



# Sustainability Report 2022

SEASON JULY 2021 • JUNE 2022



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# CHAIRMAN'S MESSAGE



Henry van der Heyden

At Manuka, we strive to create value around us by doing what we are passionate and best at – a sustainable milk production system.

In a world where global uncertainty such as climate change, political and economic crisis can affect all four pillars of food security worldwide - Availability, Access, Utilization and Stability - it is of utmost importance to produce food in a sustainable manner. Milk is acclaimed for being a low cost nutritionally dense food, with 9 essential nutrients and an excellent source of protein - Manuka produces this essential product, for a continually growing population.

It was in 2019 when we launched our first sustainability report, and since then, we have consistently challenged ourselves to aim higher in our sustainability path.

In terms of our environmental management, through this period we have been able to improve our energy consumption indicators by increasing the amount of solar collectors available in dairy farms, now making them available in our team members houses, with 34% of our farms and 42% of houses with solar collectors.

Our community engagement is a vital pillar in our work and company management. Thus, we have been able to strengthen relationships with our neighbors and surrounding communities through this season. We have also been moving forward with our educational initiatives by boosting the Three Leaves Foundation, that now has a more sector representative board of directors. All of this, framed and guided by our sustainability strategy.

This year we have completed several important initiatives:

- The certification in Animal Welfare from the main international non-profit organization Certified Humane in 100% of our dairy farms and four of our calving sheds.
- The calculation of our total carbon footprint and certainty of its considerably lower impact vs. the worldwide average.
- The formalization of our Crime Prevention Model.
- The early achievement of our first gender equality goal.
- The investment in extending our benefits plan to all our temporary workers.
- The consolidation of our Manuka talent program.
- The finalization of 100% of our farms certified PABCO in September 2022.
- Face to face encounters with community representatives.

All of the above initiatives allow us to proudly say that we can prove our engagement with actions.

These efforts are outlined and detailed in this report, and we are grateful to all our team members and community representatives that have made these advances possible.

In terms of our growth and numbers, we continue to move forward in production, closing this season with 184 million liters produced, 58 dairy farms, 68.300 animals and 17 dry stock areas.

Finally, we are happy to state that we have consolidated a sustainability strategy that extracts our essence and represents the next chapter in our sustainability path, renewing and strengthening our dedication to do our best to contribute to the growth of Chile and its people.

# CEO'S LETTER



Moisés Saravia

This year, Manuka celebrated 17 years of operation and during this time we have gained great knowledge, though a constant process of learning, growth, and development, that has gone far beyond just production and finance. We have come a long way in our history, with conviction, to continue improving ourselves, to feel prouder everyday of who we are, what we do, and where we are moving towards.

Something similar happened when we issued our first sustainability report in 2019, challenging ourselves to raise the bar every year, and slowly discovering the potential for what we might become in the future.

That is why, for our fourth report, we wanted to focus on achieving important improvements in our different strategic areas, because we know that showing concrete actions will speak stronger than words about a real and lasting commitment towards our teams, our animals, the environment, and our neighbors.

One of the milestones of this season was undoubtedly the international certification of animal welfare in 100% of our dairies. This was the largest scale certification obtained by a dairy company in the country, and Latin America. Likewise, and no less important, we concluded our ambitious PABCO certification plan, whereby 100% of our dairies were certified.

On the other hand, and on a voluntary basis, we decided to take our carbon footprint measurement to the next level, moving from measuring only

two pilot farms to measuring our entire operation. We were delighted to discover that we emitted 44% less greenhouse gases per liter of corrected milk produced than the Global industry average. For these calculations, we applied the internationally recognized methodological guidelines, such as the Green House Gas Protocol and from the Intergovernmental Panel on Climate Change (IPCC). But this valuable information does not satisfy us completely; moreover, we want, and must, continue to move forward looking for other areas of improvement in our environmental performance.

In terms of the career development of our employees, we have great news. During the period, we generated 85 internal promotions, trained 84.7% of our employees, made a significant investment, and expanded our benefit plan to our more than 190 seasonal employees, since they are also a fundamental part of our organization. We met our first gender equity goal ahead of schedule, reaching 20% of women within the company. We also created the Culture Committee to find the mission and vision that truly represent us all in the present. We also focused on developing the profile of the Manuka leader, and developed a number of new activities and efforts for internal and external relations.

As with individuals, companies also grow and evolve, and today, Manuka is certainly a true reflection of its people, committed and passionate about what they do.

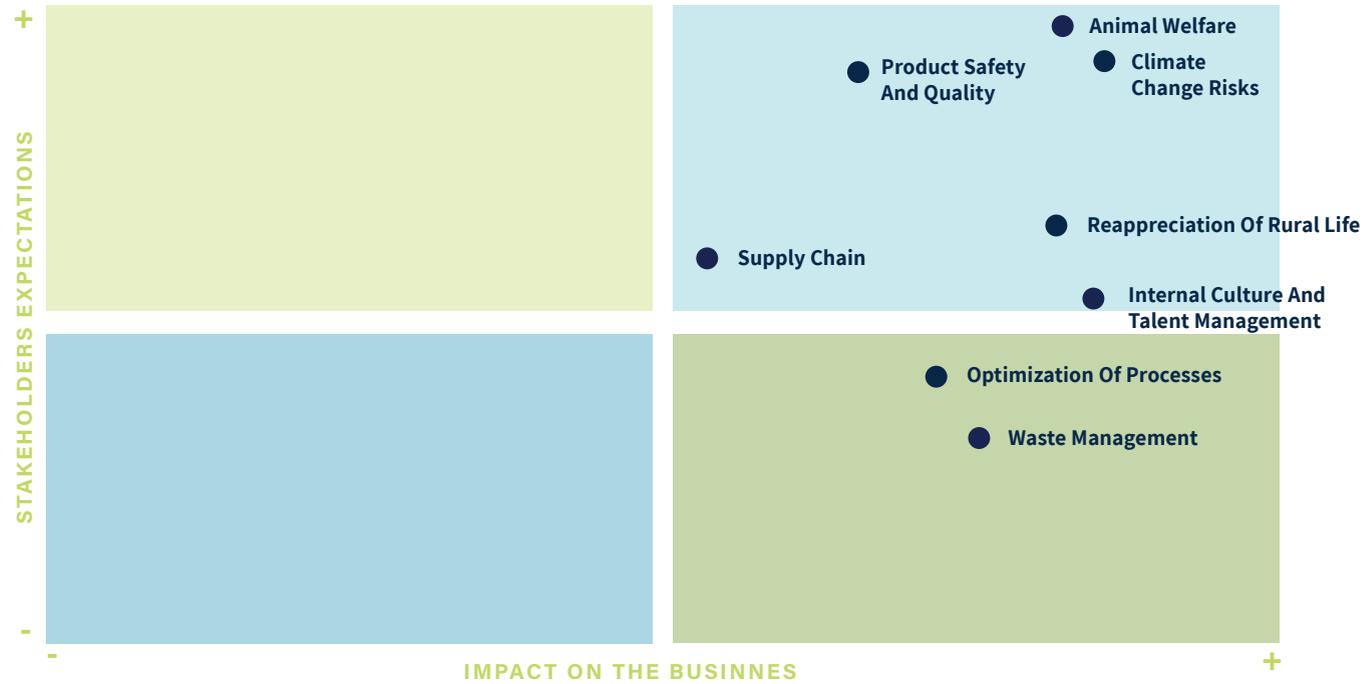
# ABOUT THIS REPORT

This document corresponds to our fourth sustainability report, the third one under the GRI methodology, and is aimed to inform our stakeholders about our economic, social and environmental performance during the period July 1, 2021 - June 30, 2022. Moreover, we want to communicate our progress and challenges in sustainability, focusing on the material issues jointly defined with our stakeholders and in consideration of the context of our company.

This report is in line with the GRI Standards in its Essential option. The process to define the contents considered the review of corporate documentation, as well as 11 internal and 9 external interviews to stakeholders. In addition to this, a benchmark of material issues within the dairy industry worldwide, as well as sustainability trends was performed.

This work helped identify the preliminary material issues, that were later reviewed internally. Once the eight final issues were defined and prioritized, a matrix was designed to show the impact they have on the company and bring clarity to possible risks.

\*While the report is at the end of June 2022, there are certain contents that are updated as of the end of October 2022.



## THE PATH TO A SUSTAINABILITY STRATEGY

As we completed our fourth reporting period, as a company we have challenged ourselves to establish a clear roadmap for our sustainability journey, considering our purpose, objectives, and the pillars on which we will be focusing on.

That is why throughout this last season, we have worked on the design of a Sustainability Strategy aimed to create value as a result of our dairy operation,

focusing on what matters to us most - our people, our animals, our neighbors, and our environment, while maintaining an economically sustainable business, and considering the compliance of current national laws and regulations as a baseline.

In this regard, starting in 2023, we will be working based on the sustainability strategy as a framework of action with a vision of sustainability oriented towards the things that are most important to us, and on which we seek to have the biggest impact.

# OUR COMPANY

- About Us
- Mission And Vision
- Commitment To Sustainable Development Goals (Sdg)

# ABOUT US

**Manuka** is the largest milk producer in Chile, generating a product of the highest quality, produced in a sustainable way. We are located in the heart of the south, with operations in Los Lagos and Los Rios regions.

At **Manuka**, we want to do what we are passionate about, that is producing milk based on a model that works in harmony with nature.

We firmly believe that the dairy production in Chile based on a grazing model can have a positive impact on our country, providing food security, supporting social development and economic growth while respecting the environment.

Manuka is currently in the process of modeling the company we want to be. This process is intended to be participatory and representative, extracting the essence and input from employees to establish vision, mission and purpose, in addition to the values that will guide us in this new stage of the company. The results of this process will be shown in the sustainability report 2023.

## Vision\*

At Manuka, our vision and commitment is to generate shared value through the production of natural and sustainable milk.

## Mission\*

Our mission is to provide opportunities to the people of Southern Chile by improving and professionalizing the national dairy industry. We do this through the implementation of the New Zealand permanent pastures model.

\*Under review.

# COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (SDG)

As a part of the Global Compact Network Chile, we are committed to implementing the Ten Principles of this organization and working together to establish alliances that can contribute to the fulfillment of the 2030 Agenda and its 17 Sustainable Development Goals (SDGs). Last season, we strengthened our contribution to the SDGs, by increasing to seven the number of SDGs to which we contribute with our actions and efforts.



**Goal**

**2.2** By 2030, put an end to all forms of malnutrition.

**2.3** By 2030, double the agricultural productivity and incomes of small-scale food producers.

**2.4** By 2030, ensure the sustainability of food production systems and implement resilient agricultural practices aimed at increasing productivity and production.

