaccination teams to cover the field and made the immunisation available against this virus. The campaign benefited nearly 400 employees from all areas of the company.

### Benefits for Manuka workers

- Life and health insurance
- Medical and dental protection
- Arturo López Pérez Foundation Agreement (FALP)
- Independence Day and Christmas bonus
- Meals in the company's canteen and guest houses
- Personnel transfer services
- Free use of a house in dependents of the company with bonus for electricity and delivery of firewood
- Transfer of employees' children
- Christmas party for employees' children
- Schooling, vacations, and birthday bonuses
- Disaster Bonus, in the event of death of a family member, serious illness and fire
- Isapre (Health Insurer) Colmena Agreement
- Casual leave benefit (2 days per year)
- Medical leave allowance for employees with a taxable ceiling
- Commercial agreements
- Financial benefits.



## OCCUPATIONAL HEALTH AND SAFETY

We have implemented an Occupational Health and Safety Management System, as required by current regulations to prevent occupational accidents and diseases. The Safety Management system applies to people hired directly by the company and companies that provide services under the subcontracting regime (contractors and subcontractors), who must comply with all requirements to prevent occupational risk.

Additionally, we have developed a hazard identification and risk assessment matrix. This document identifies the various positions,

the risks associated with each task, preventive measures, and the risk level assigned to each activity. Employees who identify a risk situation can channel this information through their manager or directly to the Risk Prevention Department.

Hazard identification includes behavioural observations of our employees during safety walks in the various management centres, random operational controls (inspections, checklists, etc.), accident investigations to prevent recurrence, internal communications, encouraging self-care, and collaborative work among our employees.

The main training activities of the risk prevention department include:

- Use and handling of fire extinguishing equipment
- Basic first aid actions and use of first aid kit
- Defensive driving
- Handling of hazardous substances
- Animal handling and associated risks
- Civil and criminal liabilities
- Preventive health measures for COVID-19.



### During the 2020-2021 season:

- 0 fatalities due to occupational accidents.
- 64 occupational accidents, representing a rate of 7.31 per 200,000 hours worked. The leading causes of accidents are blows, and falls to the same or different levels. Injuries are related to animal handling, traffic or work surfaces, and vehicles transporting people.
- 14 cases of occupational disease mainly associated with COVID-19, and 7% with musculoskeletal.



We have a Joint Health and Safety Committee, which plays a fundamental role in setting processes to identify and eliminate hazards. The Committee's primary function includes::

- Instruct and promote the correct use of PPE (Personal Protective Equipment).
- Monitor compliance with preventive measures and carry out periodic inspections.
- Participate in the investigation of accidents at work and determine if they relate to Law 16.744.
- Promote and manage participation in training activities.
- Participate in monthly or extraordinary meetings of the Joint Committee.
- Promote activities and supervise the behaviour of collaborators in connection with COVID-19 preventive measures.

During the season, our Joint Committee, together with the Risk Prevention Department, organised the course on safe driving of 4x4 vehicles attended by 76 employees, who received both theory and practical instruction on the following topics:

- Maintain and respect maximum speed limits
- Basic driving rules (use of seat belts, no smoking, no cell phones, etc.)
- Defensive driving in adverse conditions (rain, dust, fog, mist, mud, etc.)

Road safety will continue to be a key focus in risk prevention given our continuous growth in staffing and the increasing need to move around and between our premises in a safe, respectful, and conscious manner.

26 of our employees were trained on basic cardiopulmonary resuscitation (CPR). The training provided by Katapulta Capacitaciones included rigorous practical training in cardiopulmonary resuscitation for adult, children, and geriatric patients and addressed safe techniques for PCR testing for COVID-19 and safety protocols for suspected positive cases.





## COVID-19 PREVENTION PLAN

With the arrival of the COVID-19 pandemic to the country, we increased our ongoing efforts to look after the health and well-being of all our workforce. In March 2020, inspired by the "ManukaNoPara" and "ManukaSeCuida" slogans, we launched our prevention and awareness campaign along with a series of company-wide measures.

## COVID-19 Mutual Seal

In May 2021, our administration canteen received the COVID-19 Mutual Seal that certified the correct implementation of preventative actions and compliance with Health Authority regulations to prevent the spread of COVID-19. Our Welfare and Risk Prevention area actively supported this initiative promoted by Mutual de Seguridad.

This Seal confirms we are committed to preventing the advance of the pandemic, complying with 100% of the measures within our canteen operations.

As such, the COVID-19 Seal is an example of how we are constantly working to promote safe working environments and look after the welfare of our employees.



### Healthcare Professional at Manuka

Since April 2020, we have arranged for a senior-level nurse to provide services at our facility on a rotating basis.

During these months, she has carried out the following COVID-19 symptom surveillance activities:

- 6,699 preventive controls in workplaces: temperature control, blood pressure, and health surveys to monitor symptoms.

- 1,110 PCR COVID-19 tests were applied randomly in workplaces.

- 193 COVID-19 rapid antibody tests.

### Personal protection elements

We have provided personal protection elements such as disposable masks, reusable masks, gloves, protective face masks, among others, to prevent the spread of COVID-19 in the different areas of the company.

### Cleaning and disinfection program

In dairy farms, canteen, milking parlours, breeding centres, administrative offices, and other locations across our operations. We also implemented signals to reinforce the preventive measures officially promoted by the Ministry of Health.

