

Sustainability Report

2023



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Foreword



Dear Readers!

The team at Alpi Milk Processing and Trading GmbH & Co. KG is pleased to present to you the Sustainability Report for the year 2023.

Sustainability is one of the most critical issues of our time, yet everyone associates something different with this term. This report provides us with the opportunity to convey our understanding of sustainability to you.

Our company's history dates back to 1962. Alpi is primarily owned by Berglandmilch eGen with a 74% stake. Since 1996, Meggle GmbH & Co. KG has held a 26% ownership share.

Our mission, which we pursue with both joy and pride, is to produce high-quality, healthy, and safe food products for the food processing industry in Europe, Africa, and Asia. The way we manufacture our products has implications for society and the environment. With this awareness, we have implemented numerous measures, which we will detail in the following sections. We will discuss significant initiatives we have undertaken in recent years to become carbon-neutral as soon as possible.

In our case, sustainability begins with the high-quality primary raw material, sweet whey, which we purchase from Berglandmilch. It is essential to our main shareholder that the cows are fed only regional feed and thus do not contribute to deforestation. It is also very important how animal welfare and resource conservation can significantly influence and promote consumer decisions.

We hope you enjoy reading our Sustainability Report for 2023. At the same time, we are confident that it will provide you with a comprehensive overview of our numerous measures, developmental steps, and successes on our journey toward an even more sustainable company.

Karl Himsl, MBA
Managing Director Alpi

Company



Company Profile

The history of the milk drying plant in Ried im Innkreis spans 60 years. Due to increasing difficulties in butter exports at the time, coupled with a rising volume of milk deliveries, it was decided in 1958 to establish a milk drying plant in Ried im Innkreis to process the surplus raw materials, especially during seasonal peaks. At that time, the plant was capable of processing 200,000 liters of milk into a maximum of 20 tons of powder per day. In 1996, following various restructuring efforts of individual cooperatives, Alpi GmbH & Co. KG was founded by the parent company Berglandmilch. In 1997, Meggle became a stakeholder in Alpi, allowing for the full utilization of lactose production ever since. Today, Alpi is the largest powder manufacturer in Austria, producing approximately 83 tons of powder daily from around 230,000 liters of whey concentrate.

🏠 40 Mio. € in revenue

☁️ Over 33,000 tons of dry powder produced

🌐 Global distribution

📦 19 different products

👥 54 dedicated employees

Our Values



We produce high-quality products for valuable food from premium raw materials



Social responsibility:
Secure jobs even in times of crisis



New technologies and insights as well as promotion of research projects



Joy and responsibility in handling our raw material to produce a high-quality product

Continuous energy optimization and the associated reduction of CO2 emissions



Sustainability:
Careful management of our resources



Animal Welfare and Animal Health



Product Range

Processing of high-quality Austrian milk into semi-finished products for industrial and commercial food production. Without genetic engineering.

Alpi GmbH & Co. KG not only supplies national but also international customers worldwide. Our customers include manufacturers of chocolate and confectionery, the bakery and baking ingredient industry, ice cream manufacturers, spice and flavour manufacturers, manufacturers of convenience products, and even the chemical industry. Our high-quality dry powder is mainly derived from whey through spray drying. We source the whey from our parent company Berglandmilch as well as from Meggle. Products include, among others, lactose and various powder blends. As the largest drying plant in terms of quantity in Austria, it is our special concern to meet customer wishes and requirements to the best possible extent.

Skimmed Milk Powder

Our skimmed milk powder is produced from pasteurized milk with a maximum milk fat content of 1.5%, using gentle water evaporation in the spray drying process.

Powder Blends

Milback 24 is a special blend designed as a substitute for whole milk powder and consists of whey powder and milk fat.

The blend Molcotte is a whey powder with increased protein content.

Lactose

Lactose is produced from concentrated and crystallized whey through decantation, washing, and drying processes, and is available in various degrees of fineness such as edible, fine, and extra fine, as well as GTF-certified.

Whole Milk Powder

Whole milk powder with 26% fat is produced from pasteurized whole milk through gentle water evaporation in the spray drying process.

Sweet Whey Powder

Sweet whey powder is produced from sweet whey through spray drying and is also available in organic quality.

Cream Powder

Our cream powder with a fat content of 42% is also obtained through spray drying and has a particularly rich flavour.

Partially Demineralized Whey Powder

Partially demineralized whey powder (TEZ) 23, 25, and 21 is obtained from the molasses of lactose production through evaporation followed by spray drying. TEZ 23-25 contains 35% less sugar than regular whey powder, while TEZ 21 has a 25% reduction in sugar.