**Manuka’s Contribution**

- Production of 184 million quality milk (8.59% solids per liter-average SCC\* 188,821 and CFU\*\* 12,630).

- Through Fundación Tres Hojas, we provide training to improve milk production and product quality.

- Milk is a nutrient-dense food and is one of the most economical alternatives for obtaining animal protein in the world. It contains vitamin B2 and B12, as well as minerals, calcium, phosphorus and potassium, attributes that put it in a privileged position to contribute to this SDG.

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

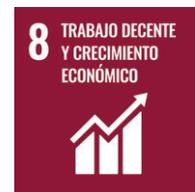


**Goal**

**4.3** By 2030, ensure that all men and women have equal access to quality technical, vocational and higher education, including university education.

**Manuka’s Contribution**

- Training program for employees.
- Through Fundación Tres Hojas, we contribute to the professional development of the dairy industry, with training and technology transfer programs with groups of national and foreign farmers or professionals related to the industry.



**Goal**

**8.2** Increase economic productivity levels.

**8.3** Promote development-oriented policies that support production activities, create good jobs, and encourage the formal establishment and growth of SMEs.

**8.8** Protect labor rights and promote a risk-free and safe working environment for all employees.

**Manuka’s Contribution**

- 85 internal promotions.
- Development program for employees.
- Occupational health and safety system.
- Benefit plan.

# COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (SDG)



## Goal

**10.2** By 2030, strengthen and promote the social, economic and political inclusion of all people, regardless of age, gender, disability, race, ethnicity, origin, religion, economic situation or other condition.

**10.3** Ensure equal opportunities and reduce inequality of outcomes, by eliminating discriminatory laws, policies and practices, and promoting appropriate legislation, policies and measures in this regard.

## Manuka's Contribution

- Initiatives that support the wellbeing of local communities driven by Manuka along with other local stakeholders.
- Support in the provision of basic services in rural areas, such as access to drinkable water, removal and disposal of household garbage, among others.



## Goal

**13.3** Improve education, awareness and human and institutional capacity for climate change mitigation.

## Manuka's Contribution

- Grazing production model with lower GHG emissions.
- 14,055 hectares of permanent grasslands.
- In 2022, we decided to measure our total corporate carbon footprint, and the result was 1.4 KgCOe/Kg FPMC of greenhouse gas emissions intensity, almost one point below the global average of 2.5 KgCOe/Kg FPMC, according to FAO data.



## Goal

**12.2** By 2030, ensure the sustainable management and efficient use of natural resources.

**12.5** By 2030, significantly reduce waste generation through prevention, reduction, recycling and reuse activities.

## Aporte de Manuka

- Environmental policy.
- Waste reduction and management program.
- Solar collectors in dairies and houses of employees.



## Goal

**15.2** By 2020, promote sustainable management of all types of forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation globally.

## Manuka's Contribution

- Protection of 5,130 hectares of native forests.
- Baseline survey of native forest to generate preservation actions.
- Quality assessment of freshwater bodies.
- Care of our waterways.
- Effluent management.

# MANUKA AT A GLANCE

5.130

hectares of native forest.

68.392

cattle (including cows, calves, and bulls).

184

million liters of milk produced during the season

13

clients

29.329

hectares in total.

\$63.311

Net milk sales for MM CLP

620

employees.

14.055

hectares of permanent grasslands.

86%

of permanent grasslands.

8

calving centers.

59

dairy farms.

17

dry stock areas.

- > Prolesur
- > Nestlé
- > Watt's
- > Campos Australes
- > Lactalis
- > Valle Verde
- > Comercial La Quesería
- > Lácteos Quilanto
- > Lácteos Frutillar
- > Agrocommerce
- > Santa Filomena
- > Ecoterra
- > Alimentos Valle Central



# SEASON MILESTONES

## Manuka Talent Program Consolidation

For Manuka, the development of our people is fundamental. This is what motivates us to search and promote different programs and activities for professionally boosting our people. One of the most relevant being the “Manuka Talent Program”. In its first version it incorporated 13 talents and 10 mentors of which an 85% and 40% were promoted respectively.

## International Animal Welfare and Grass Fed Certified Humane® certification.

We are proud to have obtained international Animal Welfare and Grass Fed Certified Humane® certification for our 59 dairy farms and 4 calf rearing facilities. This certification guarantees that the animal product and process comply with objective welfare parameters. It also evaluates the annual feeding plan of the cattle, ensuring that there has been free access to pasture since weaning. Additionally, it considers that the supplement and forage given to animals has a natural origin.

## Culture Committee Creation

In April 2022, the culture process began, led by a representative group of corporate employees from different positions and areas, who are actively participating in modeling the Manuka company we want to be in this new stage of the organization.



## Neighborhood Relations

We are very excited about creating value for our neighbors, working together with different entities and groups, and supporting different projects that seek to be a real and concrete contribution to the communities. In recent years, we have intensified our ties with our neighboring communities, generating more opportunities for relationship and knowledge.



## Increase in Solar Collectors

We continue the search to promote the use of renewable energies, this year moving forward with a new stage, the installation of 30 collectors in staff's houses, a technology that allows heating water with the use of solar energy, that is being added to our current 19 solar panel collectors in our dairies.

# GOVERNANCE AND ETHICS

- Corporate Governance
- Board Members
- Board Committees
- Executive Staff
- Ethical Management
- Crime Prevention Model

# CORPORATE GOVERNANCE

Our Board of Directors, as the highest governing body, performs its functions with a high level of commitment, which is evidenced by its active participation and attendance at the established meetings. Its members operate through different committees that focus their actions and constantly monitor the key areas of the company.

## > BOARD MEMBERS



HENRY VAN DER HEYDEN

Position: **Chairman**  
Nationality:  
**New Zealander**



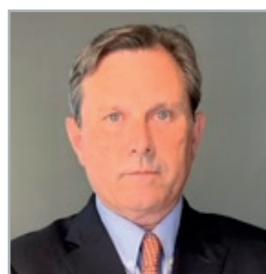
MARK TOWNSHEND

Position: **Director**  
Nationality:  
**New Zealander**



BRENDAN BALLE

Position: **Director**  
Nationality:  
**New Zealander**



RICHARD KOUYOUMDJIAN

Position: **Director**  
Nationality:  
**Chilean**



MOISÉS SARAVIA

Position: **Director**  
Nationality:  
**Chilean**



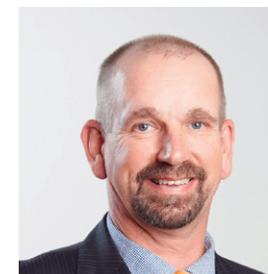
STEVE SMITH

Position: **Director**  
Nationality:  
**New Zealander**



JOHN FERRIS

Position: **Director**  
Nationality:  
**New Zealander**



JOS VAN LOON

Position: **Director**  
Nationality:  
**Dutch**

## > BOARD COMMITTEES

Committee Name	Purpose	Frequency	Members
Production and Development Committee	Promote production performance and organic growth of the company.	Once a month	13
Dry Area Committee	Continuously improve the performance of this area.	Once a month	5
Sustainability Committee	Assess and continuously improve sustainability in the company.	Every 3 months	6
Finance and Risk Committee	Exchange ideas on the direction of the company's financial management.	Every 3 months	7

# EXECUTIVE STAFF

Our company's executive staff is made up of a team of highly qualified people who have the adequate technical and leadership attributes to implement and convey to their teams the corporate needs and the guidelines required to meet the strategic objectives of the company.



**MOISÉS SARAVIA**  
Chief Executive Officer



**ANDRÉS BARTHOLD**  
Chief Operation Officer



**GONZALO GARCÍA**  
Dry Area Manager



**JOAQUÍN LILLO**  
Service Manager



**ALBERTO RIETHMÜLLER**  
Administration and Finance Manager



**TOMÁS GRAU**  
Corporate Affairs Manager



**CRISTIÁN CABRERA**  
Technical Manager



**RICARDO FERRANDO**  
Production Manager



**FÉLIX SCHWERTNER**  
Production Manager



**MARCELO ROMERO**  
Production Manager



**JAZ PRUTZMANN**  
Production Manager



**DIEGO IBAÑEZ**  
Production Manager



**PABLO VEAS**  
Production Manager



**ANIRIAM MANRÍQUEZ**  
Human Resources Manager

# ETHICAL MANAGEMENT

All ethical conducts and principles that serve as a guideline for everyone working in Manuka are contained in the Code of Ethics, which considers Board members, senior executives, employees, and everyone who provides services in our company.

## Committee and Code of Ethics

The Code of Ethics is managed by the Committee of Ethics. This committee is made up of the Chief Executive Officer, the Corporate Affairs Manager, and the Chief Financial Officer, all of whom have the right to speak and vote. Additionally, this committee has a legal advisor with the right to speak, who acts as Secretary of the Minutes. This committee meets in cases of violation of the Code of Ethics.

### THE DUTIES OF THE COMMITTEE OF ETHICS ARE:

- ✓ Promoting the values and conducts outlined in this document.
- ✓ Channeling cases to the appropriate authority.
- ✓ Approving acknowledgments and corrective actions.
- ✓ Generating statistics and reports.
- ✓ Reviewing requests for clarification.

### THE FUNCTIONS OF THE COMMITTEE OF ETHICS ARE:

- ✓ Updating and modifying the Code of Ethics.
- ✓ Investigating and documenting any breaches of the code.
- ✓ Promoting global consistency in the interpretation and application of the code.

# CRIME PREVENTION MODEL

To generate a more rigorous internal control structure, we recently formalized our Crime Prevention Model (CPM) to comply with the requirements of Law 20,393 . This led to the appointment of a Prevention Manager specially designated to manage this model.

**To ensure the effective operation of the CPM, it is essential for all corporate employees to be duly informed. To this end, we have established the following regulations:**

- Information related to the CPM will be available to all employees on information boards installed in locations of common access in the company and/or on the corporate Intranet.
- All employees shall sign off on the modifications that are made to the internal regulations regarding the CPM.
- The implementation of the CPM includes a training program conducted by the Prevention Manager for all employees. The training program will be easily accessible, and shall be conducted and evaluated, at least, once a year. This training program shall also be provided annually to the new hires to the company.

Our CPM was  
formally  
established in  
the last season.

## Complaint Channel

We have a complaint mechanism for all employees, suppliers and stakeholders to comply with their reporting obligations, in case they have information or suspicion of the commission of any event constituting a crime, even in case of offenses not included in the CPM.

Complaints shall be channeled:

- Through the ethical line available at the Web site  
<http://www.manuka.cl/escucha.activa>
- By email [escucha.activa@manuka.cl](mailto:escucha.activa@manuka.cl)
- By telephone.

