



**SUSTAINABILITY**  
Report  
2020 Period July 19 - June 20



SUSTAINABILITY REPORT 2020 | Period July 19 - June 20



**SUSTAINABILITY**  
Report  
2020 Period July 19 - June 20

## **SUSTAINABILITY REPORT MANUKA**

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## LETTER FROM THE PRESIDENT OF THE BOARD OF DIRECTORS

Sir Henry van der Heyden

We are proud to present for the second consecutive year our Sustainability Report, which reflects the progress made by Manuka during the 2019-2020 season and with which we seek to deepen our commitment to sustainability through the following actions:

Firstly, by deciding to produce a report under the Global Reporting Initiative (GRI) methodology, in order to be more thorough in the process and to align ourselves with the leading global institution in the production of Sustainability Reports.

Secondly, by joining the UN Global Compact Network whose objective is to encourage the private sector to contribute to Sustainable Development, and thus making official our commitment to adopt actions based on the Ten Principles promoted by this organisation. In this sense, we try to develop actions that help us to fulfil the Objectives of Sustainable Development (SDG). During this last season, we identified our direct contribution through 5 of the 17 Sustainable Development Objectives (SDG), thus integrating sustainability into the business management.

It is important to point out that at Manuka, we work and aim for the highest standards of management, so we work aligned under national and

international regulations. In addition, we focus on the management of those aspects that are decisive for the dairy industry, such as animal welfare, care for people and the environment.

Each one of the advances we achieve in the field of sustainability is directly linked to the work carried out by the Sustainability Committee, where there is strong support at Board level.

With all these elements, during this season, we have carried out intense sustainability development. However, we know that there is still a long way to go and new challenges to be faced to continue consolidating and positioning ourselves with our different stakeholders.

We hope this new report contributes to making Manuka even more transparent and open to the community and the industry, being a reference in sustainability, both for management and production of high-quality nutritional milk.



## INTERVIEW WITH THE GENERAL MANAGER

Cristián Swett



### How is sustainability instilled on Manuka's business strategy?

We are a dairy production company, and we are committed to delivering a product of the highest nutritional quality to contribute to the nutrition of Chile.

Likewise, from our business strategy, we understand that sustainability is the way our company will manage to maintain active and develop into the future. That is why we work to ensure that our management achieves a balance between the economic, environmental, and social aspects, seeking to identify and minimise possible negative externalities and to identify and promote positive ones.

In economic terms, our production model generates good profitability because it promotes and drives the competitive edges that our country has for milk production, such as the weather that allows optimum growth of the pasture lands, and its hard-working and committed people. Pasture lands management is the basis of our productive model, allowing us to provide a more natural and economical feed for the cows and at the same time producing high-quality milk due to its composition and qualities of the grassfed. Likewise, from the environmental perspective, the grazing model allows for the compensation of the emissions it generates, which makes it an environment-friendly system.

Finally, from a social point of view, Manuka's top management has defined and established in our mission and vision our commitment to generate shared value and provide opportunities to the people of southern Chile. It is our plan of action to materialise this motivation to focus on the local territory, promote rural development and above all, to focus on carrying out initiatives that generate a positive impact on families living in rural sectors and boost their will to settle in the countryside. Although one of our priorities is to train our collaborators, during the season we prepare neighbours to promote the family economy. We have also continued to implement our programme of donating male calves to provide livelihood support to small farmers, among other initiatives.

In short, our production model is intricately linked to sustainability, as we strive for it to generate a virtuous circle.

### What are the remarkable aspects of the 2019-2020 season?

First, we had an outstanding production period, in which we were able to produce more than 165 million litres of milk with around 14,000 milk solid tons. Also, we continued to improve significantly in some animal welfare key parameters such as the amount of lameness and mastitis, which we reduced by 4% and 22%, respectively. Besides, we managed to obtain good results from the training carried out, also impacting on the perception of our workers. From a structural point of view, we created the Corporate Affairs Management, with a strong orientation towards sustainability issues. From the community relations building perspective, we defined relationship mechanisms mainly with local unions and media since it is highly relevant for us to generate long-term bonds with our stakeholders.

Thus, we are proud that this season we managed to sign the statutes that establish the Tres Hojas Foundation, which will manage the Southern Dairy Training Centre. The Centre is aimed at providing training and sharing the experiences we have gained in the grazing-based system to improve the employability of the Region.

Finally, in the last quarter of this season, we faced the great challenge of continuing to produce during the pandemic we are experiencing. Thanks

to the commitment of the Manuka family, and the conviction of the importance of our work, we managed to make the "Manuka doesn't stop" motto a reality based on the statement "Manuka takes care of itself". Thus, we implemented a series of actions that further the security measures to continue operating.

### What are the sustainability challenges for the next season?

Manuka's biggest challenge is to meet our expectations to help strengthen and develop the industry, professionalise it and make it more sustainable. For this reason, during the next season, most of our efforts will be aimed at consolidating the Tres Hojas Foundation. In Manuka's management, we have witnessed the economic, social, and environmental impact that we can generate. Today we feel that we are mature enough to be certified in this area, which is why we are striving to be accredited as a B Corp.

Finally, we have started to formalise our Corporate Citizenship Program, with which we want to improve our management and give a strategic focus to our projects in connection with education, environment, and support to rural life.

# ABOUT OUR SECOND REPORT

This report is the result of a coordinated effort from all areas of Manuka led by Corporate Affairs Management.

## ABOUT THIS REPORT

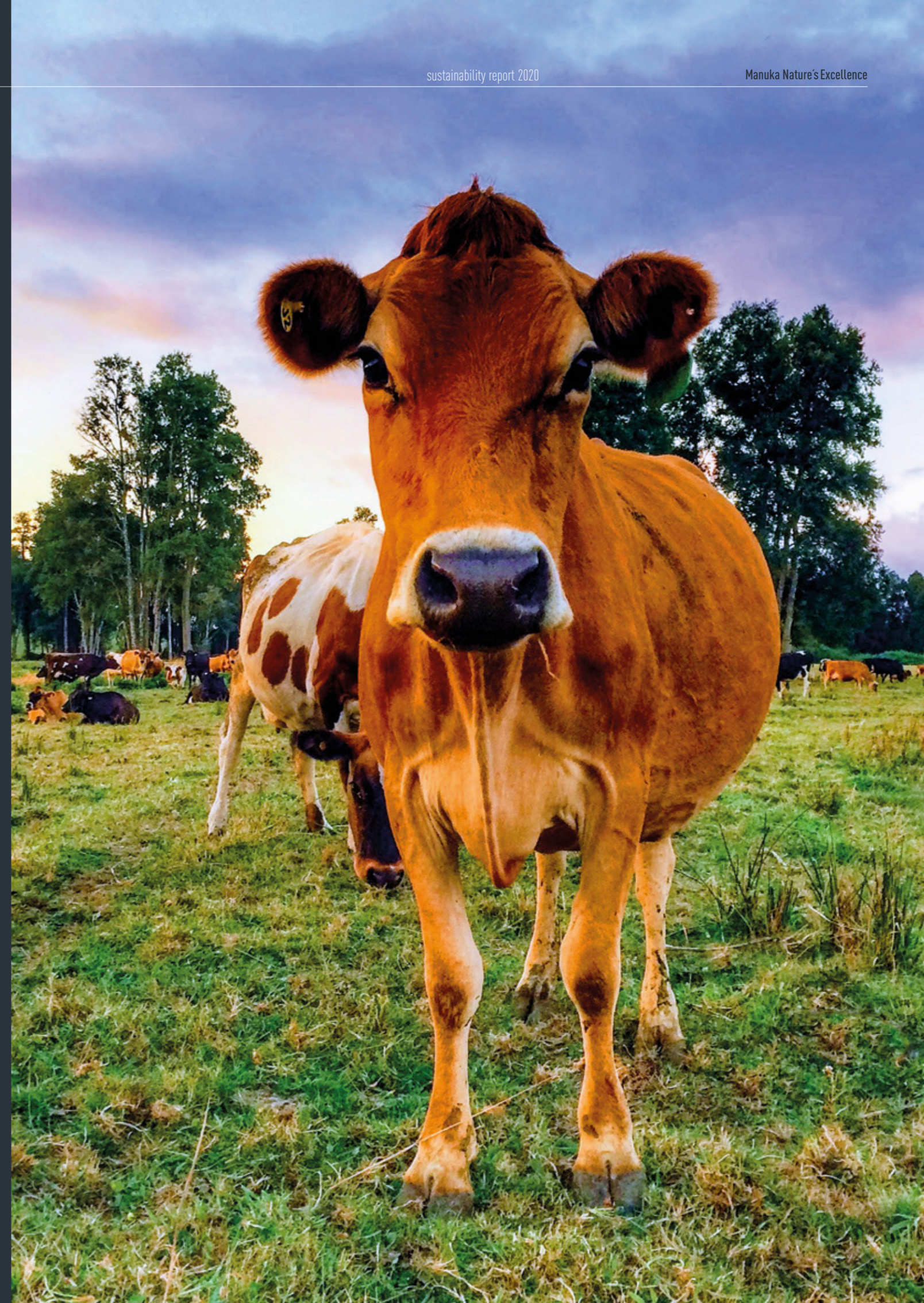
In 2019, we published our first sustainability report, which we prepared with great effort internally, with indicators based on the "Dairy Sustainability Framework"\*. After this first experience, we decided to continue thriving on this process and prepared our report following the GRI Standards methodology. With this, we reaffirm our commitment to move forward and more in-depth in transparency and to make our information of public knowledge.

The GRI standards in its Essential option are herein followed. We are reporting our success stories and challenges in those areas of material importance to our business and our stakeholders. The information herein reported covers our productive season between July 1, 2019, and June 30, 2020.

## DEFINITION OF CONTENTS

To define the contents that are addressed in this report, we followed the GRI methodology guidelines, analysing material issues, considering the context of sustainability in which we operate, and the participation of our stakeholders in this process.

\* Methodology developed by six international dairy organisations) and aligned with UN ODS 2, 8, 12 and 13.



## MATERIALITY PROCESS

### Identification

- Issues were identified based on the review of internal and external information, international standards, industry benchmarking, customer and supplier surveys, community diagnostic reviews, and interviews with key executives.

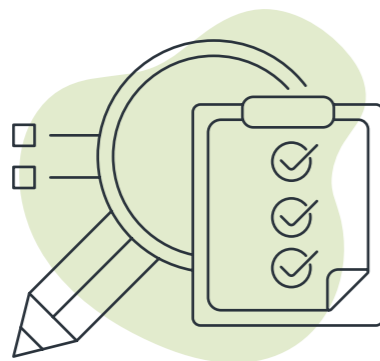
### Prioritisation

- The issues identified were prioritised based on their importance to stakeholders and their impact on the business.



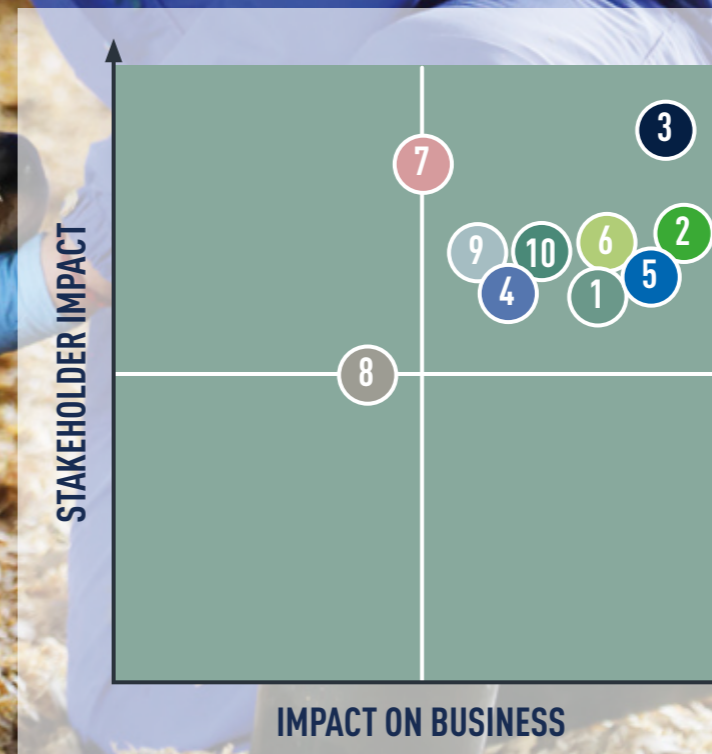
### Evaluation

- Evaluation of the prioritised topics considering the scope, coverage, and period.