### Internal communications

We have continuously reinforced the signage and relevant information through internal email and WhatsApp communications to reinforce preventive measures.

### Disinfection stations .

We implemented different hand washing and disinfection stations with water, soap, hand sanitising gel, and paper towels, promoting frequent hand-washing to prevent the spread of the virus.



# EFFICIENCY AND QUALITY OF THE MODEL

The grazing model focuses on efficient planning, and managing the pastures throughout the annual cycle, ensuring the cows receive the best possible quality and quantity of feed. The fair treatment of animals and continuous welfare care is also part of the model; respectful management is fundamental to achieving good productive results.



## PRODUCTIVE MODEL

*We generate high-quality and sustainably produced milk, which is sent to dairy plants for processing.*

We develop the land and sow permanent grassland.

# 2 species

Ryegrass and white clover.

# +40

Local contractors in planting, fertilisation, fencing, roads, and water networks.

We strategically manage the grass

# 2 pillars

- Our Manuka Team
- Professional grass management

# 3 leaves

Optimal growth of the grass: greater nutritional contribution and its subsequent reproduction and growth.

# Strategic management:

- Harvest at the optimum time to promote growth.
- Use of winter crops (external supplement) allows the pasture to rest.

Efficiency indicators	Season 18-19	Season 19-20	Season 20-21
Grass production (ton Dry Matter/hectare)	13.3	14.7	12.6
Efficiency levels in Kg Dry Matter/KG Milk Solids	14.8	14.6	14.9

# Food PLANNING

The success of the dairy activity based on grazing largely depends on managing the food resource, i.e., the pastures. That is why our focus is to establish high-yielding ryegrass associated with white clover, which we sow in paddocks with appropriate fertility to optimise these varieties. This allows us to ensure that livestock feeding is based on direct grazing.

In addition, we have implemented improved food planning:

- ➔ We generate forecasts and measure the likely impact of deficit months by projecting each new season's needs for dairy cows and replacement animals.
- ➔ We cultivate approximately 2,000 hectares of sugar beet for the dry period of the pregnant cows in winter.
- ➔ In addition, we purchase complementary food boluses in advance, allowing us to access better quality food.

With all these measures, we seek to create value by making consistent, well-supported, and forward-looking decisions regarding the feeding of our cows to ensure excellent nutritional intake levels and produce high-quality milk.

In addition, we continue making food production more sustainable. We actively seek substitutes for urea and traditional mineral fertilisers, incorporating nanotechnology in grassland management and crop fertilisation.



## Impact of climate change on grassland and feed management

Climate is one factor determining the growth and quality of the pastures and hence the amount of supplementary feed required by each cow (an indicator known as forage balance). Last season, we were affected by a critical drought that impacted pasture growth and this increased the need for supplements for cattle feeding, affecting production indicators per cow.

One possible scenario is that rainfall will continue to decline due to global climate change. As a company, we face a significant challenge in maintaining optimal conditions to ensure the growth of our grasslands and good-quality livestock feed.



## Animal WELFARE

Ensuring animal welfare is a fundamental part of our management. This means continuing to promote a culture around the recognition of cows as sentient living beings that are part of nature, to treat them properly, without unnecessary suffering, in accordance with the principles of animal welfare.

As a company, we are governed by the decrees of the Agricultural and Livestock Service (SAG), which go hand in hand with the international regulations of the World Organization for Animal Health (OIE). We promote the fair treatment of animals, understanding that it also influences their productivity so that proper management keeps them healthy and reduces the amount of treatments they must undergo. According to this, an animal is in a satisfactory state of well-being when it is healthy, comfortable, well-fed, safe, can express natural forms of behaviour, and does not suffer from unpleasant sensations of pain, fear, or distress.

Our Management Protocols cover all factors that enable our cattle to reach a high standard of care. They apply to all workers involved in the breeding, milking, and handling of the animals owned by Manuka.

*Under our various Management Protocols, the concept of animal welfare refers to the animal's condition and the way it copes with the environmental conditions.*

To improve the animal welfare awareness of our workers, we conducted training in conjunction with the consulting firm CERES, an expert in biosecurity and animal health, and OTEC ENRED, whose Animal Welfare course is certified by the SAG in its classroom version. The course, which took place between May and June, was attended by 15 people and highlighted the importance of animal welfare in terms of national regulations and sustainable milk production.

**Measures to strengthen and improve the fair treatment of animals:**

- ➔ We train our workforce in animal welfare and related livestock management topics.
- ➔ We have a high-standard of infrastructure including roads, milking parlours and waiting yards, improving lameness and mastitis indicators.
- ➔ We have the control, support, and supervision of a team of nine veterinarians, two of whom are specialists in mastitis and lameness.
- ➔ We received six external audits from the Agriculture and Livestock Service (SAG) during the last season.

Manuka progressively reduced the percentage of inductions, in line with its animal welfare policies and quest for international best practice. As of September 2021, calving inductions have been eliminated from our management processes.

**DURING THE SEASON:**

- ➔ 144 workers were trained in animal health.
- ➔ The average longevity of our cows remains at five years (four calvings).