Our complaint channel ensures anonymity and/or confidentiality in the management of the complaint.

<sup>1</sup> This law regulates a system of criminal liability of legal entities applicable to 13 types of crimes: 1) Money laundering. 2) Financing of Terrorism. 3) Bribery of public officials, national and international. 4) Receipt. 5) Incompatible negotiation. 6) Corruption among private individuals. 7) Misappropriation. 8) Unfair administration. 9) Water pollution. 10) Marketing of hydro-biological resources in prohibition. 11) Illegal extraction of benthic resources. 12) Processing of illegally overexploited hydro-biological resources. 13) Failure to comply with isolation or other preventive measures established by the health authority in the event of an epidemic or pandemic.

# MANUKA CULTURE



- Our Team
- Internal Culture and Talent Management
- Work Environment
- Benefit Plan
- Occupational Health and Safety

People are the most important resource for our company and our business. Therefore, we seek to promote and create a healthy work environment, which highlights and enhances the best of each one, encouraging collaboration among all employees for a smooth operation. We are committed to providing a safe workplace and environment, strengthening the human relationships, and respecting our values and ethical guidelines.



## OUR TEAM

We are proud of our multidisciplinary team of excellence made up of employees who are distinguished by their skills, knowledge, responsibility, commitment, participation and passion for what they do.

Last season, 20% of our staff was made up of women, a goal that we had scheduled for the 2023 - 2024 season.

620 PERMANENT EMPLOYEES

20% WOMEN

99% NATIONAL EMPLOYEES

AVERAGE YEARS OF SERVICE 6,75 FOR MEN

AVERAGE YEARS OF SERVICE 3,20 FOR WOMEN

190 TEMPORARY EMPLOYEES

22% UNION EMPLOYEES UNDER COLLECTIVE BARGAINING

## EMPLOYEES BY EMPLOYMENT CATEGORY

	Women	Men	Total
Managers and Assistant Managers	1	19	20
Department Heads and Supervisors	9	23	32
Administrators, Unit Heads, Area Managers, Analysts and Assistant Administrators	36	194	230
Milkers, Support Staff, Administrative Staff, Assistants, Farm Workers, Coordinators, Operators, Technicians and Veterinarians	81	258	338
<b>Total</b>	<b>126</b>	<b>494</b>	<b>620</b>

## STAFFING BY AGE

	Women	Men	Total
< 30 years old	58	187	245
30 - 50 years old	59	213	271
> 50 years old	10	95	104
<b>Total</b>	<b>126</b>	<b>494</b>	<b>620</b>

## EMPLOYEES BY TYPE OF CONTRACT

	Women	Men	Total
Indefinite Contract	112	454	567
Fixed-Term Contract	14	40	54
<b>Total</b>	<b>126</b>	<b>494</b>	<b>620</b>

## EMPLOYEES BY TYPE OF WORKDAY

	Women	Men	Total
Full-Time	124	494	618
Part-Time	2		2
<b>Total</b>	<b>126</b>	<b>494</b>	<b>620</b>

## HIRES BY AGE

	Women	Men	Total
< 30 years old	54	146	200
30 - 50 years old	20	72	92
> 50 years old	3	7	10
<b>Total Hires</b>	<b>77</b>	<b>225</b>	<b>302</b>

## EMPLOYEES WHO HAVE LEFT THE COMPANY, BY AGE

	Women	Men	Total
< 30 years old	56	175	231
30 - 50 years old	21	96	117
> 50 years old	5	22	27
<b>Total</b>	<b>82</b>	<b>293</b>	<b>375</b>
Turnover Rate	63,8%	59,3%	



# CULTURE AND TALENT MANAGEMENT

## Subject Matter

● One of the main problems of the industry, and therefore, of our company, has to do with labor shortages.

At Manuka, we believe in a culture that appreciates talent, and that is why we strongly encourage the professional and integral development of our people, as well as internal mobility.

We understand that one of our major impacts deals with the generation of local employment, so we strive to be a good employer. We continue to work on diverse programs associated with retaining and attracting talent, such as providing training programs at all levels, strengthening our internal culture, improving working conditions, reconciling work and family, and developing close and sustainable leadership.

# CORPORATE CULTURE

To work on our identity as a company, in April 2022 we began a process aimed at defining a new corporate culture for Manuka, which could reflect our current reality and essence and define the company we want to be.

**To this end, we were advised by an external consulting firm, designing a work plan that considered gathering information and redesigning the concepts associated with culture, including:**

- Collection of information and definition of culture.
- Design and application of a cultural assessment instrument.
- Workshops for defining mission, vision, purpose and consistency.
- Survey of corporate practices.

We formed a Committee of Culture to define our new corporate identity.

We also established a Culture Committee comprised by 15 people representing all areas of the company, aimed at achieving as much representativeness and integration as possible.



## Working guidelines for a new Manuka culture



# MANUKA TALENT

Our employees are the cornerstone for good production results. For this reason, it is essential for us to grow together, providing tools, training and opportunities to promote professional development in the company.

To this end, we have designed a professional development model that appreciates and recognizes good performance and excellence in our work, establishing meritocracy as a key element to boost new talents.

## PILLARS OF OUR PROFESSIONAL DEVELOPMENT MODEL

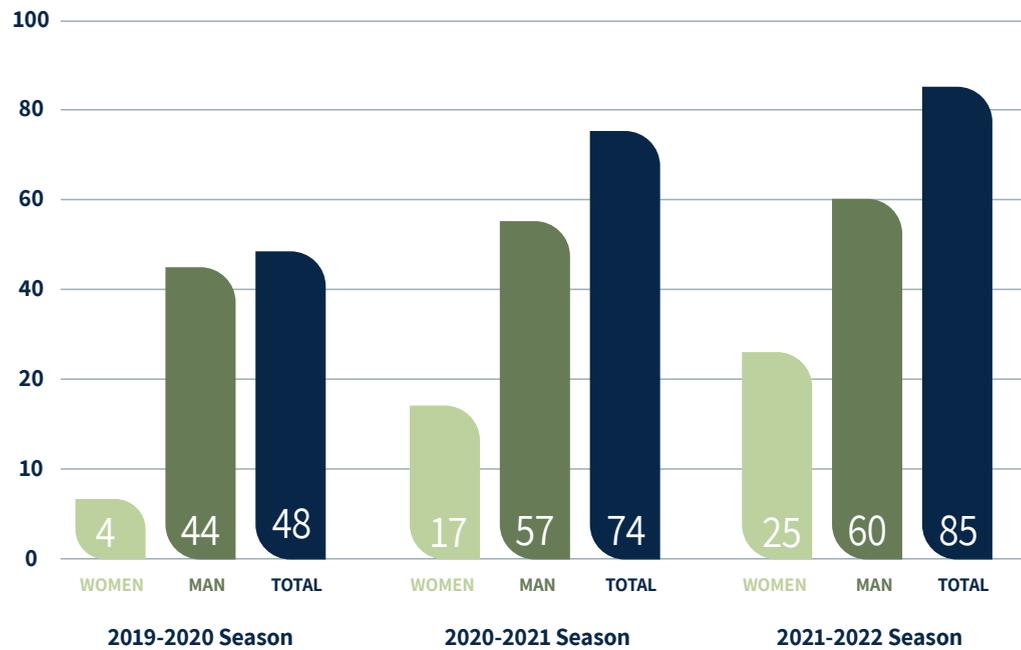
### In-house mobility

As a company, we are constantly seeking to provide development opportunities for our people through appropriate recognition and growth instances. In the last two seasons, we have doubled the number of people who have been promoted in the company, which clearly shows our strong focus on this issue.

### Talent program

This program, which had its first version last season, seeks to strengthen future talents for the production areas through a mechanism of transfer and retention of knowledge structured under a mentoring method, with the participation of master guides (supervisors and/or managers) who support the participating talents in all practical learning. It also includes training provided by Centro de Capacitación Lechero del Sur (Southern Dairy Training Center) through technical and soft skills courses. success of this program is reflected in the number of participants, which doubled as compared to last season.

## EVOLUTION OF IN-HOUSE PROMOTIONS BY SEASON



## EVOLUTION OF TALENT PROGRAM BY SEASON

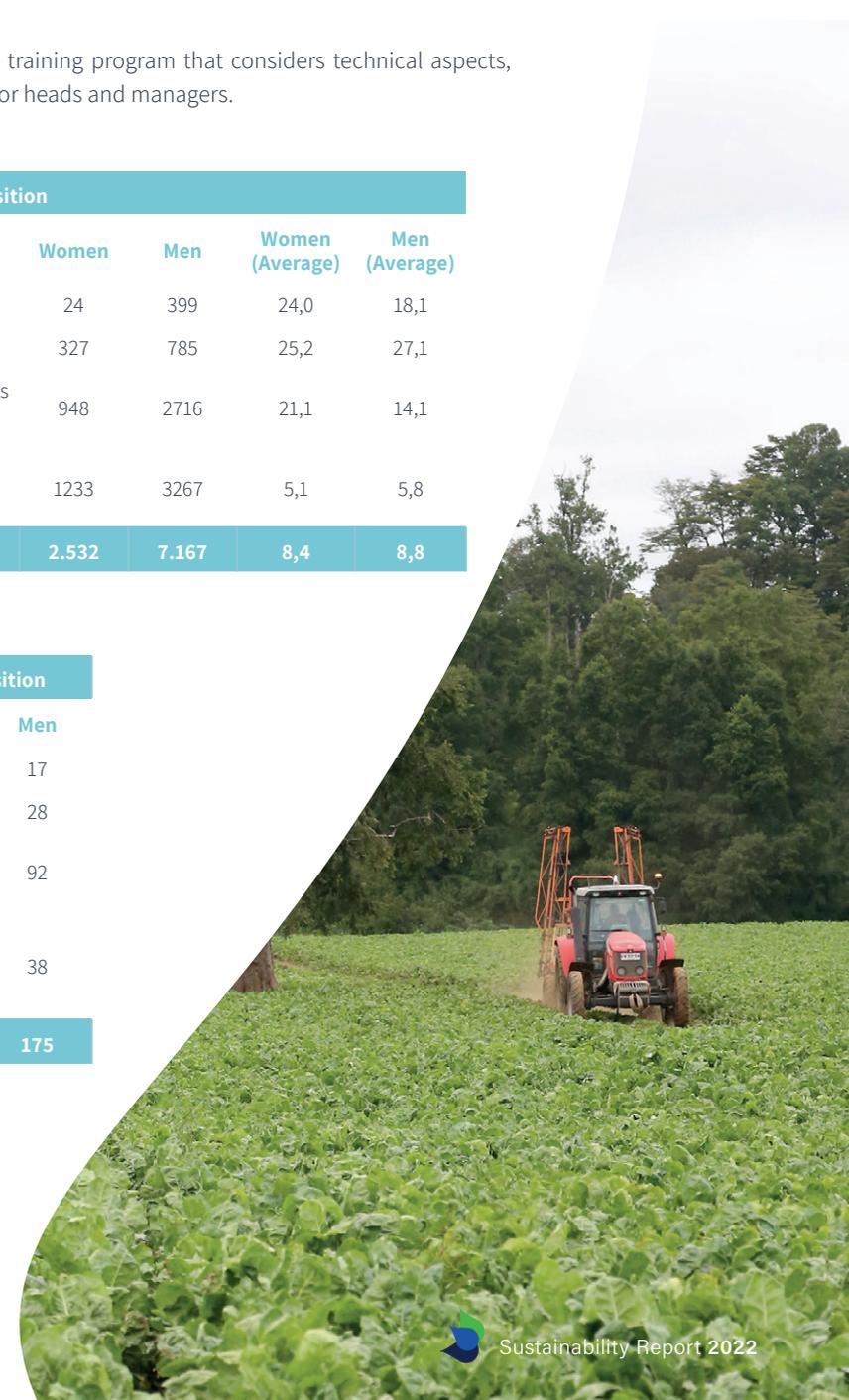


Our professional development model is supplemented with a training program that considers technical aspects, sustainability, communication, teamwork, and specializations for heads and managers.