### Validation

- Review of the material aspects of the previous year and new considerations for this cycle.



### MATRIX OF MATERIAL ISSUES

- 1 Career development
- 2 Working conditions
- 3 Animal welfare
- 4 Sustainable production
- 5 Health and Food Safety
- 6 Leadership within the industry
- 7 Contribution to community
- 8 Environmental sustainability and biodiversity
- 9 Waste management
- 10 Water management

**COMMITMENT TO THE UN'S SDG**

As Manuka, we are committed to the Principles of the UN Compact and the UN Sustainable Development Goals (SDG), therefore taking the challenge to integrate sustainability within our daily management of the business.



**Pacto Global**  
Red Chile

SDG	GOAL TARGETS	MANUKA'S CONTRIBUTION*
<b>2. ZERO HUNGER</b> 	2.2 By 2030, end all forms of malnutrition.	<ul style="list-style-type: none"> <li>Production of 165 million litres of quality milk (8.48 per cent solids per litre - average SCC** 208,453 and FCU*** 11,603).</li> <li>Knowledge transfer programme: Visit of Technology Transfer Group and CREA Argentina.</li> <li>Calves donation programme, counting about 5,000 heads of cattle accumulated up to the 2019-2020 season.</li> </ul>
	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers.	
	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production.	
<b>4. QUALITY EDUCATION</b> 	4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.	<ul style="list-style-type: none"> <li>Training program for workers (more details in pages 21 &amp; 22).</li> <li>Through the Tres Hojas Foundation, we contribute to the professionalisation of the dairy industry, with an average of 12,5 hours of training for women and an average of 14,6 for men (averages differ due to men:women ratio).</li> </ul>
<b>8. DECENT WORK AND ECONOMIC GROWTH</b> 	8.2 Achieve higher levels of economic productivity.	<ul style="list-style-type: none"> <li>48 internal promotions.</li> <li>82% of our employees have received training.</li> <li>Reduction of 8.9% in lost days and 13.2% in the number of accidents with respect to the previous year.</li> <li>Suppliers development programme.</li> </ul>
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises.	
	8.8 Protect labour rights and promote safe and secure working environments for all workers.	
<b>12. RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> <li>Environmental Policy rollout.</li> <li>Waste reduction and management programme.</li> <li>40% of our waste is recycled.</li> <li>Recycling training workshop for the community.</li> </ul>
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	
<b>13. CLIMATE ACTION</b> 	13.2 Integrate climate change measures into national policies, strategies, and planning.	<ul style="list-style-type: none"> <li>Environmental Policy rollout.</li> <li>Grazing production model that reduces GHG emissions.</li> <li>13,250 hectares of permanent grassland.</li> <li>5,130 hectares of native forest.</li> <li>Solar heaters.</li> </ul>
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation.	

\* Further details of Manuka's contribution will be provided throughout the report. Each topic will be identified with the corresponding ODS logo.  
 \*\* Somatic Cell Count.  
 \*\*\* Colony Forming Units.



# THE MANUKA FAMILY

## ABOUT US

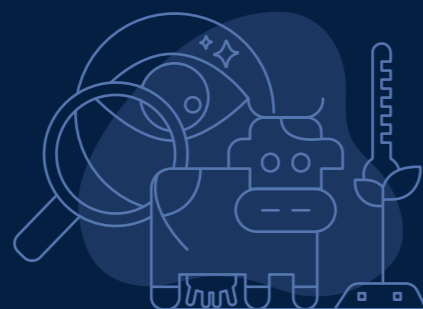
We are the largest milk-producing company in Chile, with operations in the Los Lagos and Los Rios regions. Our annual production reaches 165 million litres, about 10% of the total milk produced nationally.

Our grazing system is based on the New Zealand model, based on the cycle of the pasture to feed the cows. Chile benefits from the natural advantages of the southern zone, primarily because of its weather that favours the generation of high-quality milk produced sustainably.



### Mission:

To provide opportunities to the people of southern Chile through the improvement and professionalisation of the dairy industry. We do this by implementing the New Zealand pasture model; with this objective, we produce milk.



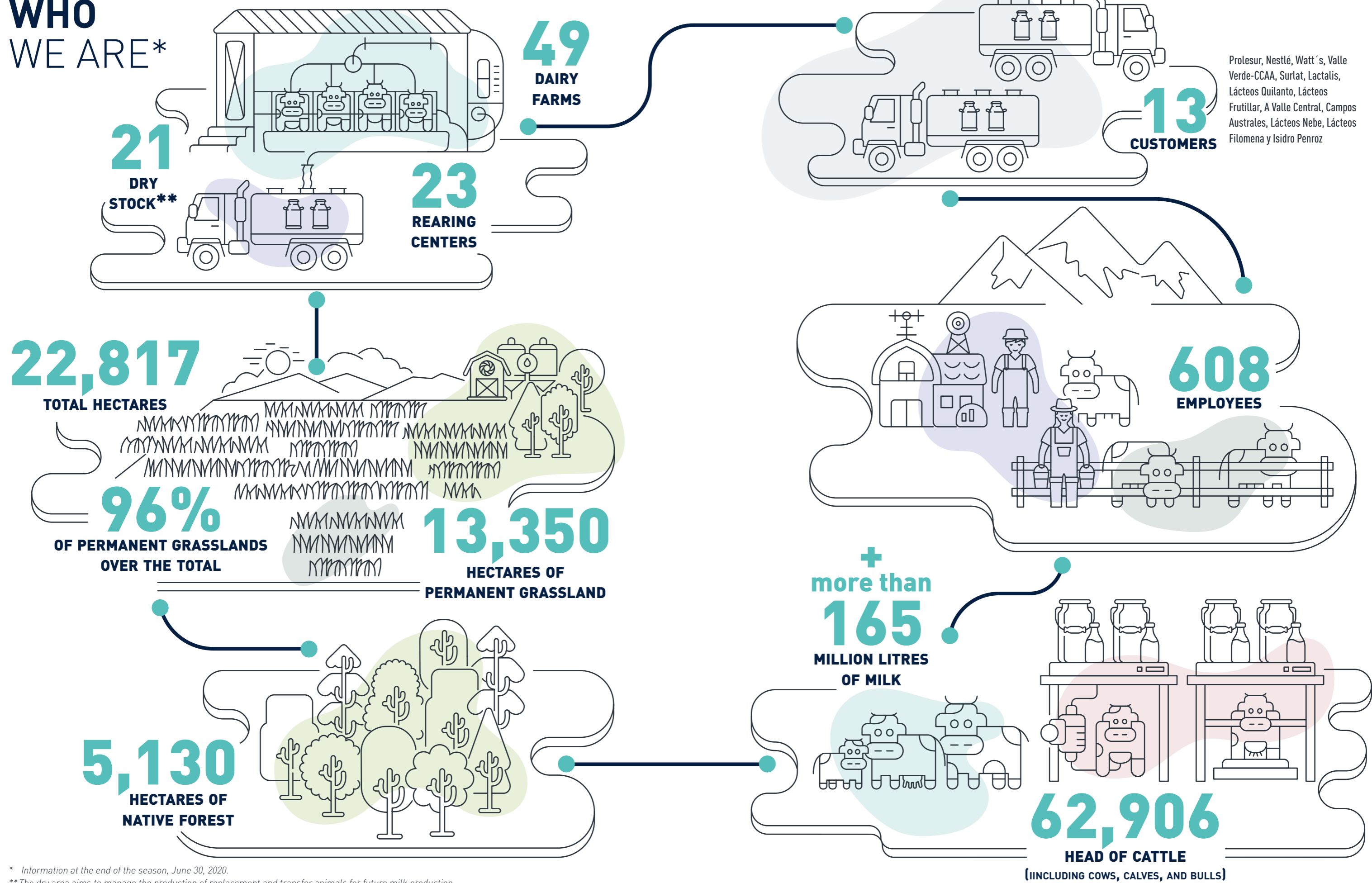
### Vision:

To generate shared value through the production of natural and sustainable milk.





# WHO WE ARE\*



\* Information at the end of the season, June 30, 2020.

\*\* The dry area aims to manage the production of replacement and transfer animals for future milk production.

### CORPORATE GOVERNANCE

Our corporate governance aims to support the management of those areas of the business that are key to development. It consists of a highly committed board of directors and which guidelines provide us with the strategic directions to carry out the operational tasks most efficiently and sustainably.

Our board of directors operates through different committees that focus their actions and make it possible to carry out constant monitoring of the company's key areas.

#### Board of directors' members



**HENRY VAN DER HEYDEN**  
 POSITION: President  
 SENIORITY: 7 years  
 NATIONALITY: New Zealand



**JOHN FERRIS**  
 POSITION: Director  
 SENIORITY: 6 years  
 NATIONALITY: New Zealand



**BRENDAN BALLE**  
 POSITION: Director  
 SENIORITY: 1 year  
 NATIONALITY: New Zealand



**STEVE SMITH**  
 POSITION: Director  
 SENIORITY: 7 years  
 NATIONALITY: New Zealand



**Jos VAN LOON**  
 POSITION: Director  
 SENIORITY: 5 years  
 NATIONALITY: Netherlands



**MARK TOWNSHEND**  
 POSITION: Director  
 SENIORITY: 7 years  
 NATIONALITY: New Zealand



**DAVID STEELE**  
 POSITION: Director  
 SENIORITY: 7 years  
 NATIONALITY: New Zealand



**ALBERTO EGUIGUREN**  
 POSITION: Director  
 SENIORITY: 2 years  
 NATIONALITY: Chilean

#### Board of Directors Committees

##### PRODUCTION AND DEVELOPMENT COMMITTEE

**Purpose** Productive performance and organic growth of the company.

**Periodicity** Once a month.

**No. of members** 18

##### DRY STOCK AREA COMMITTEE

**Purpose** Continuous improvement of the performance of the replacement livestock area.

**Periodicity** Once a month.

**No. of members** 9

##### SUSTAINABILITY COMMITTEE

**Purpose** Search for improvements and measurements of what is and could be done in sustainability issues in the company.

**Periodicity** Every 2 months.

**No. of members** 9

##### FINANCE AND RISK COMMITTEE

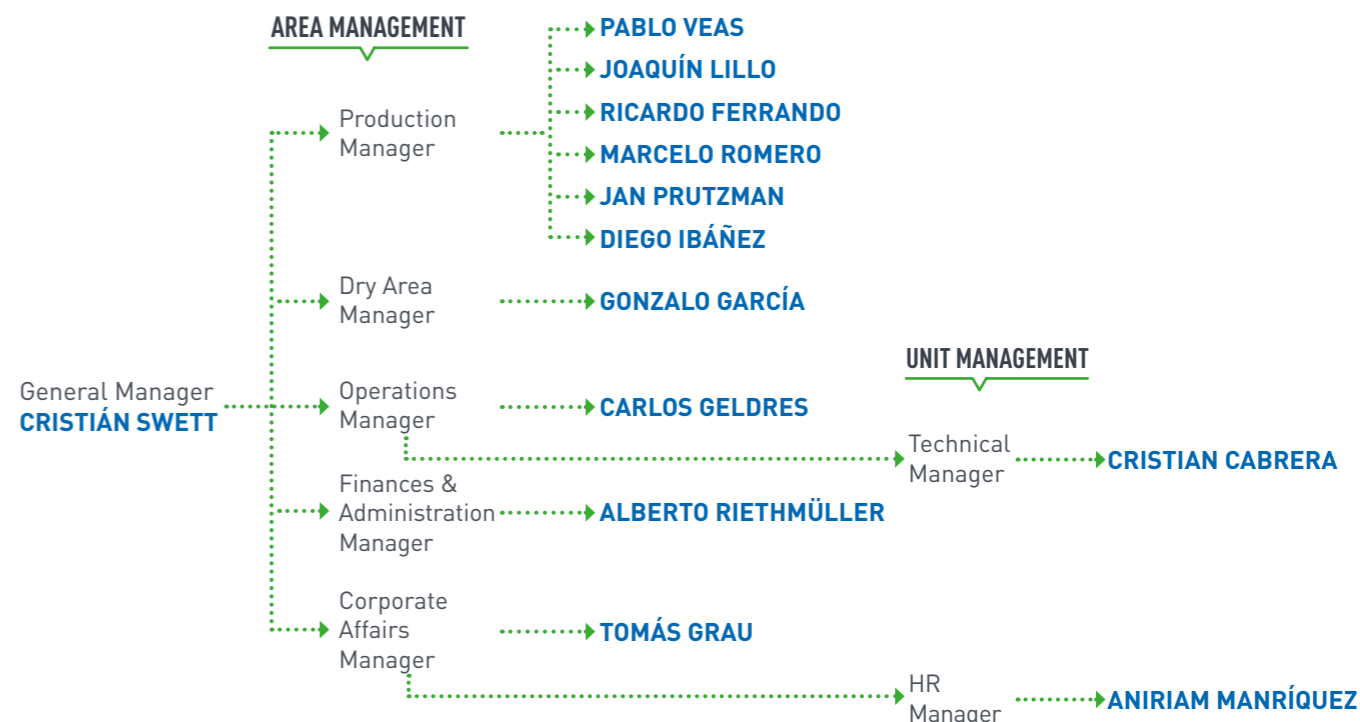
**Purpose** Financial risk assessment and capital raising to ensure sustained growth of the company.