Certifications

Numerous certificates attest to the responsible working practices within the company. Ensuring high quality of our products at all levels of production and meeting all customer requirements are of paramount importance to us. Alpi also considers the dietary needs of various ethical or religious groups and is certified HALAL, KOSHER, and suitable for vegetarian diets.

Memberships



Alpi GmbH & Co. KG. is a member of the Sedex organization, which addresses important issues of corporate social responsibility. The well-being of our employees is extremely important to us. Through SMETA certification, working conditions, occupational health and safety, as well as aspects of environmental management and business ethics are monitored and assessed.



Value Chain



The Journey of Our Whey Powder

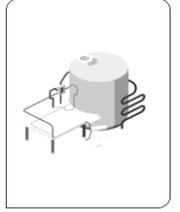
Raw Milk from Responsible Farms

The journey of our milk powder begins on our local farms. The farmers ensure the well-being of the dairy cows, maintain our natural environment, and produce raw milk according to high quality and hygiene standards.



Quality Testing and Processing of the Milk

On designated routes, our own milk tanker trucks, which conduct initial quality checks, transport the fresh milk to the dairy. Upon arrival, further quality controls are conducted throughout the entire process.



Processing into High-Quality Whey Powder

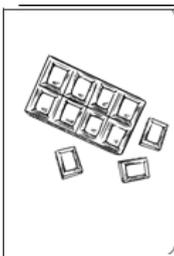
After processing the milk or extracting the whey, it is transported to our company, Alpi. We also place great importance on the quality of the raw material delivered and conduct incoming goods inspections. Now, the whey is processed into our high-quality powder. Throughout the process, continuous analyses are conducted to ensure high quality and product safety.



The Use of Milk Powder in the Chocolate and Bakery Industry

Our products are sold worldwide and range from national to international customers, for example in Asia and Africa.

Among our customers are confectionery manufacturers, who use our whey powder, for instance, to produce chocolate.



Consumption of the Finished Products

Our value chain ends with the consumer.



Raw Materials and Animal Welfare



Raw Material

We source our raw material whey from both our parent company, Berglandmilch eGen, and from Meggle GmbH & Co. KG, located in Wasserburg, Germany. As a subsidiary, we are also convinced that we can only produce good dairy products if the cows are kept in a species-appropriate manner.

What exactly is whey?



Whey is obtained during cheese production. The milk is coagulated with the help of microbial rennet and lactic acid bacteria. This creates the solid portion, the so-called cheese curd, which is separated from the liquid phase, i.e., the whey. The cheese curd is then further processed into cheese.

Animal Welfare

Both suppliers have established various requirements to ensure the best animal welfare. Dairy cow farms supplying Berglandmilch typically have an average of 21 cows per farm, which is very small compared to other European farms. Meggle also places great emphasis on providing cows with sufficient space for movement, resting, and feeding. All Berglandmilch farms also meet the "AMA-Gütesiegel" standard. The legal requirements regarding animal welfare and health are generally much stricter in Austria than in other European countries. For example, tethering of cows is legally prohibited in Austria. Some Meggle dairy farmers in Bavaria still tether their cattle, but this practice is decreasing year by year. Dehorning is common practice for reasons of occupational safety and the protection of the cattle themselves. According to the new animal welfare law, dehorning may only be performed under anesthesia and with postoperative administration of painkillers.

Raw Material and Animal Welfare

Animal Health

As members of the Austrian Animal Health Service, farms supplying Berglandmilch are obligated to take measures to safeguard and enhance animal health. Meggle dairy farmers also have access to veterinary care contracts. Due to the global increase in antibiotic resistance in humans, guidelines for the use of antibiotics have been introduced to establish responsible use of this medication in animal treatment. Meggle also offers free training on the use of homeopathic remedies.

Continuous Quality Controls

Adhering to legal requirements is the fundamental condition for all subsequent steps. Animal health and consequently milk quality are continually monitored through regular inspections. These inspections are conducted by the Milk Testing Ring in Austria and Bavaria, as well as the "Kontrollierte Tiergesundheit" (Controlled Animal Health) program in Austria, based on so-called animal welfare indicators, such as cell count. Furthermore, Berglandmilch and Meggle conduct extensive raw milk monitoring.