Training Hours by Position				
	Women	Men	Women (Average)	Men (Average)
Managers and Assistant Managers	24	399	24,0	18,1
Department Heads and Supervisors	327	785	25,2	27,1
Administrators, Unit Heads, Dairy Farm Managers, Area Managers, Analysts and Assistant Administrators, Specialists and Prevention Experts	948	2716	21,1	14,1
Milkers, Support Staff, Administrative Staff, Assistants, Farm Workers, Coordinators, Operators, Technicians and Veterinarians	1233	3267	5,1	5,8
<b>TOTAL EMPLOYEES</b>	<b>2.532</b>	<b>7.167</b>	<b>8,4</b>	<b>8,8</b>

Number of Employees Evaluated on their Performance by Position		
	Women	Men
Managers and Assistant Managers	1	17
Department Heads and Supervisors	10	28
Administrators, Unit Heads, Area Managers, Analysts, Assistant Administrators	23	92
Milkers, support staff, administrative staff, assistants, farm workers, coordinators, operators, technicians and veterinarians	13	38
<b>TOTAL</b>	<b>47</b>	<b>175</b>

Employees Promoted by Employment Category 2021 - 2022 Season				
	Women	Men	Women (%)	Men
Managers and Assistant Managers	(%)	2	0%	10%
Department Heads and Supervisors	3	2	33%	9%
Managers, Unit Heads, Area Managers, Analysts and Assistant Managers	21	56	58%	28%
Milkers, Support Staff, Administrative Staff, Assistants, Farm Workers, Coordinators, Operators, Technicians and Veterinarians	1	0	1%	0%
<b>TOTAL EMPLOYEES</b>	<b>25</b>	<b>60</b>	<b>19%</b>	<b>12%</b>



MAIN TRAINING PROGRAMS CONDUCTED DURING THE SEASON

TRAINING PROGRAMS

- Leadership for Managers
- New Manuka Leader
- Onboarding
- Technical AS Leader Development
- Fundamental Union Rights
- Diversity and Inclusion
- Manuka Talent
- Strengthening the Management Team
- Manuka Anti-Corruption Model

TARGET EMPLOYEES

- Management Center Administrators
- Support Leaders and Operation Supervisors
- New employees
- AS leaders
- Pedro Aguirre Cerda Union Members
- Leading staff up to Department Heads and Supervisors
- Talent program participants
- First-Line Management
- Leaders up to Department Heads

MAIN TECHNICAL TRAINING PROGRAMS CONDUCTED IN THE SEASON

TRAINING PROGRAMS

- Grazing
- Animal Health
- Heat Detection
- Cow Drying Therapy

TARGET EMPLOYEES

- Supervisors, Administrators, Assistant Administrators, 2IC and dairy farm assistant
- Supervisors, Administrators, Assistant Administrators, 2IC and dairy farm assistant
- Supervisors, Administrators, Assistant Administrators, 2IC and dairy farm assistant
- Supervisors, Administrators, Assistant Administrators, 2IC and dairy farm assistant

Our people teams are our main asset, so we have started a work oriented to retain talent based on a virtuous dynamic that can be beneficial for both parties. In addition, we would like to position ourselves as an appealing and eligible company for those who are starting their working life or are looking for new professional challenges.

Efforts undertaken to retain and attract talent

- We moved forward with the minimum salary increase .
- We implemented pilot programs for introducing changes in shifts and hours of operation in dairies.
- We upgraded the connectivity at employees' homes.
- We organize raffles of products and gift cards every week.
- We adjusted salaries twice a year according to CPI.
- We constantly update and improve our benefit plan.

<sup>2</sup> According to Law 21,456 published on May 26, 2022 in the Official Gazette, as of August 1, 2022, the minimum salary will be increased from \$380,000 to \$400,000. Our company began to implement this increase in May 2022.

84.7% employees were trained during the season.



## Internal Sharemilker Program

In July 2019, we began to implement the internal Sharemilker structure that promotes the internal development and recognizes talent and good productive results. We select farms showing outstanding productive results and share the value generated with the farm manager, reflected in its income structure.

Being part of the internal Sharemilker program is a great merit and benefit, so we want to keep expanding it, but always improving the standards to be part of it. This season, five milking parlors have been defined as Sharemilker:

- Objectives of the structure Internal Sharemilker:**
- Encourage and empower productive leaders.
  - Aspiration and attraction of new talents.
  - Improve room performance.

### PROGRAM EVOLUTION BY SEASON



For the 2022/2023 season, we plan to maintain Laureles, San Pedro, Desagüe, San Luis and Magdalena, in addition to another three milking parlors that meet the selection criteria.



JUAN ESTRADA  
Laureles



HERNÁN PAREDES  
Magdalena



PABLO PARADA  
Desague



ORLANDO ALVAREZ  
San Pedro



MARCOS MALDONADO  
San Luis

# WORK ENVIRONMENT

Work environment management continues to be a priority, and for this reason, we once again applied the Great Place to Work survey, which measures the level of employee satisfaction in areas such as work environment, leadership, benefits, culture, and others. While the results decreased as compared to the previous season, we continue to strive to generate opportunities to build an increased sense of teamwork and commitment both with the company and coworkers.

## > HOW WE BOOST THE WORK ENVIRONMENT

### Manuka Contest 2021

With a total of 15 projects, we held the internal contest “My Idea, Our Improvement” 2021, where we invited all employees to propose ideas, innovations, projects and/or actions that could have a positive impact on the organization. The first place was for the idea “Solar Heaters for Guest Houses”.

### Manuka Football 7-a-side Tournament

14 teams and a total of 168 players gave life to this internal tournament where the different areas of the company competed healthily for three days, thus promoting fellowship and outdoor activity.

### Gymkhana

In May, we celebrated the first version of the Manuka Gymkhana, where all the company’s business units, both productive and support, participated. Entertaining competitions were held in teams, with activities related to dairy production (rolling the bolo, building a fence, jumping in a maxi-sack, among others). This event allowed our workers to share a playful space in the middle of the working day.

### Team Celebrations Twice a Year

We encourage and provide resources for work teams to generate opportunities for meeting and relaxation twice a year, namely, at the end of the season (June) and at the end of the year (December).

### Gifts

To celebrate birthdays, the Wellness Department gives a small customized gift to encourage bonding. Corporate gifts that are usually received by members of the executive staff are raffled among all employees.

### Recognition of Professional Background

We generate instances to celebrate and thank the years worked by our people in our company.

### Pre-Season Meeting

We held our annual pre-season meeting, where we provided information and strategic guidelines.

### Annual Awards

Each season, we hold our Annual Awards Ceremony, where we recognize the most outstanding areas and people of the company during the period in production, dry areas and support management.



# BENEFIT PLAN

Year after year, our welfare department works to improve the benefits for our employees and their families. In this regard, during the last season, we launched a new benefit brochure as a way to continue meeting the requirements of our teams and their families.

During the first half of 2022, we conducted the Semso survey aimed at measuring, analyzing and providing solutions and benefits for the wellbeing of our employees. This survey was designed to know from first source the areas where we can do or contribute more as a company, and involved the families of our employees. The results have challenged us to work during the next season, seeking to develop a proposal that is increasingly relevant to the reality of our work teams.



## MAIN BENEFITS PROVIDED BY MANUKA

### GENERAL BENEFITS

- Catering and guesthouse
- Staff transport
- Vacation bonus
- Accident bonus
- National Holidays and Christmas bonuses
- Life insurance
- Covid insurance
- Taxable medical leave allowance
- Higher education support for employees

### FAMILY AND HOME

- House on loan
- Firewood
- Electric power
- Student transport
- School voucher
- Supplementary insurance BICEVIDA
- Household goods insurance
- F.A.L.P. agreement
- Birth and trousseau voucher
- Christmas event for employees' children
- Collective agreement with Isapre Colmena
- Employee support program
- Meaningful time

### COMMERCIAL AGREEMENTS

- Cataluña, Ultradens, and Posta dental centers
- Rupanco Management
- Werner and Karin Opticians
- Watts Sales Room
- Telefónica del Sur
- Cochrane Health Center
- Movistar
- Carrasco Créditos

### COMMERCIAL SALARY AGREEMENTS

- Molino Rahue
- Lipigas
- Chanquito Manuka
- Boots
- Sodexo goods agreement
- FINANCIAL AGREEMENTS
- Coopeuch / Banco BCI
- Banco de Chile

### DEVELOPMENT BENEFITS

- Professional development
- Specializations
- Bring Your Friend (Trae tu Amigo)

# OCCUPATIONAL HEALTH AND SAFETY

We have an Occupational Health and Safety Management System that meets the legal requirements. All our employees are under this system and must comply with the health and safety management regulations.

Last season, we started the implementation of the PEC Management System - Mutual Security Standard, a program aimed at promoting and supporting the efforts of companies that need to improve their work environment, verify legal compliance in OSH matters, and control their accident rate indicators (accident and occupational disease rates, severity, mortality, among others).

Occupational health and safety-related risks are identified through operating controls (inspections), and behavioral observations of workers through programs of visits to each work site.

Our Joint Committee also contributes in the identification with monthly walks to work sites and immediate notifications to the Occupational Safety and Health Department, in addition to investigating lost time work accidents.