**Periodicity** Every 3 months.

**No. of members** 9

#### Executive Officers

The guidelines established by our board of directors are implemented and integrated into the daily management through our executive staff. Its members combine in a balanced way the expert work in the field with the ability to manage a company with the best practices and industry standards.



## ETHICAL MANAGEMENT

In order to carry out our ethical management, in the last year, we have been working hard on developing policies that encourage the formalisation of our internal procedures. In this way, we launched the Code of Ethics and the Anti-Corruption Policy, instruments that provide guidelines for the behaviour of all of us who are part of Manuka, and that becomes part of our daily activity.

We have the Management Policy for Suppliers and Service Providers, in which we have established the principles and minimum ethical and behavioural values in which their actions should be framed.

Our Code of Ethics is made up of a series of fundamental principles that effectively contribute to the materialisation of our mission, vision, and values. The administration of the Code of Ethics is the responsibility of the Ethics Committee, which meets upon the occurrence of infringement to the Code.

Responsibilities of the Ethics Committee:

- To disseminate and apply the Code of Ethics.
- Promote the values and behaviours expressed in the Code.
- To channel cases to the appropriate instance.
- Approve acknowledgements and corrections.
- Generate statistics and reports.
- Review requests for clarification.

Functions of the Ethics Committee:

- Update and modify the Code of Ethics.
- Investigate and document cases that do not comply with the Code.
- Promote global consistency in the interpretation and application of the Code.

Our Anti-Corruption Policy reflects the importance of integrity in our work, being one of the fundamental principles for our company.

The purpose of this Policy is to guide employees in what we expect and demand from their behaviour when dealing with third parties, including business partners, the company's employees, and public officials.



### ACTIVE LISTENING CHANNEL

Employees have the moral and legal responsibility to report to the Ethics Committee any transgression of the rules, as well as any deficiency or weakness in internal controls, caused by irregular conduct. For them, and to maintain and protect the highest standards of ethics and integrity in business, we have our Whistleblowing Channel ([www.manuka.cl/escucha.activa](http://www.manuka.cl/escucha.activa)). Through this channel we can handle reports simply and safely, ensuring anonymity and confidentiality to anyone knowing or suspecting any activity developed by any employee of the organisation or person linked to it, which could involve a violation of laws, regulations, codes, rules and internal policies or ethical principles in general.

## OUR TEAM

Our productive model is characterised by requiring people with great skill, training, and efficiency to be implemented correctly, so we have teams of experts in each of the areas in which they work.

### Total employees



87% permanent (531) and 13% temporary employees (77).

### PERMANENT EMPLOYEES BY AGE

	WOMEN	MEN	TOTAL
Under 30 years of age	30	175	205
Between 30 and 50 years of age	37	171	208
Over 50 years of age	14	104	118
<b>TOTAL</b>	<b>81</b>	<b>450</b>	<b>531</b>
<b>PERCENTAGE</b>	<b>15%</b>	<b>85%</b>	

Goal: 20% Women

### PERMANENT EMPLOYEES BY TYPE OF CONTRACT

	WOMEN	MEN	TOTAL
Open-end employment contract	75	415	490
Fixed-term employment contract	7	34	41

### PERMANENT EMPLOYEES BY WORKDAY SCHEDULE

	WOMEN	MEN	TOTAL
Full-time job	79	450	529
Part-time job	2	0	2



PERMANENT EMPLOYEES BY POSITION

	WOMEN	MEN	TOTAL
Managers and assistant managers	1	16	17
Head of Department	9	23	32
Farm Managers, Head of Unit	18	169	187
Dairy Farm Assistant, Administrative, Support	53	242	295

PERMANENT EMPLOYEES HIRING

AGE	WOMEN	MEN	TOTAL	HIRING RATE
Under 30 years of age	13	73	86	58%
Between 30 and 50 years of age	9	51	60	41%
Over 50 years of age	0	2	2	1%
<b>TOTAL HIRING</b>	<b>22</b>	<b>126</b>	<b>148</b>	

PERMANENT EMPLOYEES STEPPING OUT

AGE	WOMEN	MEN	TOTAL	DROPOUT RATE
Under 30 years of age	14	92	106	68%
Between 30 and 50 years of age	5	36	41	26%
Over 50 years of age	2	8	19	6%
<b>TOTAL DROPOUT</b>	<b>21</b>	<b>136</b>	<b>157</b>	

The turnover rate of the 19-20 season is

**29%,**

10 percentage points less than the previous season. Our goal is to reduce this rate to 20% by 2023.

Number of unions

**1**

Number of collective bargaining sessions

**1**

Number of workers covered by collective bargaining

**162**

Number of unionised workers

**162**



GROWING TOGETHER

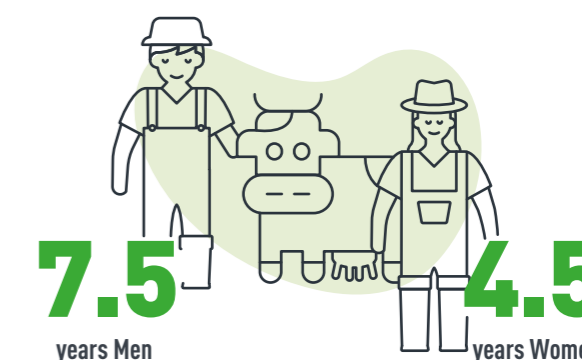
Our employees are the cornerstone of good production results. For this reason, it is essential to focus on their training, giving them tools and opportunities for their professional development.

Meritocracy is one of our main values as a company, which in practice means that we value good performance and

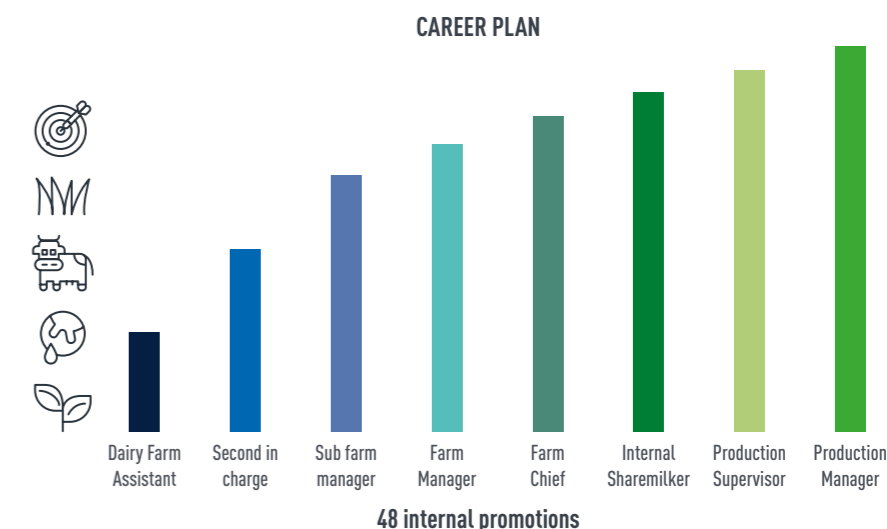
excellence in our work, above academic degrees, or other external attributes.

This is part of our corporate culture and lays the foundations for the implementation of a robust career development plan for our employees, where knowledge is the fundamental value we seek to maintain and retain.

Average length of service of our employees



Our career plan is organised in 8 levels:

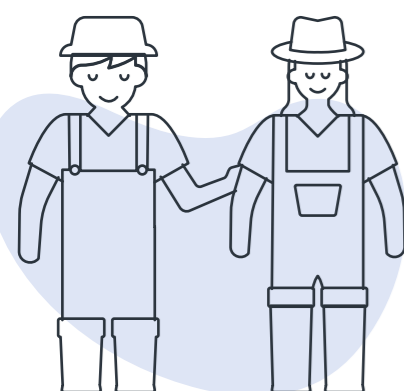


EMPLOYEES PROMOTED BY POSITION AND GENDER

POSITION	WOMEN	MEN	TOTAL
Administrator	0	3	3
Room chief	4	30	34
Sub administrator	0	10	10
Head of Department	0	1	1
<b>TOTAL</b>	<b>4</b>	<b>44</b>	<b>48</b>

Along with the career development plan, we have a training program that considers technical aspects as well as sustainability, communication, teamwork, and specialisation topics for managers and headships.

**82% of permanent workers were trained at least once a year, exceeding our goal of 80%.**



In order to measure the performance of our collaborators and to be able to support and guide them in their professional growth, we carry out annual performance evaluations at the professional levels of our teams.



### TRAINING PROGRAMS



TYPE OF PROGRAM	ADDRESSED TO
Technical training before production milestones	Second in charge, Sub Farm Managers, Farm Managers, Supervisors and Managers
Sustainability	Head of Department, Head of Area, Community
Annual Training on Communication and Teamwork	All employees
Specialisations (diplomas and postgraduate degrees)	Head of Department and Managers

### AVERAGE HOURS OF TRAINING



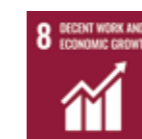
JOB CATEGORY	AVERAGE PER POSITION	
	WOMEN	MEN
Managers and Sub Managers	6,0	7,8
Head of Department	22,6	15,0
Farm Managers, Heads of Unit	21,6	20,1
Dairy Farm Assistant, Support, Asistants	7,8	11,3
<b>TOTAL</b>	<b>12,5</b>	<b>14,6</b>

**Our permanent workers received an average of 14.3 hours of training during the season.**

### PERFORMANCE APPRAISAL

CATEGORIA LABORAL	APPRAISED WOMEN	APPRAISED MAN	TOTAL
Managers	1	10	11
Deputy managers	0	3	3
Headships	6	26	32
Supervisors	4	9	13
Veterinarians	3	7	10
Administration staff	15	24	39
Administrators	3	44	47
Sub administrators	0	1	1
Assistants	12	1	13
Blue-collar	0	11	11
Technicians	0	4	4
Farmworkers	0	2	2
<b>TOTAL</b>	<b>44</b>	<b>142</b>	<b>186</b>

In July 2019, we implemented the Internal Sharemilker structure in two areas, with the purpose to encourage and empower productive leaders, attract new talent, and improve the performance of parlours in terms of results efficiency. This Programme considers that with better productivity, increased value is generated, which allows sharing the profits between the company and the administrator of each field, being it reflected in its income structure. Because of the success of this project, we plan to implement it in six (6) fields in the new season and additionally include an incentive for the room team, as a support to the manager's efforts.