Natural Feeding without Genetic Engineering

The cows and calves of Berglandmilch dairy farmers are fed with natural, non-genetically modified feed such as grass silage, maize silage, or hay. Feeding with palm oil and overseas soy is prohibited according to Berglandmilch guidelines. The use of glyphosate is also prohibited.

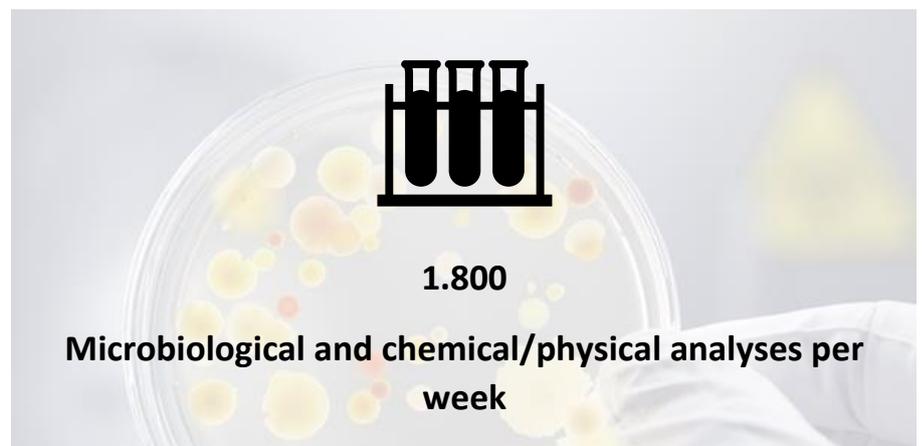
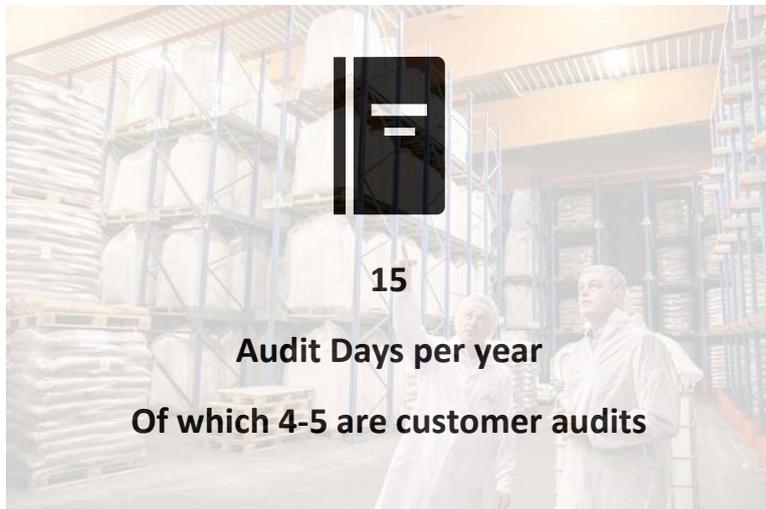


Farmers' Advisory Services

Berglandmilch supports farmers through targeted consultations with farm advisors and provides additional information through the supplier platform e-Milk, special mailings, and magazines. Meggle also offers numerous consultations, training sessions, expert lectures, conferences, and further education opportunities.



Quality and Product Safety



Quality and Product Safety

As a food manufacturer, we consider it our duty and responsibility to ensure the highest food safety standards. Our top priority is the satisfaction and trust of our customers. To ensure quality at all stages of production, our employees ensure comprehensive control. Parameters such as pH value and temperature are checked during the whey intake to verify compliance with the cold chain. Samples are taken continuously during both the processing process and from the finished product and analysed in our internal laboratory to be able to intervene as quickly as possible in case of any deviations.

Approximately 1,800 samples are analysed weekly by our qualified employees, both microbiologically and chemically/physically. All results are documented, and retention samples are prepared to enable quick responses to complaints and systematic tracing of errors. Environmental parameters, such as water quality, also play a significant role in producing flawless, high-quality products. These are subject to regular checks as well. Furthermore, residue analysis provides information about potential contaminants throughout the production area. However, it's not just internal but also external controls that ensure the quality of our products. Therefore, partly unannounced external audits are conducted at the company on 15 days per year.

Microbiological Analysis

To ensure the absence of contamination in the milk powder, samples are analysed in our internal microbiological laboratory for organisms such as coliforms, enterobacteria, yeasts, and molds. Additionally, an externally contracted laboratory conducts further tests for bacteria such as Salmonella, Listeria, Clostridia, and Staphylococci. This ensures that immediate action can be taken in case of exceeding threshold values to guarantee food safety and consumer protection.