## EFFORTS FOR PREVENTING OR MITIGATING NEGATIVE IMPACTS ON OCCUPATIONAL HEALTH AND SAFETY

- Contest of good preventive practices for each work site to develop a video showing a good practice applied at its site to prevent occupational accidents and/or diseases.
- Signature of an agreement with Senda to be part of the “working with quality of life” program, aimed at preventing drug and alcohol consumption at the workplace.
- Investment in improving and implementing preventive signage for work areas.
- Continuous improvement in selecting work clothes, such as waterproof suits, overalls and garments that protect against zoonotic diseases.
- Monthly meetings with management of each area for continuous improvement and accident prevention in the different work sites (accident rate analysis, visit reports, activities and toolbox talks with employees).
- Toolbox talks at work sites, where we address the following topics:
  - ✓ Use of first aid kit and first aid.
  - ✓ Hantavirus and biohazard prevention.
  - ✓ COVID-19 preventive contingency actions.
  - ✓ Use of fire extinguishers.
  - ✓ Use of Personal Protective Equipment (PPE).
  - ✓ Solar UV radiation.
  - ✓ Manual Handling of Loads.
  - ✓ Motorcycle driving.
  - ✓ Driving agricultural equipment.
  - ✓ Agricultural work prevention.
- During the 2021/2022 season, we implemented the company's first cardioprotected area in the Administration Facilities, with the installation of an Automated External Defibrillator (AED). In addition, we conducted a training workshop for 30 employees on cardio pulmonary resuscitation (CPR) procedures and the use of a defibrillator.
- We conducted 22 training sessions on prevention of zoonotic diseases, considering a total of 283 employees trained in the various production and support areas. Diseases addressed included psittacosis, anthrax, Q fever, brucellosis, tuberculosis, hantavirus, and leptospirosis.
- To better face the winter season, 400 doses of influenza virus vaccine were administered to our employees.
- La Junta business unit received the Covid-19 Seal awarded by the Mutual Security Association considering all its milking parlors, namely, Tres Montes, Canelo, Juan, Morro Alto, Treile, Laureles, Rafael, Magdalena, Raquel and Pablo. This certification was also awarded to the Administration Cafeteria. This seal certifies that all the actions and regulations recommended and established by the authorities to prevent the infection and spread of Covid-19 have been implemented.

## During the 2021-2022 season:

**14,264**  
worked hours

The main causes of accidents are related to the improper use of farm equipment and exposure to kicks due to poor animal handling (treatments, vaccinations, milking process, entering animals into pens, feeding calves, etc.). Falls from the same level are also a factor in accidents, due to uneven ground surfaces (field pens when surrounding animals, repairing fences, etc.).

**0**  
work-related fatalities

**111**  
occupational accidents

**10**  
occupational diseases.

All occupational diseases are associated with zoonotic diseases caused by psittacosis, COVID-19, and manual handling of loads or repetitive movements.

## > ROAD SAFETY ENHANCEMENT

During the 2021/2022 season, a number of efforts were made to enhance the road safety for our fleet, namely:

- MITTA Connected Fleet GPS: The renewal of our fleet considered the implementation of FleetConnected, a GPS platform that helps manage the vehicle fleet, ensure the safety, comply with regulations, and control the operation.
- CEPA Mobility Road Safety Pilot Program: Digital tool focused on learning about the behavior and practices of our fleet, through the “MANUKA Driver Diagnostic”. The pilot program considered a total of 50 drivers.
- Road Safety Workshop with Ignacio Casale: A road safety event where the outstanding Chilean sportsman shared his experience and knowledge to face difficult road and adverse weather conditions, strengthening the concepts of self-care and teamwork. The event was attended by 50 people.
- Motorcycle Driving Workshop: Theoretical and practical workshop for dry area personnel, aimed at strengthening concepts, such as safety, defensive driving, and traffic rules and regulations. The workshop was attended by 25 people.

# SUSTAINABLE GROWTH



- Animal welfare
- Process upgrading
- Product safety and quality
- Certifications
- Supply chain

We continue working to consolidate our commitment to sustainable business management, introducing new standards that will position our company as a business benchmark for the dairy industry in Chile. We want to leverage our growth in a culture of sustainability, with a long-term view to grow responsibly and committed to current and future generations.



# ANIMAL WELFARE

## Subject Matter

Animal welfare throughout their life cycle is a fundamental part of sustainable food production. For this reason, the main leading national and international companies are voluntarily subscribing to certification standards and audits that go beyond the current regulations of each country.

At Manuka, we are proud to have obtained this season the international certification of Animal Welfare and Grass Fed Certified Humane®, which shows the respectful management of cows and cattle in general, and the concern for the responsible management of reproduction, nutrition and diseases.

Together with them, we have invested heavily in infrastructure, training, supplies, preventive programs and adequate facilities, and we are constantly training our workers in the new animal care standards to generate a cultural change.

As a company, we understand the concept of animal welfare as the condition of the animal and the way it faces the environmental conditions. This is stipulated in our Handling Protocols, whereby we work to reach a high standard of care for our cattle, establishing guidelines for handling and good practices in all the corporate production areas. These protocols are applicable to all workers involved in the breeding, milking and handling of the company's animals.

## Last season, we improved our mastitis, lameness and cow longevity indicators.

Animal Welfare Indicators				
	2019-2020 Season	2020-2021 Season	2021-2022 Season	Goal
Mastitis	1,6%	1,8%	1,4%	5%
Lameness	1,5%	1,4%	1,2%	3%
Average cow longevity	3,5 lactations	4,0 lactations	4,0 lactations	-



# CERTIFICATIONS

As a way of raising our standards in terms of management and sustainable growth, during the last season, we put special emphasis on obtaining certifications that show our good performance and how this generates highly positive results for our customers and end consumers.



## Animal Welfare Certification issued by the Certified Humane Institute®

### What is?

The Certified Humane Institute is the Latin American representative of Humane Farm Animal Care (HFAC), the leading international non-profit certification organization aimed at improving the lives of food-producing animals during their whole life cycle.

Products with the Certified Humane® seal provide the guarantee of a food that comes from producers that meet animal welfare requirements.

### Certification Impact

After several months of work, we obtained the international Animal Welfare and Grass Fed Certified Humane® certification for our 59 milking parlors and our 4 calf raising centers. This is the largest scale certification obtained by a company in the dairy industry in the country and Latin America.

The Certified Humane® seal guarantees that our animals' feed comes from producers who comply with objective and verifiable animal welfare requirements, based on the Humane Farm Animal Care standard for dairy cows. In Manuka's case, this is added to the Grass Fed certification that evaluates the annual cattle feeding plan, ensuring free access to pasture since weaning, the proper feeding of animals, and the natural origin of forage and supplements.

The list of certification requirements includes respectful handling, nutritious feed, rearing in a natural, safe environment with adequate facilities, as well as other items such as training programs required for livestock handlers.

### Certification Scope

- Facilities meeting specific standards for food producing animal treatment.
- Producer that complies with the required standards and applies them in the breeding of animals from birth to slaughter.
- Animals that live with no cages, fences, or fixed pens.
- High quality food diet.
- Producers that comply with environmental and food safety standards.





## Chile Origen Consciente Program from the Ministry of Agriculture

### What is?

Chile Origen Consciente is an initiative led by the Office of Agricultural Studies and Policies (ODEPA) of the Ministry of Agriculture, which is aimed at promoting the implementation of good practices in the Chilean agri-food sector, as well as introducing sustainability as a differentiating attribute in the foods processed in our country.

### Certification Impact

During 2022, we conducted a self-assessment of the farms to then implement the verification measures. At present, all our farms are participating in this process, and are striving to meet the requirements to obtain the certification in 2023.

### Certification Scope

The program provides companies and farmers with a methodology to introduce sustainability into their productive reality, with a scheme that help them verify their compliance through self-assessments and independent audits in a logic of management, transparency and continuous improvement that produces healthier, safer and more sustainable food, which contribute to the care and development of their employees and the community in general.

## Animal Farms under Official Certification (PABCO) Program

### What is?

It is a certification issued by the Agriculture and Livestock Service (SAG), the only official certification issued by the State. Its high standards make it possible to export certified products to the European Union, one of the importers with the highest food safety standards in the world.

### Certification Impact

As of the issuing date of this report, 100% of our properties have the PABCO certification, which shows our commitment to providing a product of the highest quality.

### Certification Scope

The PABCO Program provides guarantees to animal production to support the certification of products fit for human consumption and the requirements established by the official services of the export destination countries or markets.

Additionally, it defines the information on livestock that must be available for traceability in the food chain.

# PROCESS UPGRADING

## Subject Matter

As a company, we always seek sustainability and efficiency in our business and processes. We work with a production model based on grazing, which is consistent and precise, with pen rotation and strategic pasture management.

Our company is also characterized by its constant interest in upgrading the management processes. Specifically during the last fiscal year, in addition to continuing with internal control, we have seen significant growth in our internal support areas, and we have also sought to innovate in the automation of our production processes.

Decision-making based on data and experience has been an attribute that we have improved over the years. As a company, we generate a lot of information that helps us make quick decisions and respond to new challenges that arise each season. However, we believe that, as long as we have more information available, so that we can analyze it better, we will find new areas for improvement and opportunities to continue growing.

Last season, we consolidated the Management Control area for optimizing the decision-making and improving our management. We have incorporated a new team of professionals to support the different production and operation areas, generating reliable reports based on centralized information.

Last season, we consolidated the Management Control Assistant Management to optimize the processing and analysis of information for decision-making, efficiency and continuous improvement purposes.

#### Efficiency Indicators

	2019-2020 Season	2020-2021 Season	2021-2022 Season
Grass production (Dry matter ton/hectare)	14,7	12,6	12,5
Efficiency levels in Kg. Dry matter/KG solids in milk	14,6	14,9	14,5

We also increased our capabilities and strengthened most of the teams of the support areas with a view to strengthening our company, and defining sound structures for a better, more sustainable and crosscutting management of the organization.



# PRODUCT SAFETY AND QUALITY

## Subject Matter

At Manuka, we are proud of our business, namely, producing a food product of the highest nutritional quality and safety for consumers, thus contributing to the health and nutrition of thousands of Chilean families throughout the country. Maintaining this quality is one of our main goals.

In this sense, we apply strict protocols in all our production processes. We work actively in the management of animal traceability, with preventive vaccination programs and certifications in relevant issues for the industry.

Our quality control area is responsible for providing guidelines to reduce the potential formation of bacteria in milk and comply with current health legislation and regulations, covering suppliers, production and supply of milk to our customers.