### WORKING CONDITIONS

In addition to their development and growth, we are concerned about the working conditions of our employees, which is why we offer benefits that are valued by them. Besides, we seek to generate a suitable work environment and promote a culture of safety so that the workspace is appropriate.

One of the aspects most appreciated by our collaborators is the possibility

of having one of the 245 homes that we provide to the families of our workers, which are in Manuka's facilities. The proximity to the workplace and the high standard of houses construction, added to the access to firewood for their homes, make their day-to-day work a comfortable experience not only for them but also their families.

### More benefits for our employees

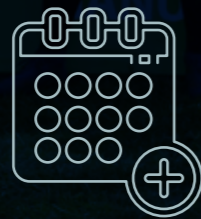
1. Canteen
2. Bonus in money and goods
3. Vehicle assignment by charge
4. School bonus
5. Vacations bonus
6. Birth bonus
7. Independence Day and Christmas celebrations
8. Company-paid life insurance
9. Supplementary health insurance financed 70% by the company
10. Property insurance (optional)
11. School transportation for employees' children

Some of our benefits apply to temporary employees and others to permanent employees.

BENEFITS	% OF BENEFIT USE
Life insurance	100%
Supplementary health insurance	36%



## HANDLING WORK CLIMATE



We held our annual meeting at the beginning of the season, where we provided information, strategic guidelines, and rewarded the best of the season, ending with a team dinner.

Our efforts on the work climate are based on the Great Place to Work survey we carry out each season, usually during April. However, in the last period, we were unable to carry out this survey due to the COVID-19 pandemic, but we plan to carry it out in November 2020.

We carried out the activity "In your shoes", aimed at Department Heads or Supervisors, Deputy Managers and Managers, which consisted of an exchange of roles, to share a day by really. The purpose of the activity is to know each other's work and generate a better disposition to talk and have empathy for the different areas. This training came about because of the action plan following the GPTW work climate survey carried out last season, to reinforce "sharing" and "listening" actions.



We hold end-of-year dinners promoted for each production team to strengthen the bonds between its members.



We celebrated Christmas with an activity aimed at the children of our employees (up to 12 years old) to give them gifts and invite them to participate in family activities.

Every month we celebrate birthdays in a rotating manner in the three casinos of the company.

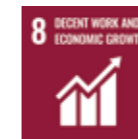
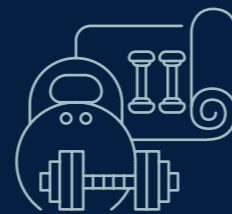


We organized discussion groups both in the field and virtually (due to the pandemic) where the management teams and heads of departments approached the reality of the production rooms and dry area in order to identify their needs and manage improvements.



We created the Manuka Cup, an internal football tournament where different areas of the company participate.

We promote a physical conditioning workshop for employees, guided by a physical education teacher, to train the company's employees twice a week. This workshop was open to the community in general.



## OCCUPATIONAL HEALTH AND SAFETY

To provide the safety required by our work teams and in compliance with the currently applicable legislation, we have a Health and Safety at Work Management System that covers 100% of our direct collaborators, through which we create the guidelines to avoid work accidents and occupational diseases.

This also applies to companies that provide services under a subcontracting regime (contractors and subcontractors), which are obliged to comply with all the requirements related to Occupational Risk Prevention.

Along with our management system, we have a hazard identification and risk assessment matrix, which establishes the charges and risks associated with each task and determines the appropriate preventive measures.

However, each employee who identifies a new risk situation within their work can channel their request through their head office or the Risk Prevention Area.

Although the support and commitment of management is key to achieving good health and safety indicators, the responsibility of our employees is also decisive, which is shown through the action of our Joint Committee.

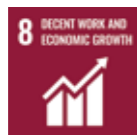
### Procedures to prevent or mitigate occupational accidents and diseases:

- Safety walks in various management centres.
- Random operational controls (inspections, checklists, etc.)
- Investigations of accidents to prevent them from becoming recurrent.
- Internal communications.
- Promotion of self-care among our collaborators.

### Main functions of the Joint Hygiene and Safety Committee:

- To instruct and promote among the collaborators the correct use of Personal Protection Elements (PPE).
- To monitor compliance with preventive measures and carry out periodic inspections.
- Participate in the investigation of occupational accidents and determine whether the coverage of Law 16,744 applies\*.
- Promote and manage participation in training activities.
- Participate in the monthly or extraordinary meetings of the Joint Committee.

\* This law establishes the Compulsory Social Insurance against Occupational Accidents and Diseases.



Training is also an essential element to advance towards good results. We have a training plan on which we are continually working, and which is a permanent concern in our safety management activities.

**Training in occupational health and safety:**

- Use and handling of fire extinguishing equipment.
- Basic first aid and use of first aid kit.
- Defensive driving of vehicles.
- Handling of dangerous substances.
- Animal handling and associated risks.
- Civil and criminal responsibilities.

**OCCUPATIONAL HEALTH AND SAFETY INDICATORS FOR THE 2019-2020 SEASON**

TYPE OF ACCIDENT	NUMBER OF CASES
Death by a work-related accident	0
A work-related accident with major consequences (no fatalities)	0
Accident at work*	53
Number of hours worked.	1.398.108

\* \*The leading causes of accidents are related to blows and falls, while serious injuries are linked to the handling of animals and traffic or work surfaces.

OCCUPATIONAL DISEASES	NUMBER OF CASES
Death by occupational disease	0
Occupational diseases*	7

\* From the 7 cases registered as occupational diseases under study, 5 correspond to close contacts to a confirmed case of COVID-19, 1 corresponds to psychosocial risks, and 1 to musculoskeletal disorders.



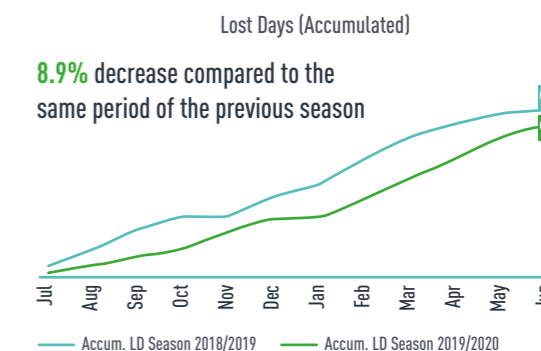
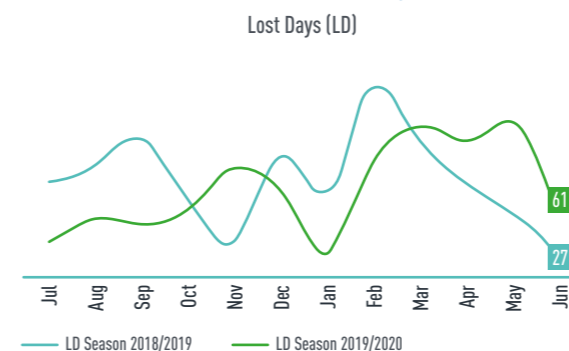
**COMMITMENT TO PREVENTION AWARD ACHS 2019**

We were recognized by the Chilean Association of Security for commitments towards risk prevention management. This acknowledgment reflects on the engagement, leadership and teamwork of our workers, fundamental aspects to achieve a safe place to work.

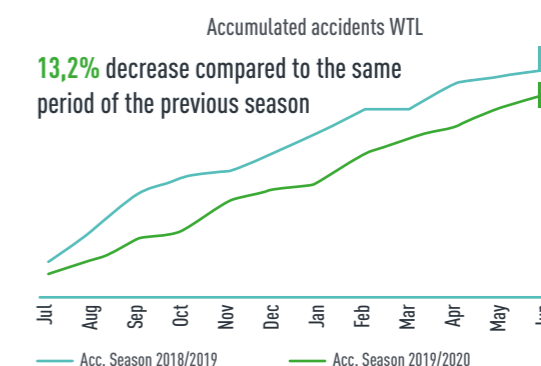
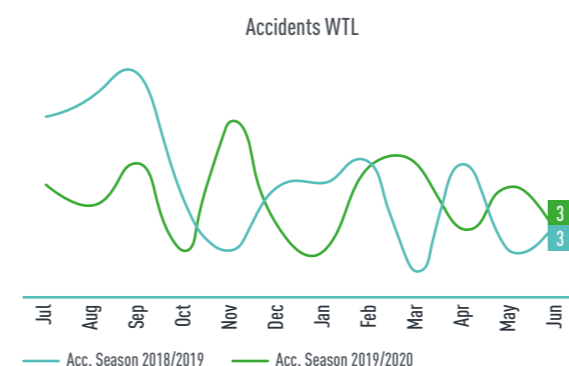
This also reflects on our statistics for accidentability, that lowered considerably vs. season 2018-2019.

Without a doubt, all of our management centers are oriented towards working in a safe manner and keep on collaborating for generating a greater preventive culture.

**SUMMARY OF ACCIDENTABILITY (Lost Days)**



**SUMMARY OF ACCIDENTABILITY (N° of accidents with time lost (WTL))**



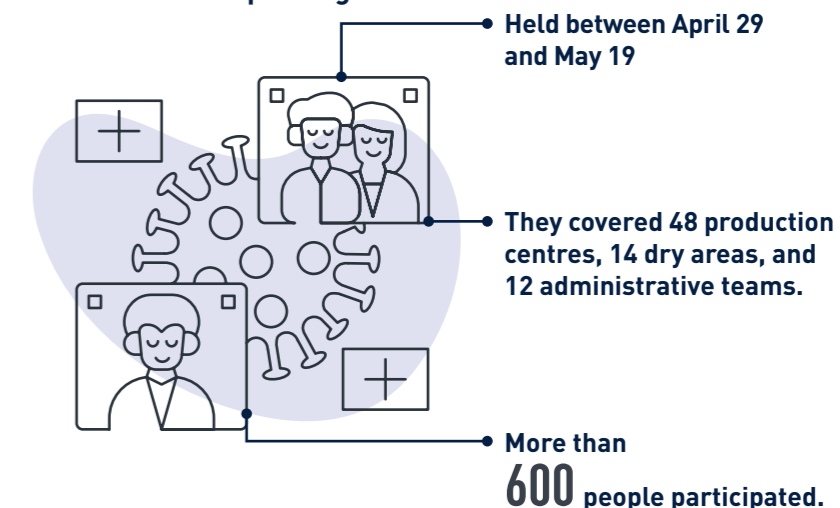
**COVID-19 Action and Prevention Plan**

The outbreak of COVID-19 challenged us to create new ways of working and interacting before which it was necessary to generate several preventive and adaptation actions to safeguard the well-being of all our collaborators. Because of this, we focused on two main aspects:

1. We implemented a comprehensive action plan that involved all areas and all our employees. The plan included providing safety equipment in all our production centres, incorporating a nursing technician to perform random checks, sanitisation of production areas and offices, reconvertng the meals service, and offering distant training, among others.
2. As the largest milk production company in the country, we wanted to be a reference in terms of our preventive culture, maintaining production to meet the food needs of our country during the pandemic period.

To combine both approaches, we held a series of discussion groups in April and May aimed at addressing concerns, strengthening safety protocols, dialogue, and know why each of our employees was experiencing this situation.

**Discussion Groups in figures:**



# SUSTAINABLE PRODUCTION

## PRODUCTIVE MODEL

Our production model is based on the New Zealand system, through which we strategically manage grass production. This model involves nurturing and systematically and accurately measuring growth.

With this, we achieve that our cows are fed with this grass when it reaches

its highest nutritional contribution, promoting the grass reproduction through this natural consumption.

The permanent pastures, which is the basis of this model, allow the capture of CO2 and mitigate our emissions\*.



### We develop the land and sow permanent pastures

- **2 species:** ryegrass and white clover.
- More than 40 local contractors in planting, fertilisation, fencing, roads, and water networks construction.

### We strategically manage the pasture

- **2 pillars:** systematisation of information on meadows and accuracy of data.
- **3 leaves optimum growth of the grass:** more significant nutritional contribution and allows its later reproduction and growth.
- **Strategic management:**
  - harvesting at the optimum time to promote growth.
  - use of winter crops [external supplement].

#### GRASS PRODUCTION (ton MS/ha)\*\*

2018-2019 SEASON	2019-2020 SEASON
13,3	14,7

\*\* Dry matter.