Animal welfare indicators	Season 18-19	Season 19-20	Season 20-21	Goal
Percentage of mastitis	2.1%	1.63%	1.8%	Below 5%
Percentage of lameness	1.6%	1.53%	1.4%	Below 3%



# Food SECURITY

The quality and safety of the milk we produce is our primary concern. We give it special priority and involve our suppliers to comply with the established legislation and sanitary regulations to deliver milk with high-quality standards to our customers.

Following the guidelines of our quality control area, we implement measures to reduce the probability of bacteria formation in the milk, which can be caused by :

Improper handling

Poor cleanliness

Equipment problems

Temperature

In addition, our work has allowed us to control and eradicate the main infectious and contagious diseases and obtain the certification of our fields for animal health by the end of the season.

100% certified Brucellosis-free fields.

98% fields certified free of Tuberculosis.

36% of fields certified free of Leucosis.

It should be noted that the breeds of our cows are characterised by having a higher content of solids per litre of milk (protein and fat), exceeding the national average of this indicator. As a result,

the milk we deliver to our customers offers the expected quality and is highly regarded for its excellent nutritional contribution.

100% of our farms have specific and detailed protocols for all processes such as preventive vaccination programs, vitamins, minerals and deworming.

**98% of PABCO certified farms in the season, 2 percentage points over the previous season.<sup>11</sup>**

Health and food safety indicators	Season 18-19	Season 19-20	Season 20-21	Goal
Solids per litre of milk	8.46%	8.48%	8.56%	8.48%
PABCO certified properties	91%	96%	98%	100%
Average Somatic Cell Count (cells/ml)	229,000	208,453	227,193	180,000
Average Colony Forming Units (un/ml)	12,000	11,603	12,528	10,000

<sup>11</sup> The 2% of the farms that are not yet certified meet all the standards, but are in the process to complete the three months of registrations required for certification.



# SOCIAL VALUE CREATION

Working with the communities is one of the pillars that we have defined as the key to our growth. Every day this is brought to life in various actions that positively impact the environment close to our operations.

We seek to connect and concretely contribute to our community, creating value in the areas of rural development as part of our challenge. Additionally, we promote cooperation between the different parties in the dairy industry today. It is essential to collaborate and build relationships grounded on mutual support for sustainable growth.





# Corporate CITIZENSHIP PROGRAM

As outlined in the the guidelines for our Corporate Citizenship Program, "we are committed to being a relevant actor in the foundation of our society and to meet the expectations that our stakeholders have about our company, to enrich the bonds with employees, communities, customers, suppliers, and local authorities, and thus obtain and maintain the 'Social License' to operate."

This program is structured around two main objectives, which govern the way we relate to our environment and the communities that surround us: 1) To promote the local development of our communities and 2) To generate a long-lasting relationship of trust with our stakeholders.

In turn, this program is built on three pillars each with appropriate action plans spanning Education, Environment, and promoting Rural Life.



## PROMOTING THE LOCAL DEVELOPMENT OF OUR COMMUNITIES

The community is vital for our company, as we are just another neighbour in the areas where our facilities are located. Likewise, 87% of our workers live in the regions where we operate (Los Lagos and Los Ríos), which generates a culture of belonging and closeness, strengthening the bond with the company and contributing positively to the results.

## Education

We intend to generate a positive impact with initiatives linked to education, promoting learning, and increasing employment opportunities in our communities. We generate concrete educational opportunities because we believe it is the basis for individual development and creating a more equitable society.

## Our educational initiatives:

### Early Childhood

Through our support of the Integra Foundation's 'Kindergarten on Wheels' initiative, we seek to contribute to the free kindergarten education for children in remote rural areas, as is the case of the Hacienda Coihueco. Once a week, a team from the Foundation visits the Hacienda, where the community provides space, and we support with the transportation service for parents and children taking them from their homes to the kindergarten. About 10 children benefit from this program every year.

### Primary and secondary education

We strive to bring culture to the public and encourage reading among school-age children and the community at large. In general, we have allied with the Fundación LaFuente and the Municipality of Puerto Octay, through which we developed the Bibliomóvil project. This mobile library takes books to different sectors of the town, transforming classrooms and social centres into libraries once a week.

During the last season, we received a donation of 110 new books to renew our collection and benefit the community of Puerto Octay.

In December, we offered a free course on digital literacy for the community and the families of our workforce.

### Secondary Education

We are part of the Chile Presente Program, designed to support grade leveling to people over 18 years old. This is aimed at reducing the high levels of incomplete education existing in Los Lagos and Los Ríos.

By adhering to this program, our employees can access opportunities for further education, if they require it and we are hoping to incorporate the community shortly.

In the first stage, five students obtained their certificates.

### Technical Education

Through the Tres Hojas Foundation, we promote academic education and training as a driving force for the professionalisation of the dairy industry. We develop workshops and programs based on the development of competencies in topics such as animal welfare, environmental care, and sustainable economic growth.

*During the season, a total of 517 trainees have received 4,671 hours of training.*



### 3 Hojas Foundation

In 2020 we created the Tres Hojas Foundation to promote the development of the dairy sector in the entire region and share knowledge and experience in dairy production based on the pastoral model. The Foundation work is developed through the Centro de Capacitación Lechero del Sur (CCLS) training centre inaugurated in March 2019.

The Foundation is governed by a representative board of directors whose members are all from the dairy sector. The board of directors brings together strategic alliances between different views and parties in the industry. The Foundation promotes training projects to help our sector grow, contribute to the development of the field, and strengthen it by offering learning activities to current and future professionals of the national dairy sector.