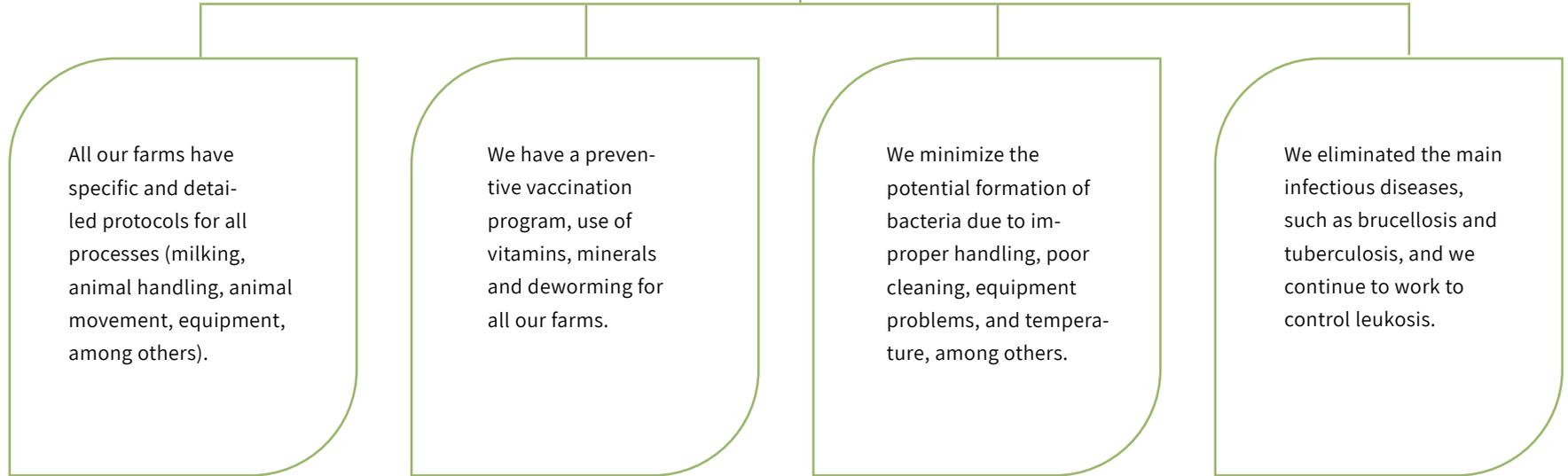
## Nutritional milk content

Milk naturally contains one of the richest combinations of nutrients that can be found in a single food source, with calcium, vitamin B2 and B12, iodine, a high protein content, and several vitamins.

In addition, grassland feeding can increase the nutritional potential of milk, making it richer in omega-3, vitamin E, beta-carotene, and conjugated linoleic acid.

On the other hand, some breeds of cows have higher solids content per liter of milk (protein and fat). This is the case of our cows, which helps (along with the diet) making our average solids content to be 8.59% vs. 7.5% nationally.

## Good practices for the high quality and safety of our milk



	Food Health and Safety Indicators				Farms Certified as Free of Infectious Diseases			
	2019-2020 Season	2020-2021 Season	2021-2022 Season	Goal	2019-2020 Season	2020-2021 Season	2021-2022 Season	
Solids per liters of milk	8,48%	8,56%	8,59%	8,48%	Brucellosis	100%	100%	100%
PABCO-certified farms	96%	98%	98%	100%	Tuberculosis	98%	98%	100%
Average somatic cell count (cell/ml)	208.453	227.193	188.821	180.000	Leukosis	32%	36%	36%
Average colony-forming units (un/ml)	11.603	12.528	12.630	10.000				

# SUPPLY CHAIN

## Subject Matter

- At Manuka, we are committed to promoting local development throughout our value chain, seeking to contribute from our work to the professional development of the dairy industry and the generation of shared value initiatives, particularly regarding our suppliers.

While we generally prefer hiring local suppliers whenever possible, and have implemented some long-term bidding processes, this is an issue that we must address in more detail, so we are committed to work along with our suppliers in their development and the generation of positive impacts.

We contribute to the development of our suppliers by implementing bidding processes for service and supply hiring.

Part of our role as the largest milk producer in Chile has to do with promoting and contributing to the development of the industry. We do this by selecting local suppliers of goods/services as far as possible, based on competitive commercial conditions. We appreciate their technical capacity, quality, competitiveness and experience, as well as their willingness to share our values.

However, last season, we wanted to go a step further by adopting a good practice in supplier management and development, by applying bidding processes for the procurement of certain services and supplies. This entails an evolution in the purchasing processes and an increase in the requirements for those who want to be part of our supply chain.

The challenge is to support suppliers in complying with the new bidding requirements, jointly creating a culture of compliance associated with higher standards, but which will lead to a virtuous relationship and longer-term agreements for both parties.

**1.243**  
suppliers in total

**980**  
local suppliers

**57%**  
of purchases from local suppliers vs. total purchases.



# LOCAL RELATIONS AND DEVELOPMENT

- Appreciation of rural life
- Relationship with stakeholders

We seek to be a real contribution to our communities and to the sustainable development of the inhabitants of all the communities where we operate. To this end, we are committed to work permanently on important issues by raising needs and providing solutions aimed at consolidating strong societies and a sustainable future for them, especially focused on the local level and generating initiatives that support equal opportunities in the countryside and the city.

# APPRECIATION OF RURAL LIFE

## Subject Matter

At Manuka, we believe that the agricultural industry is fundamental for the development of our region and the country. Although this economic, social and cultural activity goes beyond our work, we are aware of our impact on the environment, so we are permanently striving to enhance the value of agricultural life.

In this sense, our community and territorial relationships are focused on promoting rural life with specific associated projects, such as support for education and professional development of the dairy industry, generation of local employment, and sale of products through Emporio Manuka, among others.

# TRAINING FOR THE DAIRY INDUSTRY

We are convinced of the possibilities of development and the potential of the dairy industry in our country. That is why in 2020, Fundación Tres Hojas was established to be an organization aimed at serving the people involved in this sector, through the Dairy Training Center, which provides knowledge for dairy farming through courses on grazing, animal health, calf raising, pruning treatments, mammary health, milking routine, crop feeding, and other types of activities that have a positive impact on the environment and our communities.

With its start-up, we have created a training and meeting space for the entire dairy sector, opening up to the entire region in order to be a driving force for change in rural development, contributing to the professional development of workers through relevant courses for their work.



## Fundación Tres Hojas work is focused on:

- Promote training projects for the growth of our sector.
- Strengthening the current and future professionals of the domestic dairy sector through lectures.
- Improving the local employment opportunities.
- Revalidating and upgrading rural trades.

## Highlights of the Season

### UNION ASSOCIATIONS

We have promoted and strengthened trade union associations with organizations such as Apreleche and AgroLanquihue to support young people who are entering the dairy sector or children of farmers who want to continue on the path of dairy production, providing knowledge and techniques that support the production system based on the use of the pasture, animal health, and human development.

### SEMINAR FOR AGRICULTURAL TEACHERS

Along with Corporación de Desarrollo del Sur, we conducted a refresher seminar for agricultural teachers from the technical high schools of Los Ríos and Los Lagos Regions. This event allowed the teachers to learn in-situ the techniques for more efficient grazing, as well as see in the practice the theoretical knowledge provided by the seminar speakers.

### NEW TRAINING TOPICS

We have increased the training topics to respond to the new needs arising from the different tasks related to the sector, among others, the self-care mechanisms that workers must adopt in their day-to-day work.

# COMMUNITY EDUCATION

We are committed to quality education, which leads us to provide real opportunities to the communities where we operate, seeking to generate a positive impact through learning-promoting activities. Along with the technical-professional education that we promote through Fundación Tres Hojas, we have the following education programs that are among our corporate commitment priorities:

## Early Childhood

We support the Jardín Sobre Ruedas of Fundación Integra effort, which provides free kindergarten education to children in rural and urban areas of difficult access. From Manuka, we provide the space and transportation, so that on Fridays, the day this mobile kindergarten arrives at our location, children can access and have the necessary facilities to enjoy this educational space.

## Primary and Secondary Education

Through an alliance with Fundación La Fuente and the Municipality of Puerto Octay, we have created a mobile library that has allowed us to bring reading to hundreds of children, young people and older adults from different sectors of the community, thus turning classrooms and social centers into libraries once a week.

## High School Education

We are part of the Chile Presente Program, designed to support the school leveling of people over 18 years of age, seeking to reduce the high rates of incomplete schooling in both the Los Lagos and Los Ríos regions. With this adhesion, we are able to provide opportunities for employees who require to continue their studies.



# LOCAL JOB OPPORTUNITIES

We recognize and distinguish ourselves for being an important provider of employment at a local level, which entails not only employment opportunities, but also possibilities for growth and development for those who live in our environment.

In relation to our direct workers, we encourage belonging and closeness, which we have consistently achieved in recent years, with 90% of our staff living in the regions where we operate (Los Lagos and Los Ríos). This contributes to their work and well-being, as well as to the positive results obtained by our company.

Last season, we reopened our doors for internships for students from our area of influence, which allowed about 50 students from Liceos Adolfo Matthei in Osorno, People Help People in Pilmaiquén and Huertón in Los Ángeles, among other institutions in the regions of Los Ríos and Los Lagos, to complete their internships at Manuka.

To promote entrepreneurship and access to employment sources, our Organizational Development Department organized a number of free support courses for residents of the Puerto Octay and Osorno areas. These courses were conducted with the support of three regional Technical Training Organizations (OTEC) and included the issuance of a certificate of successful completion of the educational process.

Last season, we continued with our calf donation program oriented to small local farmers engaged in cattle breeding and fattening. This allows us to contribute directly to them, giving them the possibility of having an enterprise and improving the quality of life of their families.

The calf donation program developed since 2014 has delivered more than 11,000 animals to small farmers from the Araucanía Region to Los Lagos Region. This is only one of the destination programs of male calves, among which are sales, hybridization programs, half-breeding programs, benefit for the production of animal protein for pet food, fattening programs in agreement with other farmers and institutions, and pilot programs for use of sexed semen, among others. All these programs comply with current environmental and Agricultural and Livestock Service regulations regarding animal health and welfare.

**190**  
neighbors benefited from this program.

**7** courses were conducted:

- 1 Plumbing
- 2 Hairdressing
- 2 Pastry and Confectionery
- 1 Elderly Care
- 1 Effective Communication Strategies

# LOCAL COMMUNITY WELLBEING

In recent years, we have intensified our ties with our nearby communities, generating more opportunities for relationships and knowledge, which has allowed our neighbors to achieve better levels of wellbeing and quality of life.