\* According to the IPCC, sustainable land management can even prevent soil degradation, maintain productivity, and reverse the adverse impacts of climate change, for example, through the capture of CO2 by grasslands.



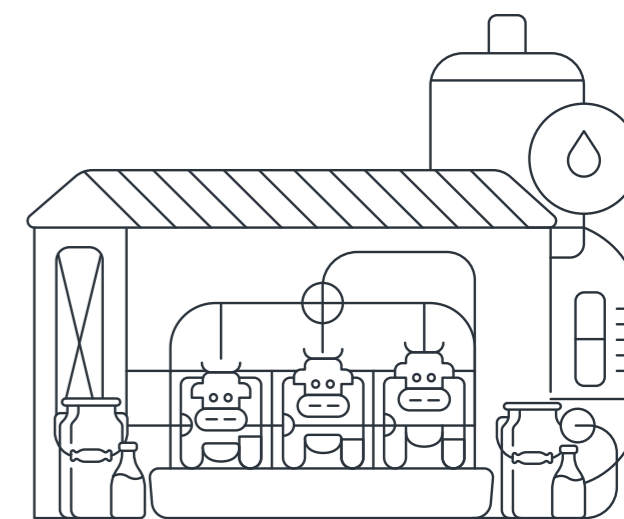
### We feed healthy cows with grass

- 90% feeding in permanent pastures.
- astureland rotation system based on tools that organise pasturelands according to their average grass growth.

#### EFFICIENCY LEVELS IN KG MS/KG SL\*

2018-2019 SEASON	2019-2020 SEASON
14,8	14,6

\* Milk solids.



### We produce milk

- We generate high-quality and sustainably produced milk, which is delivered to the dairy plants for industrialisation.



### ANIMAL WELFARE

The grazing system through which we produce our milk inherently promotes animal welfare since cows spend almost their entire lives free in the pastures, which gives them high levels of welfare, which are reflected in the longevity they reach: average 6 years (4 births).

At Manuka, animal welfare has relevant importance. We reaffirm this with the creation of a rigorous document that considers various protocols regarding the handling and treatment of animals. We cover all the converging aspects so that our cattle reach a high standard of care, establishing the guidelines for handling and good practices in all the company's productive areas. The application and compliance of these guidelines must be considered by all workers participating in the breeding, milking, and handling of the animals owned by the company.

Our challenge is to carry out external consultancy on animal welfare, for which we are working on different aspects: 1) training our collaborators in animal handling and herding practices, in order to achieve optimum management by them. 2) improving lameness and mastitis indicators, for which we have an infrastructure with high standards in roads, milking parlours, waiting yards, together with the control, support and supervision of a team of nine veterinarians, two of whom are specialists in mastitis and lameness.

During the 2019-2020 season,



#### ANIMAL WELFARE INDICATORS

	SEASON 2018-2019	SEASON 2019-2020	GOAL
Percentage of mastitis	2,1%	1,63%	under 5%
Percentage of lameness	1,6%	1,53%	under 3%

Besides, every year, we conduct four internal audits of each of our 49 dairies, led by a veterinary who evaluates different aspects of animal welfare. Additionally, we receive external audits from SAG.



### HEALTH AND FOOD SAFETY

We have implemented a set of good practices to ensure safe milk with high-quality standards, in compliance with the legislation and health regulations in force. The implementation of these good practices also includes suppliers, production, and delivery of our milk to our customers.

According to the guidelines established by our quality control area, we minimise the probability of bacteria formation due to improper handling, poor cleaning practice, equipment troubles, temperature, among others.

It should be noted that along with quality indicators, one of the critical aspects to ensure that milk and its derivatives reach high production standards is the welfare of the animal and the use of appropriate handling techniques. In addition to this, our cows' breeds are characterised by having a higher content of solids per litre of milk (protein and fat) - quite above the national average - for which we are certain the milk we deliver to our customers has the expected quality which is highly regarded because of its excellent nutritional contribution.

#### 100% of our premises have:

- Specific and detailed protocols for all processes (milking, animal handling, animal movement, machinery, among others).
- Preventive vaccination program, use of vitamins, minerals, and deworming.



**HEALTH AND FOOD SAFETY INDICATORS**

	SEASON 2018-2019	SEASON 2019-2020	GOAL 2022
Solids per litre of milk (%)	8,46%	8,48%	8,48%
Average somatic cell count (cells/ml)	229.000	208.453	180.000
Average number of colony-forming units (one/ml)	12.000	11.603	10.000

**96%**   
of our lands are PABCO certified\*.

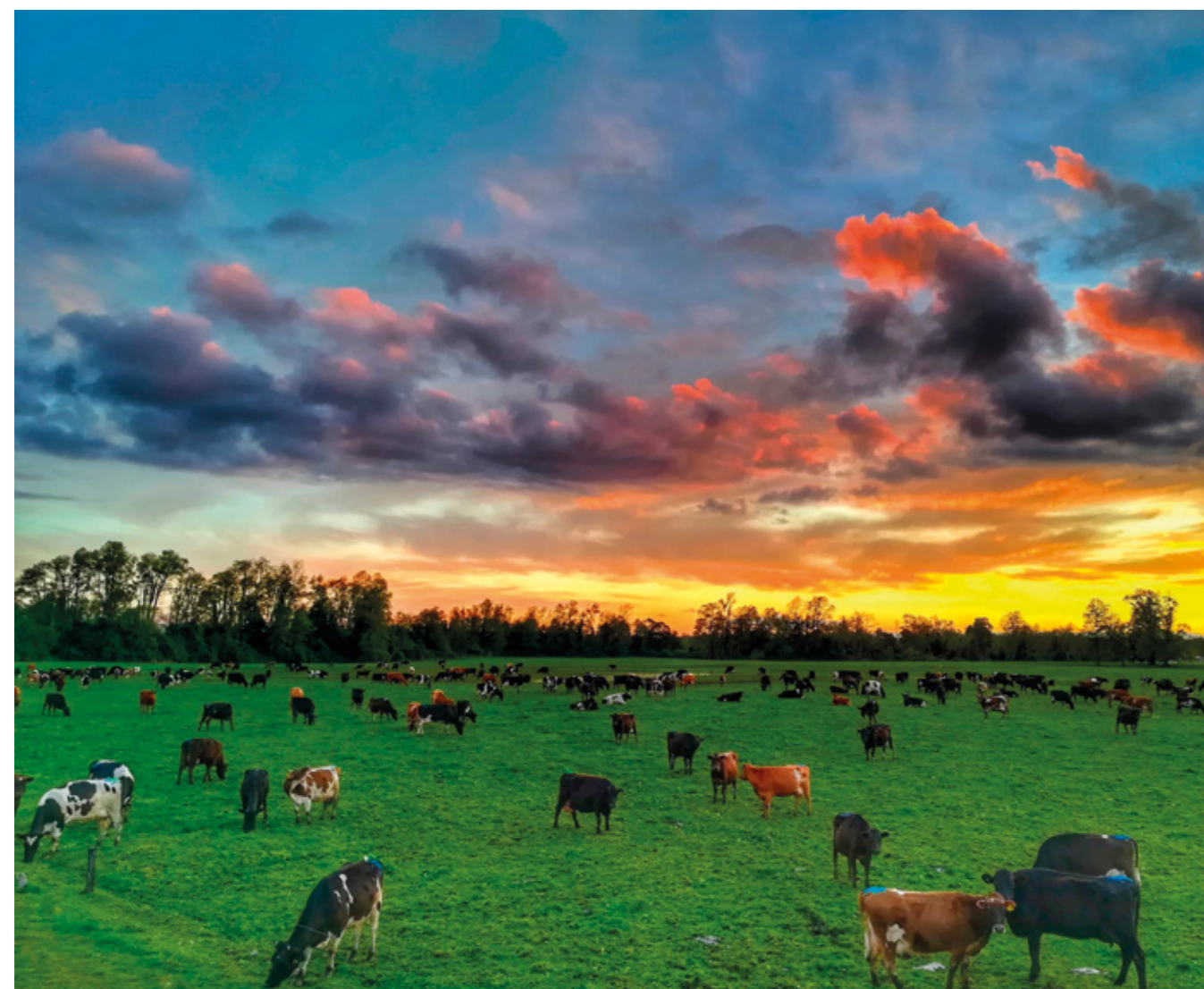
**5 percentage points over the previous season.**

**Our objective is to have 100% certified lands.**

As for animal health, the company has had an important achievement in the control and eradication of infectious diseases such as:

- Brucellosis, 100% of certified free fields.
- Tuberculosis, 98% of certified free farms.
- Leukosis, 32% certified free of the disease.

*\* The Program of Animal Facilities under Official Certification (PABCO) is a certification made by the Agricultural and Livestock Service (SAG), being the only official certification granted by the State of Chile. Its high standards allow the export of certified products to the European Union, one of the importers with the highest food safety standards in the world.*



Transferring our knowledge

We want to share our experience and knowledge of dairy production. For this reason, every season, we receive national and international visitors in our fields. They receive training and are accompanied by Manuka tutors in the process of learning from our model.

The 2019-2020 season was marked by the pandemic, for which some of these programmes were not carried out. However, we can highlight the visit organised by CREA Argentina\*, in which approximately 10 people participated, and the Technology Transfer Group (GTT)\*\*, in which 15 people participated.

*\* CREA Argentina is a non-profit civil association made up and run by agricultural entrepreneurs who meet in groups to share experiences and knowledge.*

*\*\* GTT are groups of farmers who meet to share good practices on technology transfer.*



# CREATING SOCIAL VALUE

## RELATIONSHIP BUILDING WITH THE COMMUNITY

We are committed to being a relevant actor towards our stakeholders, to which we try to be a good corporate citizen, acting with transparency, ethics, and respect, opening channels for honest dialogue, and building long-term relationships of trust.

To achieve this objective, we are working on the development of a Community Citizenship Policy, and we are also developing a Community Diagnosis, with the support of an external consultant, to build constant and structured connection mechanisms under a strategy that allows us to consolidate our social license.

We endeavour to be a good corporate citizen with transparent, ethical, and respectful actions.

We are committed to being a relevant actor towards our stakeholders, to which we try to be a good corporate citizen, acting with transparency, ethics, and respect



Our stakeholders are defined through an evaluation that combines territory variables - where we operate - and through our Corporate Citizenship Program, one of which objectives is: "to generate a relationship of trust and sustainability over time with our stakeholders."