#### Training objectives of the Foundation:

- ➔ To be a reference in education in connection with the dairy farming system based on grazing.
- ➔ To seek comprehensive training for students to improve their skills, abilities, and employability.
- ➔ By sharing knowledge, generate a change in people to increase the competitiveness of dairy farms.
- ➔ To attract and retain talent in the rural localities of southern Chile to promote the local economy, thus enhancing rural life.

Learn more about the Foundation here [www.fundaciontreshojas.cl](http://www.fundaciontreshojas.cl)

#### Courses offered by the Foundation program:

- ➔ Winter Room Management
- ➔ Drying therapy
- ➔ Farm Manager Excellence Program
- ➔ Manuka Talent – Coaching Instructors
- ➔ Animal health
- ➔ Productive finance
- ➔ Herding workshop
- ➔ Heat detection
- ➔ Profitability of grazing of excellence
- ➔ Techniques of artificial insemination
- ➔ Property management workshop.

#### In 2021, the following milestones were achieved. We:

- ➔ Developed an e-learning platform.
- ➔ Implemented the Talent Program through a CCLS-Manuka dual system of training for farm managers through coaching instructors in which nine teachers completed their training in the first quarter and started the evaluation and training of 13 talents.
- ➔ Implemented the Farm Managers Excellence Program in the dry area and will continue during the following season.
- ➔ Training has been provided for managers, supervisors, farm managers, and farmworkers.



## Promotion of rural life

We promote rural life through initiatives such as sports, employment, and entrepreneurship-related projects that positively impact families living in rural areas and encourage them to stay in the countryside.

It should be noted that the health crisis caused by COVID-19 was detrimental to these programmes, making it impossible to carry out all of the initiatives initially planned. Nevertheless, we continued to make progress within the possibilities provided by the pandemic context.

### → SPORTS

In the field of sports, since 2019, we have had the Manuka Soccer School for Puerto Octay's boys and girls. The Soccer School's objective is to promote sports and recreational activities among workers, their families, and the community. This initiative has brought together 35 children between five and twelve years of age who have increased their well-being and quality of life by participating in this sporting space. Since 2017, we have also contributed with our sponsorship to the cycling team Club Tiger Sport, which seeks to be the best in the Mountain Bike and Route categories at regional, national, and international levels.

### → EMPLOYABILITY AND LOCAL EMPLOYMENT

Since 2014 we have been carrying out our male calf donation program. This programme assists the viability of small farmers and local indigenous communities which are dedicated to cattle breeding and fattening.

This programme is carried out in coordination with the local authorities of the municipalities which benefit through an open application system which includes both calves and transportation. In the last period we strengthened the impact of this program, by incorporating the La Araucanía zone among the benefited regions, and reached 3.698 donations, representing an increase of about 122% over previous years.

We also created a training video with tips related to milk production, breeding etc., to be distributed among all the beneficiaries of the donations. After six years of this programme we have donated about 9,000 animals.

We seek to be a good neighbour in the communities where our facilities are located. We focus on generating local employment - about 87% of our employees - reside in the regions where we operate (Los Lagos and Los Ríos). This exceeds our goal of 80% and supports a culture of belonging and closeness, which contributes positively to the results.

## Support for local entrepreneurs and suppliers



To support local entrepreneurs experiencing hard times due to the COVID-19 pandemic, we signed a skills-development alliance with the Business Center Sercotec Osorno. As a result of this agreement, the Sercotec Osorno Business Centre will give our suppliers presentations and technical and commercial advice to enhance their business management performance. At the same time, we will explore the option to invite the Centre's customers to participate in Manuka's procurement and bidding processes and become new suppliers. Thus we expect to strengthen collaborative trade and contribute to the economy of the province.

As part of the collaborative actions promoted by Manuka within the framework of this alliance, we started the Technical Advice Day to support the development of small and medium-size local suppliers with online access to technical advice from experts and provide help to develop action plans to strengthen their businesses. This advice considered several levels of intervention: 1. Diagnosis, 2. Action plan for the identified gaps, 3. Free technical advice, and 4. Free training.

This activity supports other initiatives promoted by the Sercotec Business Center as "Osorno Compra Local," to boost and enhance the work of small and medium-sized service providers and entrepreneurs through a collaborative network.

In addition, participants will receive technical advice on how to apply for various development grant funds for their businesses..



**Another way to boost the local economy is by purchasing supplies and materials from local suppliers, which we seek to increase yearly. Thus, in the last season, 83% of our purchases were from local suppliers, growing by 2% compared to the previous period.**

Total suppliers	1,064
Percentage of local suppliers	83%
Percentage of purchases from local suppliers compared to the total purchase	56%



***Campos Australes has a potential volume of 400 million litres, of which 40% - equivalent to 160 million litres - is being processed while 200 million marketable litres are forecast for 2022.***



### **Campos Australes Cooperative**

We have promoted co-operation with Campos Australes, the Agricultural and Livestock Society of Osorno (SAGO) since 2016. This consolidated Cooperative gathers about 36 milk producers from Los Ríos and Los Lagos regions. The Cooperative is focused today on milk trading, but it aims at a future vertical integration project. In relation to milk trading at the local level, Campos Australes has a potential volume of 400 million litres, of which 40% - equivalent to 160 million litres - is being commercialised. In comparison, 200 million marketable litres are forecasted for 2022.