## > 2021-2022 SEASON CONTRIBUTIONS

### EXPANSION OF RUPANCO HEALTH CARE CENTER

During the pandemic period, the Rupanco Health Facility had to adjust in terms of capacity, given its space limitations. That is why, together with the Health Department of the Municipality of Puerto Octay, we managed the construction and fitting out of an enlarged room, which will be used for waiting patients and improve the working conditions of the facility's employees.

### HEALTH UPGRADE FOR RUPANCO POLICE

In the context of our Corporate Citizenship Program, we carried out an important action to support the Rupanco Police Station, with the installation of a tank that replaces the septic drain and considerably upgrades the health conditions of the nine officers and their resident families.

### SUPPORT FOR CONNECTIVITY OF EL PONCHO NEIGHBORHOOD BOARD

In a joint effort with the Municipality of Puerto Octay, we carried out an important contribution of gravel to upgrade local roads in poor condition and bring better connectivity to a sector where mostly elderly people live. This action is in response to a request from El Poncho Neighborhood Board and the Puerto Octay Community Union, which was received and quickly managed due to its relevance and impact on the quality of life of the neighbors in issues of utmost importance, such as access to public utilities.

### "CLEAN RUPANCO" CAMPAIGN

Along with local organizations and neighborhood boards, workers from our company participated in the fourth version of the "Clean Rupanco" campaign, whereby 20 - 25 cubic meters of garbage were removed from the beaches and roads of Rupanco. For this activity, Manuka's Risk Prevention Department supplied reflective vests, cones, gloves and hats for its participants to carry out the task with all the safety measures.

### WIFI FOR RUPANCO SCHOOL

As a result of the close relationship between Manuka and the Rupanco Rural School, we provided this establishment with Internet via radio link. This will allow students to have fast Internet access in their computer room and throughout the school, which is an important step forward for the community.

Promoting sports activities and recreational events for our community is also part of our commitment to the wellbeing of our communities. We believe that sports can be a good catalyst to improve rural life and bring more opportunities for development.

## Manuka Football School

We continue to promote this activity that began in 2019, and that brings together children between five and twelve years old from Puerto Octay, who have increased their well-being and quality of life by being part of this sports space.

## Team Manuka Bike

In November 2021, we joined and supported the formation of Team Manuka Bike, with the provision of new clothing for its members. This cycling team is comprised by nine employees of our company, and is designed to consolidate their performance to take part in local competitions in the future.

## Provincial Osorno

At the beginning of 2022, we became one of the official sponsors of Club Deportivo Provincial Osorno football team, with the idea of strengthening the club and promoting football and sports activities for the community and our employees.





In 2016, we promoted an association model along with Sociedad Agrícola y Ganadera de Osorno (SAGO), which gave rise to Cooperativa Agrícola y Lechera Campos Australes, which at present is fully consolidated, with 39 producer partners from Los Ríos and Los Lagos regions.

Its farmers are committed to working in partnership and improving their production practices to create sustainability in the national dairy industry and produce healthier food for people and the planet.

## Campos Australes in figures

**39** cooperative members

**+ 400** MILLION LITERS

planned for 2022 (17% of national production). Over 40% of this production is being sold on the national market through the cooperative (approximately 180 million liters).

**8** CUSTOMERS

buy our milk (Prolesur, Surlat, Valle Verde, Lactalis, Lácteos Chauquén, Quilacoya, and Runca).

### Strategic focuses

1. Continue creating value for our cooperative members through the different lines of business.
2. Growth through the addition of new partners.
3. Development of the Campos Australes brand, with identification, commitment and joint work between producers and the cooperative.
4. Sustainability of our cooperative and our producers, through internal programs and jointly with our customers.

Campos Australes is currently focused on marketing milk at the local level, produced by dairies that have a natural pasture production model.

# EMPORIO MANUKA

After four years of operation, our store, Emporio Manuka, has become a place where the local community can meet around country life and nature, and through which Manuka's employees find the opportunity to bring the fruits of their work to the table at their homes.

Emporio Manuka also brings the opportunity for our cheeses, produced with pasture-fed cows, to reach the homes of hundreds of workers and neighbors, who today come even from cities such as Osorno, Frutillar and Puerto Octay, seeking to bring a little piece of this traditional country flavor to their homes.

The store is known for selling Chanquito Manuka and Laguna Bonita butter cheeses, made from Manuka milk in two plants in the region. In addition, other locally produced products, such as honey, jams, juices and others can be found in the store. To this end, we have promoted a support program that seeks to move forward in complying with quality certifications in production and food processes, such as BPM and HACCP.

The average monthly sales of Emporio Manuka reached 2,800 kilos of cheese in the Jul 2021 - Jun 2022 period, distributed in 30% consumed by employees and their families, and 70% consumed by external customers.

## Emporio Manuka Impacts:

- Rescuing the food heritage.
- Strengthening the local gastronomic tourism.
- Boosting the local trade.
- Promoting natural products.
- Pride for workers.



**2.800**  
kilos of cheese have  
been sold monthly at  
Emporio Manuka.

# RELATIONS WITH STAKEHOLDERS

Our stakeholders are defined through an evaluation that combines the variables of territoriality and the work principles established in our Corporate Citizenship Program.

Stakeholders	Forms of Participation	Participation Frequency	Key Issues	How do you respond to these key issues?
Employees	<ul style="list-style-type: none"> <li>→ Training.</li> <li>→ Corporate volunteering.</li> <li>→ Special activities.</li> <li>→ Events.</li> <li>→ In-house communications.</li> </ul>	→ As scheduled or as needed.	<ul style="list-style-type: none"> <li>→ Professional development.</li> <li>→ Work environment.</li> <li>→ Safety.</li> </ul>	<ul style="list-style-type: none"> <li>→ Soft and technical skill training.</li> <li>→ Internal promotions.</li> <li>→ Survey on work environment and action plan.</li> <li>→ Risk prevention workshops and visits.</li> </ul>
Shareholders	→ Annual meetings, annual visits, annual reports, committee participation, in committees, in some cases, board meetings.	→ As scheduled or as needed.	<ul style="list-style-type: none"> <li>→ Business return.</li> <li>→ Management.</li> </ul>	<ul style="list-style-type: none"> <li>→ Monthly board meetings.</li> <li>→ Monthly management reporting.</li> <li>→ Meetings of key area committees to evaluate progress.</li> <li>→ Sustainability report.</li> </ul>
Community	<ul style="list-style-type: none"> <li>→ Neighborhood meetings.</li> <li>→ Activities.</li> <li>→ Projects.</li> <li>→ Active listening channels.</li> </ul>	→ As needed.	<ul style="list-style-type: none"> <li>→ Education.</li> <li>→ Environmental 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>→ Complaint and suggestion channel.</li> <li>→ Corporate citizenship program.</li> <li>→ Donations.</li> </ul>
Unions	→ Association and participation.	→ As needed.	→ Dairy industry development.	→ Joint activities and projects.
Local Authorities	<ul style="list-style-type: none"> <li>→ Meetings.</li> <li>→ Work plans.</li> </ul>	→ As needed.	<ul style="list-style-type: none"> <li>→ Dairy industry development.</li> <li>→ Promoting rural life.</li> <li>→ Environmental protection.</li> <li>→ Education.</li> </ul>	→ Joint activities and projects.
Regulatory Authorities	<ul style="list-style-type: none"> <li>→ Meetings.</li> <li>→ Work plans.</li> </ul>	→ Annually.	<ul style="list-style-type: none"> <li>→ Comply with high animal welfare standards.</li> <li>→ Product safety.</li> <li>→ Sustainable production.</li> </ul>	<ul style="list-style-type: none"> <li>→ Inspections.</li> <li>→ Meetings with work plans.</li> </ul>
Media	<ul style="list-style-type: none"> <li>→ Commercial participation.</li> <li>→ Experts' notes.</li> <li>→ Monthly articles.</li> </ul>	→ Monthly	<ul style="list-style-type: none"> <li>→ Show the company management.</li> <li>→ Generate interest in the dairy industry.</li> </ul>	<ul style="list-style-type: none"> <li>→ Monthly articles.</li> <li>→ Experts' notes.</li> <li>→ Participation in special issues.</li> <li>→ Radio notes.</li> </ul>
Clients	→ Meetings	→ Monthly or as needed.	<ul style="list-style-type: none"> <li>→ Product safety.</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>
Suppliers	<ul style="list-style-type: none"> <li>→ Meetings</li> <li>→ Training</li> </ul>	→ Monthly or as needed.	<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>
Financial Entities	<ul style="list-style-type: none"> <li>→ Monthly meetings.</li> <li>→ Annual face-to-face meetings.</li> <li>→ Continuous dialogues.</li> </ul>	→ Monthly or as needed.	<ul style="list-style-type: none"> <li>→ Financing of our growth plan.</li> <li>→ Business return.</li> </ul>	→ Meetings.

# ENVIRONMENTAL MANAGEMENT

- Climate change risks
- Waste management

To become more sustainable every day, we seek to promote development, growth and production practices that are in line with our environmental sustainability guidelines, taking care of soils, watercourses, flora, fauna and the landscape that makes up our surroundings. Thus, we strengthen our commitment to improve our environmental performance, by using appropriate mechanisms to manage natural resources responsibly and in line with our company's mission and values.

# CLIMATE CHANGE RISKS

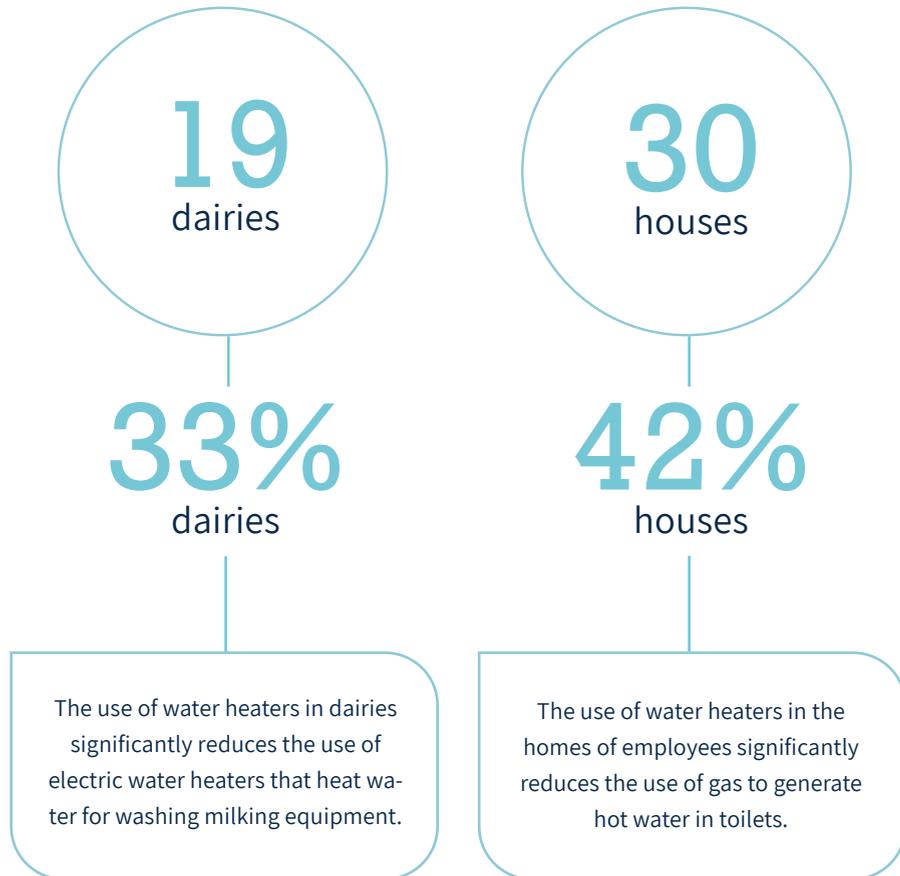
## Subject Matter

- For our business to prosper, we need to face the risk posed by the climate crisis we are experiencing as a planet and a country. This is why we are constantly seeking to measure, evaluate and improve our environmental performance and enhancing our positive impacts derived from our free-grazing business model.