STAKEHOLDERS	PARTICIPATION THROUGH	FREQUENCY OF PARTICIPATION	KEY ISSUES	HOW DO WE RESPOND TO KEY ISSUES?
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Corporate volunteering</li> <li>• Special activities</li> <li>• Events</li> <li>• Internal communications</li> </ul>	<ul style="list-style-type: none"> <li>• According to schedule or specific needs</li> </ul>	<ul style="list-style-type: none"> <li>• Professional development</li> <li>• Work climate</li> <li>• Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Training on soft and technical skills</li> <li>• Internal promotions, work climate survey, and action plan</li> <li>• Risk prevention monitoring, visits, and workshops</li> </ul>
<b>SHAREHOLDERS</b>	<ul style="list-style-type: none"> <li>• Annual Meeting</li> <li>• Annual visits</li> <li>• Annual reports</li> <li>• Participation in committees</li> <li>• Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>• According to schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Business profitability and management</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly board meetings</li> <li>• Monthly management reporting</li> <li>• Key areas committee meetings to evaluate progress</li> <li>• Sustainability Report</li> </ul>
<b>COMMUNITY</b>	<ul style="list-style-type: none"> <li>• Neighbourhood council meetings</li> <li>• Activities</li> <li>• Projects</li> <li>• Active listening channel</li> </ul>	<ul style="list-style-type: none"> <li>• According to needs</li> </ul>	<ul style="list-style-type: none"> <li>• Education</li> <li>• Environment protection</li> <li>• Promoting rural life</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Joint activities</li> <li>• Projects</li> <li>• Complaints and suggestions channel</li> <li>• Corporate citizenship programme</li> <li>• Donations</li> </ul>
<b>TRADE ASSOCIATIONS</b>	<ul style="list-style-type: none"> <li>• Membership and participation</li> </ul>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the Dairy Industry</li> </ul>	<ul style="list-style-type: none"> <li>• Joint activities and projects</li> </ul>
<b>LOCAL AUTHORITIES</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Work plans</li> </ul>	<ul style="list-style-type: none"> <li>• According to needs</li> </ul>	<ul style="list-style-type: none"> <li>• Development of Dairy Industry</li> <li>• Promoting rural life</li> <li>• Environment protection</li> <li>• Education</li> </ul>	<ul style="list-style-type: none"> <li>• Joint activities and projects</li> </ul>
<b>REGULATORY AUTHORITIES</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Work plans</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting high standards of animal welfare</li> <li>• Harmlessness of the product and sustainable production</li> </ul>	<ul style="list-style-type: none"> <li>• Audits</li> <li>• Meetings to present work plans</li> </ul>
<b>MEDIA</b>	<ul style="list-style-type: none"> <li>• Commercial Participation</li> <li>• Expert Notes</li> <li>• Monthly Columns</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> </ul>	<ul style="list-style-type: none"> <li>• Display the company management</li> <li>• Generate interest in the dairy industry</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly columns</li> <li>• Expert notes</li> <li>• Participation in special editions, radio podcasts, etc.</li> </ul>
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly or as needed</li> </ul>	<ul style="list-style-type: none"> <li>• Harmlessness of the product</li> <li>• Milk price</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings to review issues of mutual interest</li> <li>• Platform for suggestions and complaints</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>• Meetings and training</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly or as needed</li> </ul>	<ul style="list-style-type: none"> <li>• Processes according to regulations</li> <li>• Convenient prices</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings to review issues of mutual interest</li> <li>• Platform for suggestions and complaints</li> </ul>
<b>FINANCIAL INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Face-to-face meetings annual</li> <li>• Ongoing dialogues</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly or as needed</li> </ul>	<ul style="list-style-type: none"> <li>• Growth plan financing</li> <li>• Business profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> </ul>

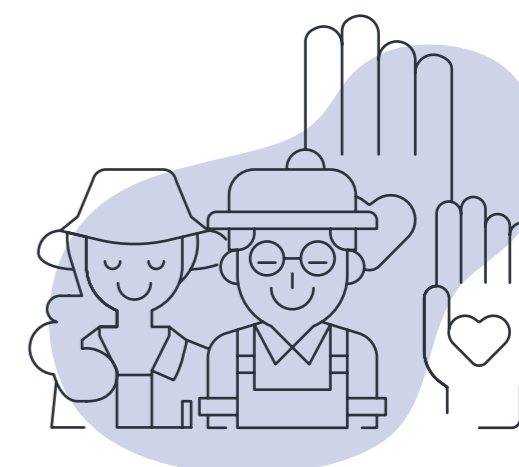


**The principles that guide our community relationship are:**

To promote relationships of respect and trust with the various stakeholders present in our local communities.

To participate proactively as a social actor committed to the sustainable development of the territory.

Fostering channels of dialogue with our local communities.



## BOOSTING COMMUNITIES

We seek to be a real contribution to our communities and to contribute to the sustainable development of the inhabitants of the communities in which we are present, for which we designed our Corporate Citizenship Program based on three main focuses:

1. Education
2. Environment\*
3. Promoting rural life





### Tres Hojas Foundation

From Manuka, we seek to enhance the development of the dairy sector for the whole region, sharing knowledge and experiences around the grazing system. Since it is a very technical and specific procedure, we consider that the most efficient way to approach it is through training.

To face this challenge in March 2019, we inaugurated the Southern Dairy Training Centre, which operates as an OTEC (Technical Training Organization) and through which we are channelling the Tres Hojas Foundation activities. The Tres Hojas Foundation was created after the Southern Dairy Training Centre.

With the implementation of the Foundation we expect to open up to the entire Region by becoming a change driver promoting rural development and contributing to the professionalisation of the dairy industry in the south of Chile through study programs relevant to the work.



### Education Promoting Programs

- We support Fundación La Fuente's Bibliomóvil initiative, which aims to bring reading opportunities to remote rural areas that have no other book lending services. To operate it, classrooms and social centres are converted into libraries once a week.
- We support Fundación Integra's Jardín Sobre Ruedas Kindergarten initiative, which provides free nursery education to children in remote rural and urban areas. Manuka provides proper room and transportation so that on Fridays, the day this mobile garden arrives in our town, children can have access to it and enjoy this educational space.
- Tres Hojas Foundation, through the Dairy Training Centre.

\* Projects related to this focus will be dealt with in the Environmental Sustainability chapter.

### Our training objectives are:

- To be a reference in technical education on the dairy farming system based on grazing.
- To seek the integral formation of people so that they achieve progress in their competences and abilities and, in this way, improve their employability.
- Through knowledge, achieve change in people, thus generating an increase in the competitiveness of dairy farms.

Likewise, with the implementation of the Foundation, we also seek to attract and retain talent in the rural areas of southern Chile to promote the local economy. In the last few years, the migration of people from the countryside to the big cities has been increasing; municipalities such as Puerto Octay (among others) have seen their population and school enrolment decrease, so this type of initiative helps to revalue rural life.

### We have developed two work lines:

**Milk Production Technical Career offered by the Technical Education Centre Los Lagos in a joint effort with Manuka:**

- Accredited by the Ministry of Education.
- Designed specifically for the Chilean dairy sector.
- First generation of students: 35 workers are studying for a degree.

### Training and Courses::

- Courses coded with Sence.
- 7 different themes.
- 15 courses carried out between September and December 2019.
- 229 workers trained between September and December 2019.

Both lines of work are open to all actors in the sector (unions, milk producers, dairy plants), in order to create value and generate new opportunities in the dairy industry through knowledge, enhancing the trade, and being a contribution to the company's employees and other workers in the field.



### Programs to promote rural life

For this purpose, we participate and invest in projects that we believe can generate a positive impact on families living in rural areas and thus promote they establish in the countryside, supporting initiatives linked to culture, sports, employability, and entrepreneurship. These activities also allow us to improve the living conditions of communities, implementing innovative, attractive, and motivating activities for the neighbours.

- We promote the development of enterprising women in Puerto Octay, with the completion of the dressmaking course in which 20 women household owners from this commune participated. The objective of this activity was to provide them with knowledge about this trade, which will allow them to generate a source of income for themselves and their families.
- Calf donation is an initiative that we started in 2014, and that also allows us to contribute to the development of local communities. As of today, we have donated about two thousand calves for small local farmers, dedicated to the breeding and fattening of cattle. They have the necessary skills and resources to raise these animals and through this donation we are giving them the possibility of keeping their business and significantly improving the quality of life of their families.
- On another note, we also promote rural life through sport-related activities. Thus in 2019, we launched the Manuka Soccer School for boys and girls in Puerto Octay, whose objective is to promote sports and recreational activities among workers and their families, as well as in the community in general. Through this initiative, we have teamed 35 children between the ages of five and twelve, who have increased their well-being and quality of life by being part of this sports space.
- Our promotion of local sports is also shown through our support to the cycling team Club Tiger Sport. The team seeks to be the best in the Mountain Bike category and route at a regional, national, and international level. We have been sponsoring this activity since 2017.



The monthly sales of the Emporium exceed

**3,000**

kilos of cheese, whose consumption is distributed in 1/3 by our collaborators and 2/3 to external clients.



**POINT OF SALE "EMPORIO MANUKA"**

We currently commercialize two varieties of cheese (Chanquito Manuka and Buttery Laguna Bonita), both are made with 100% Manuka milk in two cheese factories of the area Chanquito is made in a plant located in Quilanto, and Laguna Bonita in a plant

located in Casma. With both cheese plants we are initiating a support and cooperation program in order to move forward in implementing of a support program to help them obtain a system of quality assurance in productive processes (BPM & HACCP).



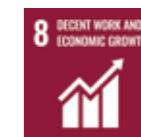
**LOCAL EMPLOYMENT**

The creation of local employment is one of the aspects that distinguishes us as a company, being recognised for our ability to generate development opportunities and create spaces for growth for the local community. This is one of the points that are most highly valued by community members, who were consulted in the preparation of the Community Diagnosis, highlighting the importance of the company for the employability of local inhabitants because of the jobs its generates.

The fact that most of our employees are part of the environment in which we develop our operations promotes a culture of belonging and closeness, which favours their welfare, the management of their work, and contributes positively to the results we achieve as a company.



We currently have 439 workers that live in the Los Lagos Region and 34 that live in the Los Rios Region, which translates into an 87% of local staff.



**SUPPORTING LOCAL SUPPLIERS**

The encouragement and support we give to local suppliers are also a highlight of our committed work towards the community and the local economy. We purchase 81% of our products from local suppliers, thus contributing to the economic development of the area.

**Supplier Development Program**

To improve the management quality, productivity, sustainability, and competitiveness of our suppliers, during May 2020, we called a group of suppliers to participate in the Supplier Development Program.

The beneficiaries were representatives of small and medium-sized companies from the productive, commercial, and service sectors that makeup Manuka's value chain, whom we seek to impact by contributing to the continuous improvement of their businesses.

For this purpose, we held five training workshops, in which different areas of the company participated, covering the following topics:

- Work Safety
- Commercial Management
- Environment
- Labour Practices
- Accounting and tax aspects

This program was implemented as a pilot project, registering the participation of approximately 10 suppliers or service providers in each workshop, with whom we want to build solid long-term and mutually beneficial alliances. Our goal is to continue this program, incorporating new companies.



### SHARING EXPERIENCES

Manuka firmly believes in the value of sharing experiences and knowledge. The Cooperative Campos Australes was born in 2019, led by the Sociedad Agrícola Ganadera de Osorno (SAGO) and Manuka, because we trust that the cooperative spirit can add to the development of the dairy industry.



### Campos Australes Cooperative

Campos Australes was born from the idea of an association project lead by the Sociedad Agrícola y Ganadera de Osorno (SAGO) and Manuka in 2016. From then on several local dairy producers were invited to be a part of the Project.

Initially it was formed as a society by shares, and in november of 2019 it formalized as a cooperative forming what is today knowed as Campos Australes.

The main objective of the cooperative, is to support the economic stability of local producers by allowing them to have a greater negotiating power, maximizing Sinergies between farmers and encouraging vertical integration, with the intention of having them as part of the whole productive chain.

The productive model of the producers is fundamentally based on the pasture model, many of them on the process of certifying "Grass-fed", delivering maximum milk quality and abiding by all sanitary measures demanded by national and international markets.

The challenge of the cooperative in the long term is to create added value for the product, having a plant of its own and comercializing dairy products.

Campos Australes in figures:



# ENVIRONMENTAL SUSTAINABILITY



We are committed to managing the natural resources of our fields in a responsible manner. We have 5,130 hectares of the native forest made up of a wide variety of trees and shrubs, which we care for and preserve in a respectful manner, and always in compliance with current legal regulations.

We recognise the value and importance that this natural wealth has for the ecosystem. For this reason, we consider carrying out a reforestation plan and thus contribute to the preservation of our environment:

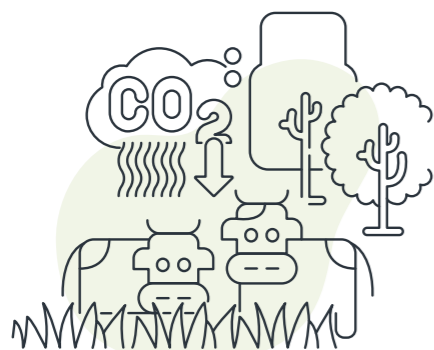
1. We are currently evaluating a reforestation project with native trees in all those areas of our land where it is not possible to plant meadows. The challenge is to execute the first stage during the 2020-2021 season.
2. Project aimed at designing and building an ecological nature trail in a joint effort with the community in an area of more than 2 hectares, at the junction of the Coihueco and Rahue rivers.

Also, we seek to minimise the negative impact that production processes may have on the soil, watercourses, flora, fauna, and landscape that make up our environment.