This initiative allows us to transfer knowledge about our production model, integrating sustainability as a basic concept of dairy production.

The commitment of its members makes this a young, dynamic, and strong dairy cooperative reflecting the strategic composition of its members with a combination of experience and a thriving entrepreneurial vision with innovative local producers and knowledge of the local market.



# 3,000

The Emporio's sales reach about 3,000 kilos of cheese per month.

## Manuka Emporium

In 2018 we opened our first store, Emporio Manuka to benefit our employees and the entire community, by enabling our workers to take the produce of their everyday work to share at home with their families.

The initiative became a sales success with the preference of the public for Chanquito Manuka and El Mantecoso Laguna Bonita cheeses, premium and locally produced products. These two kinds of cheese have established themselves as typical products of the area and are made 100% with Manuka milk in two cheese plants in the region where we have provided a compliance support program to pursue certifications in production and food processes, such as GMP and HACCP.

The store, located at Hacienda Coihueco, is open to the public, offering our customers cheeses produced with milk from 90% grass-fed cows. Additionally, we offer complementary products such as juices, honey, goat cheese, smoked salmon, and nuts.

Being a close and safe alternative for neighbouring communities the Emporio maintained its sales despite the COVID-19 pandemic.

### The impact of the Manuka Emporium:

- Preserving culinary heritage
- Strengthening gastronomic tourism in the area
- Boosting local commerce
- Promoting natural products
- Manuka workers take pride in what they do



## GENERATING A SUSTAINABLE TRUST-BASED LONG-LASTING RELATIONSHIP WITH OUR STAKEHOLDERS

Our stakeholders are defined through an evaluation that overlays territories and the work pillars in our Corporate Citizenship Program.

Stakeholder	Forms of participation	Frequency of participation	Key issues	How do you respond to these key issues?
Manuka team	Training activities Corporate volunteering Special activities Events Internal communications	According to schedule or need	Professional development Work environment Safety	<ul style="list-style-type: none"> <li>↪ Soft and technical skills training</li> <li>↪ Internal promotions</li> <li>↪ Climate survey and action plan</li> <li>↪ Visits and risk prevention workshops</li> </ul>
Shareholders	Annual meeting, annual visits, annual reports, participation in committees, board meetings	According to schedule or as needed	Business profitability Management	<ul style="list-style-type: none"> <li>↪ Monthly board meetings</li> <li>↪ Generation of monthly management reports</li> <li>↪ Meetings of key area committees to evaluate progress</li> <li>↪ Sustainability Report</li> </ul>
Community	Neighbourhood meetings Activities and projects Active listening channel	As required	Education Environmental protection Promotion of rural life	<ul style="list-style-type: none"> <li>↪ Training activities</li> <li>↪ Joint activities</li> <li>↪ Projects</li> <li>↪ Hotline for complaints and suggestions</li> <li>↪ Corporate citizenship program</li> <li>↪ Donations</li> </ul>
Unions and associations	Membership and participation	As needed	Development of the dairy industry	<ul style="list-style-type: none"> <li>↪ Joint activities and projects</li> </ul>
Local Authorities	Meetings Work plans	As required	Development of the dairy industry Promotion of rural life Environmental protection Education	<ul style="list-style-type: none"> <li>↪ Joint activities and projects</li> </ul>
Regulatory Authorities	Meetings Work plans	Annually	Comply with high animal welfare standards Product safety Sustainable production	<ul style="list-style-type: none"> <li>↪ Audits, meetings with work plans</li> </ul>
Media	Commercial participation Expert notes Monthly columns	Monthly	Raise awareness of the company management Generate interest in the dairy industry	<ul style="list-style-type: none"> <li>↪ Monthly columns</li> <li>↪ Expert notes</li> <li>↪ Participation in special editions</li> <li>↪ Radio notes</li> </ul>
Customers	Meetings	Monthly or as needed	Product safety Price of milk	<ul style="list-style-type: none"> <li>↪ Meetings to review issues of mutual interest</li> <li>↪ A platform for suggestions and complaints</li> </ul>
Suppliers	Meetings Training activities	Monthly or as needed	Processes per regulations Fair prices	<ul style="list-style-type: none"> <li>↪ Meetings to review issues of mutual interest</li> <li>↪ A platform for suggestions and complaints</li> </ul>
Financial Entities	Monthly meetings Annual face-to-face meetings Continuous dialogue	Monthly or as needed	Financing our growth plan Business profitability	<ul style="list-style-type: none"> <li>↪ Meetings</li> </ul>



# ENVIRONMENTAL SUSTAINABILITY

Our management approach for environmental sustainability is based on the guidelines established in our Environmental Policy. These generate positive impacts on the environment through different initiatives such as recycling programs, adoption of renewable energies, and care and protection for biodiversity, among others.





## WASTE MANAGEMENT

We continued to promote recycling, plastic regulation, and waste management during the last season in line with our commitment to waste management and progressively installing appropriate good practices both in the community and among our workers.

According to the information we submitted to SINADER (National Waste Declaration System), our recycling programs registered a considerable improvement over the previous season, going from 40% to 60% of non-hazardous solid waste declared.