Environment and Resources



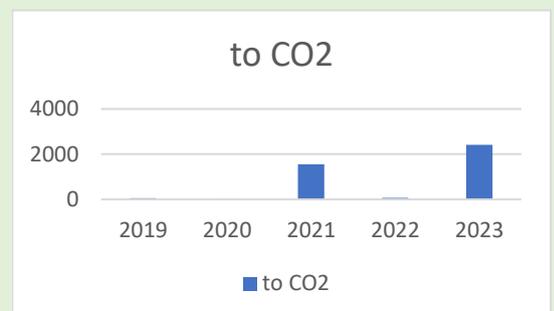
Our Environmental Awareness at Alpi

As a food manufacturer, in addition to high product quality and food safety, environmental considerations are of utmost importance to us. Sustainability is increasingly at the forefront of our society, and at Alpi, we also place great emphasis on preserving and responsibly managing natural resources, as well as protecting our climate.

By utilizing whey, we already make a significant contribution to reducing food waste from by-product streams. However, the processing of whey into spray-dried powder requires a considerable amount of energy. Therefore, we pay special attention to the resource-efficient use of energy, and we source 100% of our electricity from hydroelectric power.

Furthermore, through various energy optimization measures in the manufacturing process, we have been able to reduce CO₂ emissions by 4,086 tons annually. This was achieved, among other things, through the construction of a new evaporator. Additionally, this year, we are implementing various projects to further enhance sustainability within our company.

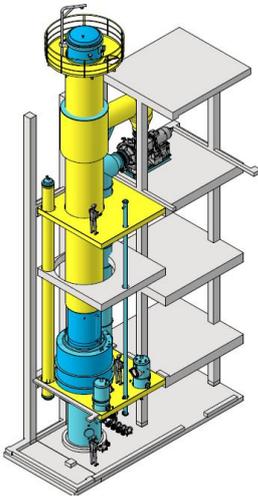
CO₂-Savings in Tons per Year through New Investments



Implemented Projects for Increased Sustainability

Construction of a New Evaporator

The construction of the new mechanical evaporator in 2023 not only allows for the annual savings of approximately 2,417 tons of CO₂ but also results in saving around 44 million liters of water per year through the implementation of new and improved technology. The new evaporator can process a higher inlet dry matter, eliminating the need to dilute the raw material as required with the old evaporators. Overall, this results in energy savings of 70-80% in the evaporation process.



Installation of a Photovoltaic System

With the installation of a photovoltaic system in June 2022 with approximately 150 kWp, spread over an area of 300 m², the next step towards carbon-neutral energy sources was taken. Additionally, as part of this initiative, 4 electric vehicle charging stations were also installed, providing our employees with cost-effective charging options. This results in annual savings of 69,71 tons of CO₂.

Working at Alpi



54 employees

of which:

9 female and 45 male

from 5 nations



2 apprentices

**Average
12 years of service**



Working at Alpi



The Well-being of Our Employees

Due to the close contact with employees in a family-like environment, continuous communication occurs across all levels.

A works council, which works closely with the management, ensures the representation of employee interests within the company. The opportunity for employees to have a say and shape their work environment is important to us.

Promotion of Cohesion

Annual company outings and celebrations foster cohesion and communication among employees.

In this spirit, the joy of life should also not be neglected.

Training and Development

Qualified and motivated employees are the core of our success and the production of high-quality products. Therefore, continuing education is important to us.

In this context, we are happy to support our employees. Alpi also supports interns and thus promotes various research projects.



Through targeted support measures, we also promote our dairy technology apprentices during their training and provide additional motivation with attractive incentives such as giveaways and smartphones. As part of comprehensive training, our apprentices not only become familiar with the milk drying operation but also gain insight into the milk and cheese production of Berglandmilch.



Working at Alpi

Social Benefits

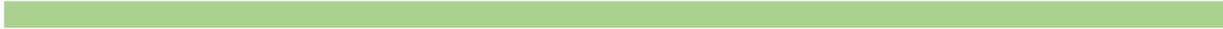
Employees are continuously encouraged to identify areas for improvement, which we gladly and often reward with bonuses.

We provide our employees with healthy milk products and beverages free of charge.

To promote the transition from fossil fuels, Alpi provides cost-effective electric charging stations.

Due to our central location in Ried im Innkreis, we are easily accessible by public transportation.





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In the interest of improved readability, either the male or female form has been used, which by no means implies a disadvantage for either gender.