Thus, we strengthen our commitment to improve our environmental performance by complying with the UN Sustainable Development Goals.







During season 2019-20 our consumption of Kwh/ton of milk solids was reduced in an 7,8% vs. Last season.

**EMISSIONS**

The company has measured the carbon footprint in some of its dairies.

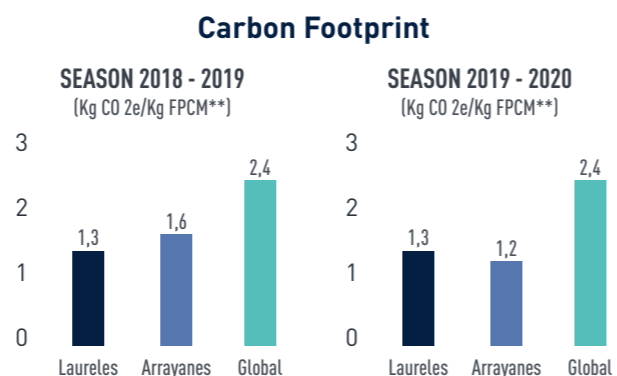
This measurement shows that through the grazing technique we use, we can generate around 40% fewer greenhouse gases for each kilo of milk produced if compared to the average emissions generated by one kilo produced globally.

Our cows are permanently outdoors feeding on grass, for which we rotate the meadows and have the cows mowing the grass at the time the grass reaches highest nutritional level thus helping the grass growth promotion as well.

The grass absorbs and sequesters the carbon in the soil since grazing is one way to mitigate gas emissions, as indicated by the Intergovernmental Panel on Climate Change (IPCC)\*.

After measuring our carbon footprint in the 2018-2019 season, we are faced with the challenge of applying the methodology for calculating the balance between the carbon footprint and carbon sequestration associated with milk production, the results of which we hope to obtain by 2021.

We also want to highlight the considerable advance of Arrayanes, where we lowered emissions from 1,6 to 1,2.



\* According to the IPCC, sustainable land management can even prevent soil degradation, maintain productivity, and reverse the adverse impacts of climate change, for example, through the capture of CO2 by grasslands.  
 \*\* FPCM corresponds to Kg of milk corrected for fat and protein.



**ENERGY**

Consistent with our mission and values, we work consistently to reduce energy consumption. During the last season, we carried out various actions aimed at achieving this objective.

- We encourage the use of clean energy such as solar heaters. We currently have 9 dairies that use this technology to heat the water with which we wash the milking equipment and milk tanks. Our commitment is to continue advancing in this area, for which each new project will incorporate this system.
- We adjust the milking times to reduce energy consumption during peak hours.
- We train our employees in the proper use of energy so that they are more efficient in the work of the dairy.
- We implemented the use of LED bulbs for new projects and the replacement of old lights. Thus, we currently have 56% led lighting.
- Our goal is to reduce by 10% our energy consumption expressed in Kwh/ton of solid dairy. when will be achieving this goal (2 seasons)

**ENERGY CONSUMPTION \***

	SEASON 2018-2019		SEASON 2019-2020		VARIATION OF ENERGY CONSUMPTION Kwh/TON OF MILK
	Kwh	Kwh/TON OF MILK SOLIDS	Kwh	Kwh/ON OF MILK SOLIDS	
Energy from fossil fuels	931.147	73	1.227.103	88	20,8%
Electricity	7.397.358	582	7.212.344	517	-11,2%
<b>TOTAL CONSUMPTION OF NON RENEWABLE ENERGY</b>	<b>8.328.505</b>	<b>655</b>	<b>8.439.446</b>	<b>605</b>	<b>-7,7%</b>
<b>TOTAL CONSUMPTION OF RENEWABLE ENERGY</b>			<b>47.007</b>	<b>3</b>	
<b>TOTAL ENERGY CONSUMPTION</b>	<b>8.328.505</b>	<b>655</b>	<b>8.486.453</b>	<b>608</b>	<b>-7,2%</b>

\* Considering oil consumption in generators. Data not included in the 2019 report, for the previous season. The 2019-2020 season includes the 3 new milking parlours.



**WASTE**

We have increased our commitment to waste management. We would like to highlight the effort made by our administration to increase the resources involved in these processes, which has allowed us to increase the amount of recycled waste and invest in training and the necessary infrastructure to carry out this objective.

As of 2015, generators and recipients of industrial waste must declare their non-hazardous solid waste in the National Waste Declaration System (SINADER) of the Pollutant Release and Transfer Register (PRTR). As a company, we have made all the declarations through this platform. In addition, hazardous waste (Respel) is declared to the System of Declaration and Monitoring of Hazardous Waste (SIDREP) which is audited annually by the Health Authority.

However, we have wanted to go beyond the requirements of the current regulations, working to promote the reuse and recycling of containers and packaging of our main inputs, through agreements with major suppliers.

We also involve the community in some of these processes. We pass on to them our motivation to reduce the impact of our activities on the environment and integrate them into this challenge, realising and taking charge of the cultural change that this requires.

**We promote several initiatives to encourage recycling in our environment:**

- We generate recycling campaigns by installing collection points in the strategic facilities of the company (casino, administration, offices, school, and post) and contract a waste recycling collection company for final classification and disposal.
- We carried out training and recycling workshops addressed to employees and community members to incorporate them into our waste management plans.
- We delivered containers to the Neighbourhood Associations, school, and the Primary Healthcare Centre to get involved in the recycling process.
- We encouraged our suppliers to work on this issue and comply with the REP Law.
- We identified the plastic of the boluses of the complementary feeding we give to our cows, as our biggest waste generated, so we are working together with Osorno's base recyclers, to collect this material, separate it and recover as much as possible for recycling.

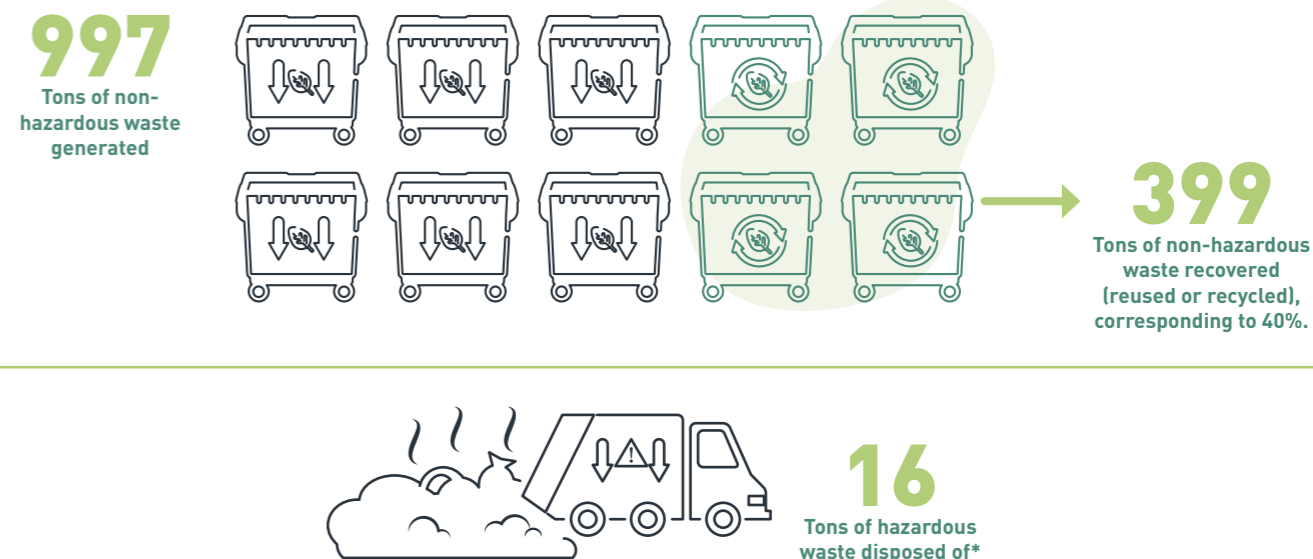
**SUSTAINABILITY RECOGNITION FOR DIARIES 2020**



The Nestlé company recognised us for our contribution to sustainability. This distinction rewards outstanding producers for good environmental practices in dairy farms, where Sala Esperanza was widely recognised for recycling 75% of the bolus and maxi-block plastics used. In addition, it stood out for the use of solar heater for washing equipment and the use of slurry as fertiliser. A great achievement for our company since 60 producers applied for this recognition, being only three of them awarded in Osorno, among which Sala Esperanza was included.



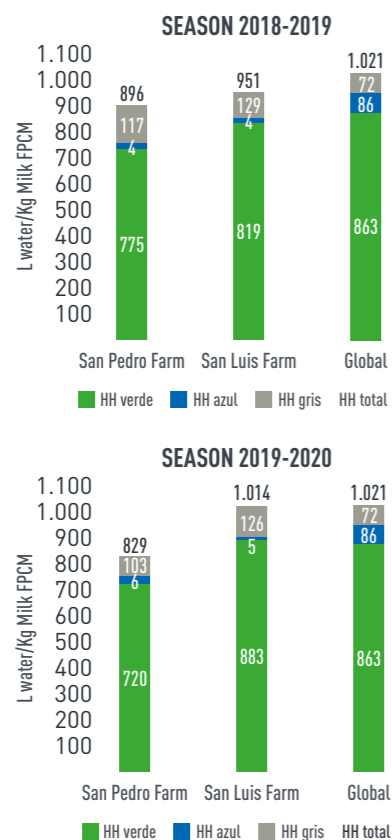
**Waste Figures for 2019-2020 Season**



\* Mainly containers of agrochemicals, oils and lubricants and cutting material, which were transported to authorised companies for treatment.



**Water Footprint**



**WATER**

At Manuka, we are constantly looking for mechanisms that will allow us to save on water consumption, understanding that this is a vitally important resource for milk production and that it is becoming increasingly scarce.

Our production model does not contemplate the use of irrigation, and we use rainwater for the development and maintenance of our pastures, allowing us to greatly minimise our impact in this area.

The highest consumption of water figure is for drinking water for cows, and people, and the water required to wash the equipment and cover other needs. This water is obtained through deep wells located in each production centre.

In order to control and manage this latter consumption, we are currently implementing water meters, which will allow us to identify opportunities to reduce consumption.

**Effluent management**

We undertake the management of the dairy slurry, which we use as fertiliser in the meadows, identify risk areas and record the applications of each centre. Our objective is to use them observing a maximum limit of applications and define the sectors to do it.

To deepen our knowledge on this subject, in January 2020, we held a course at the Agricultural Research Institute (INIA) on the use and management of slurry, in which more than 70 professionals and technicians from the company's productive and agronomic areas participated.

Through this training, we received theoretical and practical knowledge to make optimal use of the slurry in our dairy farms, strategic use of water, and make use of the nutrients contained in a concept of a circular economy.