We started the first recycling pilot of plastic waste from our agricultural production chain during the last season to transform it into high-resistance and high-quality plastic infrastructure material. This initiative, which we carried out together with Corrales Chile, allows us to reduce the volume of hazardous waste generated by this type of container. The pilot reused 1,029 Manuka plastic containers. The idea is to increase this amount through an internal awareness campaign to gain more containers of optimum quality since they must be triple washed and perforated.

We work directly on the circular economy concept through this project, which can provide value to the industry with a product such as poles or cross poles. These have a long useful life and allow non-hazardous plastic waste generated in the production units not to end up in landfills or dumps, giving it a new useful life and improving our company's environmental footprint.

During the 2020-2021 season, we generated more waste due to the increase in supplemental feeding because of the drought. We produced 2,944 tons of non-hazardous waste, of which 1,160 tons (39%) were disposed of in landfills, and 1,784 tons (61%) were recovered, mainly through recycling processes (90% of what was recovered). Additionally, we generated 16 tons of hazardous waste, mainly agrochemical containers, oils, lubricants, and sharps, which were finally transported to authorised companies for treatment.

*During the 20-21 season,  
we managed to recycle about  
61% of our non-hazardous waste.*



**Other recycling initiatives:**

➔ We raised awareness of recycling among workers by providing green points for separating plastics, cartons, and tetra packs. We have three green points distributed in the Hacienda: one in the administration canteen and two in the sectors of Los Puentes and La Cumbre. We have also implemented green points in some dairies.

➔ To promote a recycling culture in our immediate environment, we conduct workshops for workers and people from the community, seeking to make them part of our waste management plans.

➔ We seek to provide a solution to the garbage problem in our neighbouring communities through a program of household waste management, which includes the weekly collection of all garbage from production centres and the surrounding community.



We continue to work hard in accordance with the guidelines of the REP Law, specifically in two areas: detergent, and glass containers. These are mostly returned to the same companies that supplied these products for reuse, as well as oil, and filters in use, which we manage through Vía Limpia, a company specialising in the transport, management, and temporary storage of hazardous, and non-hazardous liquid, and solid waste for final disposal.

## GUIDELINES OF OUR ENVIRONMENTAL POLICY

- Manuka undertakes to comply with the environmental regulations and legislation applicable to its activities.
- The company's natural resources will be managed responsibly and consistently with our company's mission and values.
- The Environmental Management System will continuously evaluate and improve the related activities.
- All of the company's employees are aware of the need to carry out their activities in an environmentally responsible manner.
- The company encourages its suppliers and contractors to comply with high environmental standards.

## ENERGY CONSUMPTION

We have implemented a series of measures in our farms and dairies to reduce our energy consumption and the use of non-renewable energies such as oil and gas due to their negative effect on the environment.

One of the most outstanding and effective measures has been the installation of solar water heaters, which increased from 9 to 14 in the last season. Solar energy is used to heat the water used to wash the milking equipment, thus replacing electric water heaters and reducing the impact and energy use.

Along with solar heaters, we are evaluating the possibility of installing solar panels on some of our dairies to improve their future energy efficiency in a clean and sustainable way.

Another important source of energy consumption is the milk cooling process, for which we have introduced the use of water-based plate pre-coolers to lower the temperature from 32° to 18°, and then finish cooling the milk in the tank from 18° to 4°.

**To achieve more significant energy savings, we work closely with the maintenance teams to plan and carry out the following actions:**

- ➔ Regulation of energy use during winter peak hours through clock controls.
- ➔ Adjustment of milking schedules to reduce energy consumption at peak times.
- ➔ Training workers in the good use of energy so they are time-effective in dairy work.
- ➔ Introducing the use of LED bulbs for new projects and replacement of old lighting fixtures.



	2019-2020 Season		2020-2021 Season		Consumption variation of energy kWh/ton of milk solids
	Kwh	Kwh/ton SL*	Kwh	Kwh/ton SL*	
Fossil Fuels	1,227,103	88	1,430,000	94	+6.81%
Electricity	7,212,344	517	7,445,793	487	-5.80%
Total Consumption Energy NON-RENEWABLES	8,439,447	605	8,875,793	581	-3.97%
Total Consumption Energy RENEWABLES	47,007	3	73,122	5	+66.67%
TOTAL CONSUMPTION OF ENERGY	8,486,454	608	8,948,915	586	-3.62%

\*Milk solids



## EMISSIONS

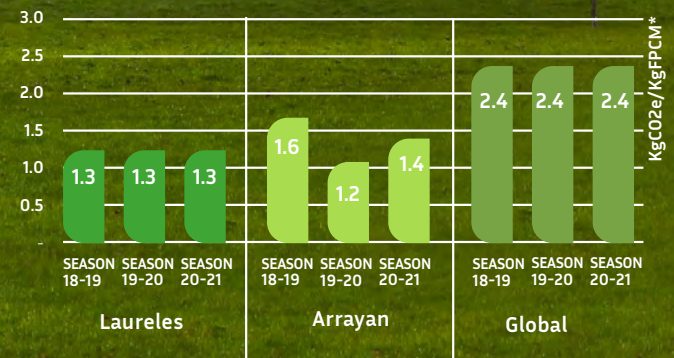
The Intergovernmental Panel on Climate Change (IPCC), has indicated that the grazing technique involved in our production model is one of the ways to mitigate greenhouse gas (GHG) emissions as pastures absorb and sequester carbon in the soil. However, as a company, we seek to quantify the emissions our activities generate. In line with this we have measured the carbon footprint of our two dairies since 2018.