# ENERGY CONSUMPTION

Following the successful experience gained in previous years with the use of solar collectors in the dairies, in 2021, we expanded the scope of these equipment units by installing them in the homes of our employees. Thus, we reduced our impact and the energy consumption associated with our operation.

## > 2021 INDICATORS - SOLAR COLLECTORS



### Other energy-saving efforts:

- > Training workers in efficient energy use.
- > Maintaining successful efforts from previous years, such as cooling plates and led lights in water-based plate pre-coolers for use in the milk cooling process.
- > Installing LED lighting in the new milking parlors and replacing old lighting fixtures.
- > Implementing translucent surfaces on the roofs of dairies to reduce electrical energy consumed for lighting.
- > Controlling winter energy use and adjusting milking schedules.

	2021-2020 Season		2021-2022 Season		Variation in energy consumption- kWh/liters of milk
	KwH	kWh/liters of milk	KwH	kWh/liters of milk	
Fossil fuels	14.880.000	0,08	17.720.000	0,10	14,0%
Electricity	10.552.000	0,06	12.240.000	0,07	11,0%
Total Non-Renewable Energy Consumption	25.432.000	0,14	29.960.000	0,16	12,7%
Total Renewable Energy Consumption	73.100	0,00041	95.800	0,00052	25,4%
Total energy consumption	25.505.100	0,14	30.055.800	0,16	12,8%

# WATER MANAGEMENT

Our production model is mainly based on the use of rainwater for the development and maintenance of our grasslands, as well as the dairy farms' effluent with high water and nutrient content. Therefore, we do not require surface water or groundwater for irrigation. In addition, we take actions to reduce water demand and better know the condition of the main surface watercourses that are adjacent to our areas of operation.

## ENVIRONMENTAL ASSESSMENT OF WATERCOURSE QUALITY

Voluntarily and consistent with our commitment to monitor and care for the environment in its aquatic component, during this season, we continued with several physical, chemical and biological analyses in the main surface water courses in our area of operation, specifically in the Rahue and Coihueco rivers, in addition to Laguna Bonita, supported by an important university in the country.

The results show that all these bodies of water comply with the Chilean standard No. 1333/78 that regulates the permissible values for using water for irrigation and recreational use with direct contact, among others. On the other hand, we also considered a trophic analysis of Laguna Bonita that, in general, is in a good environmental condition with high transparency and low levels of Chlorophyll.

Our main purpose for continuously monitoring the environmental condition of these important watercourses is to preserve over time the good chemical and biological condition and identify any contamination that may have been caused by human activity.

## MITIGATION OF WATER CONSUMPTION IMPACTS

We have water flow meters in some dairies to monitor and control the water required for cattle drinking, cleaning milking parlors and equipment, as well as for workers<sup>4</sup> household use.

We conduct physical, chemical and microbiological monitoring in each of the water extraction wells to evaluate water quality.

We reuse the water used in cooling the milk and store it in tanks for cleaning the milking parlors.

## SLURRY MANAGEMENT

Although slurry is recognized for its high nutrient and water value, both beneficial for grassland growth, this practice must be carefully planned and supervised, so as not to generate externalities, such as contamination of a surface watercourse. This is why we quantify the amount used to irrigate the grasslands through regular audits of the dairies, thus controlling its application, checking the condition of the equipment, and verifying that our workers record the applications.

<sup>4</sup> The NCh 1333 standard establishes water quality criteria according to scientific requirements related to physical, chemical and biological aspects, according to use, namely, water for human consumption, animals, irrigation, recreation and aesthetics, and aquatic life.

# CARBON FOOTPRINT

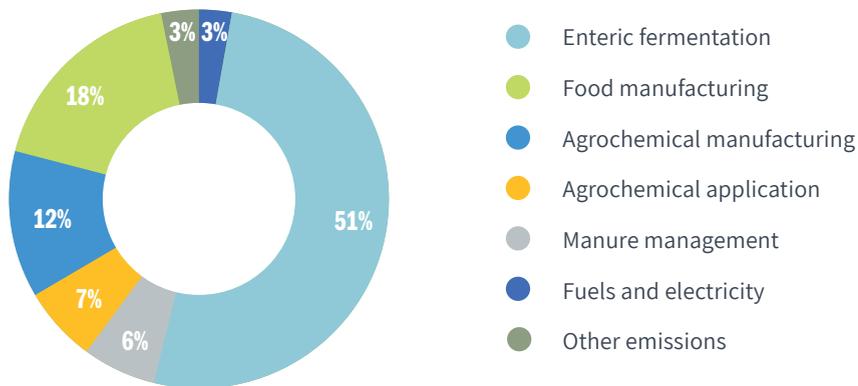
As a company committed to managing environmental impacts, this year we decided to expand the carbon footprint measurement of the two dairies carried out in previous years, and make a corporate-level assessment, considering the total volume of the production centers as well as all support areas. In addition, we included an estimate of the potential for capturing forest biomass from our farms.

Supported by a specialized advisory team, we use internationally recognized methodological guidelines, such as the “Greenhouse Gas Protocol” and the Intergovernmental Panel on Climate Change (IPCC) guidelines, among others. This estimate considers the operations from the time milk is extracted to the time when it leaves the dairy.

**1.4 KgCO<sub>e</sub>/Kg FPMC\*** is the greenhouse gas emissions intensity of Manuka, almost one point less than the global average of 2.5 KgCO<sub>e</sub>/Kg FPMC, according to FAO.

\*Milk corrected for fat and protein.

## > EMITTERS BY SOURCE



## > EMITTERS BY SCOPE



Enteric fermentation of animals is the largest source of emissions (51% of total emissions), followed by the purchase of inputs (almost 31%). Almost 85% of emissions is related to livestock and purchase of inputs (agrochemicals and feed); therefore, reduction efforts should be focused on these two sources.

### Carbon Captures

As estimated for our carbon footprint, our forests can capture more than 33 thousand tons of carbon per year, mainly due to growing species (renewal forest). This is due to the natural conditions of our productive model, which is based on the use of extensive prairie surfaces where there are important natural forest conformations, components with an important participation in the process of capturing atmospheric carbon.

## NATIVE FOREST

Manuka's business is unavoidably tied to the land and its forests. As well as being concerned about the sustainability of our grasslands, we also want to ensure that the forests are well protected. Therefore, in 2022 we initiated a pilot test to establish a baseline that will determine the location of our forests, the exact boundaries and their general and potential conditions. This pilot covers two sectors, totaling 1,133 hectares of territory and determining 617 hectares of native forests, which makes 55% forest coverage for these two sectors. This percentage far exceeds the typical coverage of an average Chilean dairy farm and gives Manuka's milk producing territory a special environmental significance.

This project also includes the analysis of forest-based practices, the regulations affecting their management, the role of forests in the company's carbon footprint, and the opportunities that more than 5,000 hectares of forests can bring to Manuka. The study has identified some sites with huge specimens of native species and well-preserved ancient forests. Chilean law also encourages sustainable management as a way to protect native forests and also reap the social and economic benefits. This study is expected to be completed by the end of the year.





# WASTE MANAGEMENT

## Subject Matter

In line with our environmental work, at Manuka, we measure and take care of our waste, with special emphasis on plastic, as it represents our major waste.

To go further, we have developed our own waste management system and expanded actions that involve the community, so as to jointly generate a culture of recycling in our environment.

## > PLASTIC WASTE

As a company, we see in the plastic waste management an opportunity to generate projects that reduce the final disposal of this waste, and also move forward in the circular economy by giving a new life to a significant amount of this waste.

Last season, we continued recycling 55% of non-hazardous waste, mainly focused on containers of phytosanitary inputs for winter crops and fodder wrappers. We also continued and increased the scope of our circular economy initiative with the company Corrales de Chile, so as to convert our plastic waste into high-strength, high-quality plastic infrastructure material.

### Impact of circular economy projects:

- Expansion of "Los Puentes" breeding center, where pens made from recycled material (in our operations) equivalent to 2,600 kg were implemented.

**During the 2021-2022 season, 2,089 tons of non-hazardous waste were produced, broken down as follows: 936 tons (45%) were sent to authorized landfills, and 1,153 tons (55%) were recovered.**

In addition, we generated 9 tons of hazardous waste. 78% of this waste was recycled, avoiding disposal in landfills. This waste corresponds mainly to agrochemical containers, oils and lubricants, and sharp material.

## > HOUSEHOLD WASTE

Our commitment to waste management goes beyond our own operations, and we are proud to celebrate seven years of supporting the community in the removal of household waste.

Our weekly removal program, similar to a municipal removal, has a positive impact on hundreds of families in the areas surrounding Hacienda Coihueco, with a record of more than 1,000 tons of household waste removed annually. This waste is disposed of in authorized landfills.

In addition to this initiative, as a company, we support the community with the installation of clean points, educational spaces, and training on reuse and recycling.

7 years supporting the community in the removal of household waste.

# 55%

**of our waste is recovered through reuse or recycling processes.**

# 100%

**of the pens manufactured for the expansion of one of our breeding centers this season were made from recycled materials. A portion was directly taken from our agricultural waste, and a portion from other recycled waste.**

# 3.200

**of waste have been recovered since the implementation of clean points used by our employees and the community during this season.**



# GRI INDEX



# GRI INDEX

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CONSULTING AND CONTENT DEVELOPMENT: SER CONSULTORA

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