# APPENDICES

## MATERIAL MANAGEMENT APPROACHES

MATERIAL ISSUE	WHY IT IS MATERIAL FOR MANUKA	HOW WE MANAGE IT	MANAGEMENT INDICATORS	IMPACT ON
<b>CAREER DEVELOPMENT</b>	The success of our production model is linked to the skills of our employees and their professional growth.	<p><b>We develop based on meritocracy:</b></p> <ul style="list-style-type: none"> <li>• Training program.</li> <li>• Career development plan.</li> <li>• Performance appraisals.</li> </ul>	<ul style="list-style-type: none"> <li>• Average training hours.</li> <li>• Percentage of trained workers.</li> <li>• Average length of service.</li> <li>• Employees turnover.</li> <li>• Number of internal promotions.</li> <li>• Number of workers appraised by job category.</li> </ul>	The main impact is on our collaborators.
<b>WORKING CONDITIONS</b>	Our people are our main capital; consequently, we must ensure that their working conditions are optimal so that they can perform in the most favourable conditions.	<p><b>To generate good working conditions, we provide:</b></p> <ul style="list-style-type: none"> <li>• Benefits plan.</li> <li>• Management of working climate.</li> <li>• Health and safety at work management system.</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of use of benefits.</li> <li>• Climate survey results.</li> <li>• Number of labour-related accidents.</li> <li>• Number of occupational diseases.</li> </ul>	We directly impact on our collaborators, and indirectly, their loved ones, thus constituting the Manuka Family.
<b>ANIMAL WELFARE</b>	Animal Welfare Indicators show respectful handling of cows with low rates of disease, good living conditions for the cattle and a constant concern to make workers aware of the importance of treating animals well.	<p><b>Contamos con:</b></p> <ul style="list-style-type: none"> <li>• Protocols offering guidelines to treat animals well.</li> <li>• Training activities addressed to workers dealing with animal welfare.</li> </ul>	<ul style="list-style-type: none"> <li>• Cows longevity.</li> <li>• Percentage of workers trained in animal welfare.</li> <li>• Percentage of mastitis.</li> <li>• Percentage of lameness.</li> <li>• Compliance audits results.</li> </ul>	The impact is on our animals and our employees.
<b>SUSTAINABLE PRODUCTION</b>	Our production model generates economic sustainability and allows us to generate low CO2 emissions, contributing to climate change.	<p><b>Through the implementation of the New Zealand model of grazing:</b></p> <ul style="list-style-type: none"> <li>• Systematic and precise grassland production system.</li> <li>• Pastureland rotation.</li> <li>• Strategic grass 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 feeding in permanent meadows.</li> </ul>	Internal impact on our business and low external impact on the environment.
<b>FOOD SAFETY AND QUALITY</b>	One of Manuka's strategic priorities is to produce high-quality milk because we are aware of our contribution to healthy eating.	<p><b>Our milk production process is based on:</b></p> <ul style="list-style-type: none"> <li>• Animal traceability.</li> <li>• Specific protocols for all processes.</li> <li>• Preventive vaccination programme.</li> <li>• Use of vitamins, minerals, and deworming.</li> <li>• PABCO certifications.</li> </ul>	<p><b>Quality indicators:</b></p> <ul style="list-style-type: none"> <li>• Solids per litre of milk.</li> <li>• Average somatic cell count (cells/ml).</li> <li>• Average number of colony-forming units (un/ml).</li> <li>• Percentage of farms certified by PABCO.</li> </ul>	Our impact is generated both externally and internally, being our workers responsible for the implementation of these protocols.

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**MATERIAL MANAGEMENT APPROACHES**

MATERIAL ISSUE	WHY IT IS MATERIAL FOR MANUKA	HOW WE MANAGE IT	MANAGEMENT INDICATORS	IMPACT ON
<b>BECOME AN INDUSTRY LEADER</b>	Manuka has assumed the role of being a reference in dairy production field using a low cost and sustainable system. We seek to share our knowledge, to improve it and make it increasingly successful.	<p><b>We develop different opportunities for knowledge sharing:</b></p> <ul style="list-style-type: none"> <li>• Campos Australes Cooperative.</li> <li>• Tres Hojas Foundation and Lechero del Sur Training Centre.</li> <li>• Internships in our fields.</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperative association impact (number of members, milk production, etc.).</li> <li>• Results of the Training Centre.</li> <li>• Number of visits.</li> </ul>	We impact mainly on the dairy industry and the related stakeholders.
<b>OUR CONTRIBUTION TO THE COMMUNITY</b>	We are aware of the impact our company has on the environment, being one of the main companies in the area that contribute to its economic and social development.	<ul style="list-style-type: none"> <li>• Communication relationship policy.</li> <li>• Diagnosis of the communities.</li> <li>• Corporate citizenship handbook.</li> <li>• Projects to support education.</li> <li>• Projects to promote rural life.</li> <li>• Emporio Manuka.</li> <li>• Local employment.</li> <li>• Support for local suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint evaluation of our projects with the community.</li> <li>• Emporium sales.</li> <li>• Percentage of local workers.</li> <li>• Percentage of purchases from local suppliers.</li> </ul>	We mainly impact on the neighbouring communities of the Los Lagos Region.
<b>BIODIVERSITY</b>	Protection of biodiversity in our fields is a priority in the industry.	By providing proper care to native forests and searching for projects to promote the preservation of species.	<ul style="list-style-type: none"> <li>• Quantity of native forest hectares.</li> </ul>	External impact on the environment.
<b>WASTE MANAGEMENT</b>	We take care of the impact generated by our waste, mainly plastic materials.	Development of a waste management system, involving the communities from early stages.	<ul style="list-style-type: none"> <li>• Percentage of waste reused and recycled.</li> <li>• Tons of waste per method of disposal.</li> </ul>	Waste is generated both internally and externally.
<b>WATER MANAGEMENT</b>	Water management is a priority issue for the dairy industry.	Our main water source is rain, and the minimum percentage is obtained from deep water wells.	<ul style="list-style-type: none"> <li>• Water extraction.</li> <li>• Water consumption.</li> </ul>	The main impact is on water resulting from the water consumption by both workers and animals, as well as water used in the washing of machinery and facilities.

**GRI INDEX**

GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>102 ORGANIZATION PROFILE</b>	102-1 Name of organization.	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.	12.
	102-5 Ownership and legal form.	Back cover.
	102-6 Market served.	12; 15.
	102-7 Scale of organization.	14; 15.
	102-8 Information on employees and other workers.	19.
	102-9 Supply chain.	We have 90 suppliers, of which 82 are local suppliers. 70% of purchases are related to livestock feed, mainly fertilizers and concentrates.
	102-10 Significant changes to the organization and its supply chain.	Five (5) new meadows have been opened.
	102-11 Precautionary Principle or approach.	44.
	102-12 External initiatives.	10.
	102-13 Membership of associations.	10.

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**GRI INDEX**

GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>102</b> STRATEGY	102-14 Statement from senior decision-maker.	3; 4; 5.
<b>102</b> ETHICS AND INTEGRITY	102-16 Values, principles, standards and norms of behaviour.	10; 12; 18.
	102-17 Mechanisms for advice and concerns about ethics.	12.
<b>102</b> GOVERNANCE	102-18 Governance Structure.	16; 17.
	102-19 Delegating authority.	17.
	102-20 Executive-level responsibility for economic, environmental and social topics.	17.
	102- 22 Composition of the highest governance body and its committees.	16; 17.
<b>102</b> STAKEHOLDER ENGAGEMENT	102-40 List of stakeholders groups.	36.
	102-41 Collective bargaining agreements.	20.
	102-42 Identifying and selecting stakeholders.	36.
	102-43 Approach to stakeholder engagement.	36.
	102-44 Key topics and concerns raised.	36.

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**GRI INDEX**

GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>102</b> REPORTING PRACTICE	102-45 Entities included in the consolidated financial statements.	As a closed corporation we are not required to report the company's financial statements.
	102-46 Defining report content and topic boundaries.	6; 8; 9; 53; 54.
	102.47 List of material topics.	9.
	102-48 Restatements of information.	In case of restatements of information, an explanation is incorporated.
	102-49 Changes in reporting.	6.
	102-50 Reporting period.	6.
	102-51 Date of most recent report.	6.
	102-52 Reporting cycle.	6.
	102-53 Contact point for questions regarding the report .	Back Cover.
	102-54 Claims of reporting in accordance with GRI standards.	6.
	102-55 GRI content index.	55; 56; 57; 58; 59; 60; 61; 62; 63.
	102-56 External assurance.	No external assurance was performed.

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**GRI INDEX**

GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>CAREER DEVELOPMENT</b>		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 53.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>404 TRAINING AND EDUCATION 2016</b>	404-1 Average hours of training per year per employee.	22.
	404-2 Programs for upgrading employee skills and transition assistance programs.	22.
	404-3 Percentage of employees receiving regular performance and career development reviews.	22.
<b>401 EMPLOYMENT 2016</b>	401-1 New employee hires and employee turnover.	20.
<b>SELF-DEFINED INDICATOR</b>	M1-1 Average length of service.	21.
	M1-2 Number of internal promotions.	21.
<b>WORKING CONDITIONS</b>		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 53.
	103-2 The management approach and its components.	53; 54.
	103-3 Evaluation of the management approach.	53; 54.
<b>401 EMPLOYMENT 2016</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.	23.
<b>SELF-DEFINED INDICATOR</b>	M2-1 Percentage of use of benefits.	23.
	M2-2 Working climate survey results.	24.

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**GRI INDEX**

GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>WORKING CONDITIONS</b>		
<b>403 OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-1 Occupational health and safety management system.	25.
	403-2 Hazard identification, risk assessment and incident investigation.	25.
	403-4 Worker participation, consultation and communication on occupational health and safety.	25.
	403-5 Worker training on occupational health and safety.	26.
	403-8 Workers covered by an occupational health and safety management system.	25.
	403-9 Work-related injuries.	26; 27.
	403-10 Work-related ill health.	26; 27.
<b>SUSTAINABLE PRODUCTION</b>		
<b>GRI 103: MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>SELF-DEFINED INDICATOR</b>	M3-1 Tons of MS/Hectare.	28.
	M3-2 Efficiency levels in kg MS/Kg. SL.	29.
	M3-3 Percentage of feeding on permanent grassland.	29.

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**GRI INDEX**

GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>ANIMAL WELFARE</b>		
<b>GRI 103:</b> <b>MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>SELF-DEFINED INDICATOR</b>	M4-1 Cow longevity.	30.
	M4-2 Percentage of workers trained on animal welfare.	30.
	M4-3 Percentage of mastitis.	30.
	M4-4 Percentage of lameness.	30.
<b>FOOD SAFETY AND QUALITY</b>		
<b>GRI 103:</b> <b>MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>SELF-DEFINED INDICATOR</b>	M5-1 Solids per litre of milk.	32.
	M5-2 Average somatic cell count (cells/ml).	32.
	M5-3 Average number of colony-forming units (one/ml).	32.
	M5-4 Percentage of PABCO-certified land.	32.
	M5-5 Percentage of certified land free from brucellosis, tuberculosis and leukosis.	32.

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GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>INDUSTRY LEADERSHIP</b>		
<b>GRI 103:</b> <b>MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>SELF-DEFINED INDICATOR</b>	M6-1 Cooperative impact (number of members, milk production, etc.).	42.
	M6-2 Training Centre results.	39.
	M6-3 Number of external visits.	33.
<b>CONTRIBUTION TO COMMUNITY</b>		
<b>GRI 103:</b> <b>MANAGEMENT APPROACH</b>	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>413 LOCAL COMMUNITIES 2016</b>	413-1 Operations with local community engagement, impact assessments and development programs.	38; 39; 40; 41.
<b>203 INDIRECT ECONOMIC IMPACTS 2016</b>	203-1 Infrastructure investments and services supported.	38; 39.
	203-2 Significant indirect economic impacts.	41.
<b>204 PROCUREMENT PRACTICES 2016</b>	204-1 Proportion of spending on local suppliers.	41.

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GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>ENVIRONMENTAL SUSTAINABILITY AND BIODIVERSITY</b>		
<b>GRI 103:</b> MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>304 BIODIVERSITY 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to protected areas or areas of high biodiversity value outside protected areas.	44.
	304-3 Habitats protected or restored.	44.
<b>SELF-DEFINED INDICATOR</b>	M7-1 Carbon Footprint calculated as Kg CO2e / KG of milk corrected for fat and protein.	46.
<b>302 ENERGY 2016</b>	302-1 Energy consumption within the organization.	47.
	302-4 Reduction of energy consumption.	47.
<b>WASTE MANAGEMENT</b>		
<b>GRI 103:</b> MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>306 EFFLUENTS AND WASTE 2016</b>	306-2 Waste by type and disposal method.	49.

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GENERAL DISCLOSURES		
GRI STANDARD	DISCLOSURE	PAGE / COMMENT
<b>WATER MANAGEMENT</b>		
<b>GRI 103:</b> MANAGEMENT APPROACH	103-1 Explanation of the material topic and its boundary.	53; 54.
	103-2 The management approach and its components.	53; 54.
	103-2 Evaluation of the management approach.	53; 54.
<b>303 WATER AND EFFLUENTS 2018</b>	303-1 Interactions with water as a shared resource.	50.
	303-2 Management of water discharge-related impacts.	50; 51.
	303-3 Water withdrawal.	50.
	303-5 Water consumption.	50.