This measurement shows that, thanks to the rotation of pastures as part of our production model we provide a better feed to our

cows. We manage to generate 40% fewer emissions for each kilo of milk produced compared to the average emissions generated by a kilo produced globally<sup>11</sup>.

We also seek to further mitigate our generation of GHG emissions. For example, we are currently using phosphate rock as a natural fertiliser alternative to chemical fertiliser in an area of approximately 7,700 hectares to reduce our impact. In addition, we have used organic foliar fertilisers, although in a smaller proportion.

### Carbon footprint\*



<sup>11</sup> This figure is based on estimates made by the Intergovernmental Panel on Climate Change (IPCC), according to which sustainable land management can even prevent soil degradation, maintain productivity, and reverse the adverse impacts of climate change, for example, through the capture of CO<sub>2</sub> that grasslands can perform.

\*FPCM: Fat and Protein Corrected Milk.  
\*The carbon footprint calculation is from the reports of the Intergovernmental Panel on Climate Change (IPCC).

## WATER MANAGEMENT

We seek to optimise the use of water and minimise potential impacts on watercourses.

Our production model relies on rainwater to develop and maintain our meadows. As such our primary consumption of processed water is for drinking water for the cows, people, washing equipment, and facilities. In each production centre, a deep well supplies us with water, which is made drinkable through chlorination with sodium hypochlorite done in line after it is collected.

**We control and optimise the use of this water through the following actions:**

- ➔ Water sources are monitored periodically to check their quality and composition.
- ➔ We take microbiological and physical-chemical samples from the wells every year following PABCO certification standards.
- ➔ We have implemented a system for reusing the water emitted in the milk cooling process for washing the milking parlours in all our dairies. All of them use a water-based plate pre-cooler that is then channeled to storage ponds. The water used in the plate pre-cooler is recovered and reused in washing the milking rooms and yard.
- ➔ In some production centres, we have metering devices that quantify the volume of water we use, which allows us to manage its consumption and identify opportunities to reduce it.

We measure our water footprint in two farms. Our direct impact is in the green footprint because our pastures are grown on rainwater. We consume blue water mainly as drinking water for our animals, washing processes, and the milk cooling process. The greywater is related to the dissolution of the manure from our cows in order to use it as organic fertiliser in our meadows.

### Impact assessment

In 2021, we began assessing our impact on watercourses to further deepen the work we are already doing in water resource management. Its objective was to know and identify if our company is impacting the watercourses that surround us.

For this purpose, we worked with an external consultant who conducted a study of aquatic ecosystems by monitoring the main rivers around our production centres: the Rahue and the Coihueco. The methodology consisted of defining specific parameters for analysis and setting up a sampling area with nine monitoring stations distributed in both rivers.

The results determined that the physical-chemical parameters measured in situ were within the standard parameters for water quality requirements for different uses (NCh No. 1333. Of78) and comply with the requirements for irrigation, aquatic life, and recreational use with direct contact.

Water Footprint (WF)	2019-2020 Season			2020-2021 Season		
	San Pedro Farm	San Luis Farm	Global*	San Pedro Farm	San Luis Farm	Global*
WF green <sup>1</sup> (litres of water per KG of milk)	720	883	863	814	803	1,027
WF blue <sup>2</sup> (litres of water per KG of milk)	6	5	86	5	7	98
WF grey <sup>3</sup> (litres of water per KG of milk)	103	126	72	58	79	82
Total WF (litres of water per KG of milk)	829	1,014	1,021	877	889	1,207

\*Mekonnen, Mesfin & Hoekstra, Arjen. (2012). A Global Assessment of the Water Footprint of Farm Animal Products. *Ecosystems*. 15. DOI: 10.1007/s10021-011-9517-8.

- <sup>1</sup> Green water is the rain, snow, or snowmelt water used in the product. At Manuka, it is the highest consumption, as our grasslands grow from rainwater.
- <sup>2</sup> Bluewater corresponds to the water incorporated into the product from the surface and/or underground sources. Our consumption of blue water is relatively low, as it is only used for drinking water for livestock, washing processes, and milk cooling.
- <sup>3</sup> Greywater is water contaminated in the production process. At Manuka, greywater corresponds to the water used to dilute the cows' manure used as organic fertiliser for the meadows.



## Manure Management

We have furthered a culture of manure management during the last season, taking charge of the manure generated in our dairies which we use as fertiliser on the farms. We take responsibility for them not becoming pollutants (for rivers or groundwater), so we quantify the amount of manure that we irrigate to the meadows. To this end, we carry out periodic audits of the dairies to control the manure use, check the state of the equipment, and verify that our workers register the applications.

## Care and preservation of biodiversity

We have 5,130 hectares of native forest, which we protect and preserve because of its high value for the biodiversity of the area. We endeavour to create awareness of its importance for the life of human beings.

In line with this, we are working together with the community of La Junta to design and construct the Tres Montes Trail, a project that Conaf is evaluating. This trail includes an area for hiking of approximately 700 metres along the banks of the Coihueco River, where the presence of multiple native tree species stands out: Oak, Arrayán, Maitén, Raulí, Coihue, Laurel, among others. It is also possible to see and hear the varied typical species of fauna and birds.



## GENERAL CONTENTS

GRI STANDARD	CONTENTS	PAGE/COMMENT
102 ORGANISATION PROFILE	102-1 Name of the organisation	Back cover
	102-2 Activities, brands, products, and services	Dairy, agricultural, forestry, and livestock production.
	102-3 Location of headquarters	Back cover
	102-4 Location of operations	
	102-5 Ownership, and legal form	Toromiro S.A. is 99.99999% owned by Manuka SA and 0.00001% by Rimu SA.
	102-6 Markets served	
	102-7 Size of the organisation	
	102-8 Information about employees and other workers	
	102-9 Supply chain	
	102-10 Significant changes to the organisation and its' supply chain changes	During the season, new management centres were opened: Roble, Sumuy, Manzano, Jorge, Treile, Llao Llao Llao.
	102-11 Precautionary principle or approach	
	102-12 External initiatives	
	102-13 Membership in associations	
102 STRATEGY	102-14 Statement of senior executive decision-maker	02-03
102 ETHICS AND INTEGRITY	102-16 Values, Principles, Standards, and Norms of behavior	11- 12
	102-17 Mechanisms for advice and concerns about ethics	11
102 GOVERNANCE	102-18 Governance Structure	09
	102-19 Delegating Authority	10
	102-20 Executive-level responsibility for economic, environmental, and social topics	10
	102- 22 Composition of the highest governance body and its committees	09
102 STAKEHOLDER ENGAGEMENT	102-40 List of stakeholder groups	37
	102-41 Collective bargaining agreements	14
	102-42 Identifying and selecting stakeholders	36
	102-43 Approach to stakeholder engagement	36
	102-44 Key topics and concerns raised	36
102 REPORTING PRACTICES	102-45 Entities included in the consolidated financial statements	We are a closely-held corporation, so we are not required to report the company's financial statements.
	102-46 Defining reports content and topic boundaries	
	102-47 List of material topics	
	102-48 Restatements of information	There is no restatement of information.
	102-49 Changes in reporting	The methodology of the previous report is maintained.
	102-50 Reporting period	1 July 2019 to 30 June 2021
	102-51 Date of the most recent report	2020
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Back cover
	102-54 Claims of reporting in accordance with the GRI Standards	
	102.55 GRI Contents Index	
102-56 External assurance	No external assurance was performed.	




## MATERIAL ISSUES

GRI STANDARD	CONTENTS	PAGE
<b>CAREER DEVELOPMENT</b>		
GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material subject and its boundary	05
	103-2 The management approach and its components	05
	103-2 Evaluation of the management approach	05
404 TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	17
	404-2 Programs for upgrading employee skills and transition assistance programmes	17
	404-3 Percentage of employees receiving regular performance and career development reviews	14
401 EMPLOYMENT 2016	401-1 New employee hires, and staff turnover	14
OWN INDICATORS	M1-1 Average length of service of employees	14
	M1-2 Number of internal promotions	15
<b>WORKING CONDITIONS</b>		
GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material subject and its coverage	05
	103-2 Management approach and its components	05
	103-2 Evaluation of management approach	05
401 EMPLOYMENT 2016	401-2 Benefits for full-time employees that are not provided to part-time or temporary employees	20
OWN INDICATORS	M2-1 Percentage of benefit use	18-19
	M2-2 Work climate management	
403 OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	21
	403-2 Hazard identification, risk assessment, and incident investigation	21
	403-4 Worker participation, consultation, and communication on occupational safety and health	21
	403-5 Occupational health and safety training for workers	21-22
	403-8 Workers covered by a system of occupational health, and safety management	22
	403-9 Work-related injuries	21
	403-10 Occupational diseases and illnesses	21
<b>SUSTAINABLE PRODUCTION</b>		
GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material subject and its Coverage	05
	103-2 Management approach and its components	05
	103-2 Evaluation of management approach	05
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	M4-2 Efficiency levels in kg D.M./Kg. SL	25
	M4-3 Percentage of feed based on permanent grasslands	25
<b>FOOD SAFETY AND QUALITY</b>		
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## MATERIAL ISSUES

GRI STANDARD	CONTENTS	PAGE
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	103-2 The management approach and its components	04
	103-2 Evaluation of the management approach	04
OWN INDICATORS	M6-1 Impact of the Cooperative (number of members, milk production, etc.)	35
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GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	05
	103-2 The management approach and its components	05
	103-2 Evaluation of the management approach	05
OWN INDICATORS	M3-1 Longevity of cows	28
	M3-2 Percentage of workers trained in animal welfare	28
	M3-3 Percentage of mastitis	28
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GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	04
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413 LOCAL COMMUNITIES 2016	413-1 Operations with local community participation, impact assessments, and development programmes	29-32
203 INDIRECT IMPACTS 2016	203-1 Infrastructure investments and services supported	29-32
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204 PROCUREMENT PRACTICES 2016	204-1 Proportion of expenditure on local suppliers	32
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GRI 103: MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary	04
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304 BIODIVERSITY 2016	304-1 Operational sites owned, leased, managed, in or adjacent to protected areas or areas of high biodiversity value outside protected areas	42
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306 WASTE 2016	306-2 Wastes by type and disposal method	38
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Sustainability Report 2021

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