



Food that Matters

# Corporate social responsibility report 2020



**7**  
About Vion



**21**  
Vion's context



**32**  
Vion's strategy to create value



**46**  
CSR topics

# Contents

<b>Foreword by CEO</b>	<b>4</b>	<b>Vion's strategy to create value</b>	<b>32</b>	<b>Appendices</b>	<b>103</b>
<b>About Vion</b>	<b>7</b>	Vision, purpose and positioning	33	About this report	104
Company profile	8	Vion's strategy 2020-2024 towards a sustainable future	34	Financial information	105
Overview of 2020	9	Building Balanced Chains	35	Corporate governance and organisational structure	110
Our four Business Units	11	CSR strategy and targets	38	Management board and executive committee	111
Production sites	12	Due diligence	40	The way we do business	112
International sales support offices	13	Value creation model	42	Employees and third-party workers	115
Our products	14	Our contribution to the Sustainable Development Goals	43	Stakeholder engagement	116
Our chain concepts and brands	16	<b>CSR topics</b>	<b>46</b>	Relevance of the CSR topics to our stakeholders	121
Our people	19	Employment and working conditions	47	GRI content index	122
Markets served	20	Food safety	56	Calculation of KPIs	126
<b>Vion's context</b>	<b>21</b>	Traceability and product integrity	60	Definitions	128
Supply chain	22	Animal welfare	64		
Our stakeholders	23	Sustainable farming	80		
Stakeholder dialogues	24	Fair pricing	84		
Developments in the market	25	Carbon footprint of processing	87		
Long-term trends that impact Vion	27	Water usage of processing	91		
Relevant CSR topics	28	Nuisance for neighbours	93		
Materiality analysis	29	Other relevant CSR topics	95		
Materiality matrix	30				
Vion's material topics	31				

# Ronald Lotgerink: 'This year has made me realise how proud I am of Vion as a company and all of my colleagues'



**CEO Vion Food Group**  
– Ronald Lotgerink

Vion has faced a turbulent year, along with the rest of society. It was tough for many of us, not only in business but also personally. So many thanks to all our stakeholders and employees who made it possible for us to successfully do business during 2020.

## COVID-19

The start of the year was quite promising, until the alarming signs of COVID-19 reached us. As early as February 2020, our top management were having several discussions on outbreak scenarios. But in the end, Vion faced an outbreak which resulted in a complex challenge for our whole company.

The food business was recognised as a crucial sector for society, so we had to keep producing food products for consumers and ensure that food supply chains would not be disrupted. This immediately resulted in a significant increase of our retail business during the first weeks of restrictions on the general public. So we appealed to our colleagues on several sites to

help us manage this substantial increase in workload. They did a great job and managed to deal with this unexpected change of goods flow.

However, our food service activities faced an immediate lower demand for their products. This also meant our employees faced loss of production. The restaurants were all closed, so the out-of-home market decreased to minimal levels. In addition, the markets for different technical parts showed a big change from consumers within retail, especially in the minced meat market. The demand for more expensive parts, especially in beef, more or less collapsed and the valorisation of the various technical parts had to be adjusted to the new market reality.

The meat sector is typically a sector with a substantial workforce of skilled employees who work in close proximity to each other. In February we took additional risk mitigation measures in our production lines.

## Foreword of the CEO

These measures include: restricted access, personal hygiene, social distancing, control of air flow and air quality, health checks, and intensive testing protocols for our employees.

### Welcoming third-party workers in our workforce in Germany

During the year in the Netherlands, a governmental commission started to evaluate the situation with migrant workers independent of the sector they work in. In Germany, new legislation was created specifically for migrant workers in the meat sector. From January 2021, this new legislation only allows direct employment. In line with this new legislation in Germany we decided to hire all former subcontracted workers in our German facilities. It took a lot of effort to prepare for this transition and this is an ongoing process in 2021. As Vion we take responsibility for all our workers and recognise their importance to our success as stated in this CSR report. Also in the Netherlands and our international offices we continuously focus on creating the right work climate and work relationships to ensure a motivated and balanced workforce.

### African Swine Fever

Until 2020, our home markets were unaffected, but this year ASF was observed in wild boar at the Polish-German border. This finding resulted in a re-allocation of all German pork within the EU market. This had major effects on the pork market within the EU. Meanwhile, from September 2020, substantial production markets within the EU lost their ability to export pork to third party countries. We were able to mitigate production loss by replacing volumes to other sites in the Netherlands. We expect ASF will have a downwards effect on the production volume of pigs and pork within Germany during 2021.

### Smart chains strategy

The three big challenges of 2020 once more highlight the trends which are the basis of our strategy. Vion has several unique tools that create traction in the food market, such as food safety guarantees, animal welfare checks, traceability concepts, sustainable products (including vegan), and safe working conditions. The increased focus on these subjects emphasises the material importance of the corresponding CSR topics. Therefore, we will continue to make sure these subjects materialise, connecting them through smart chains (BBC) with the market. Vion continuously improves its standards and will shortly announce the newest developments, such as DNA traceability to improve supply chain transparency and the use of artificial intelligence in camera surveillance to improve animal welfare.

### Business Units: Results

Our BU Pork experienced volatile conditions within supply, operations and the pork market. During the first months of 2020, the Chinese market was still very attractive for Vion pork. However, with the ongoing spread of COVID-19 and lockdowns in several consumer markets, including China, Korea, Japan and South Europe, the market for consumer goods became highly volatile. From May onwards, following the detection of coronavirus on frozen salmon, the rules of operation for meat processing facilities have been tightened. Many risk-mitigation measures were implemented within our processing sites, which sometimes hampered the slaughter process.

During late summer, wild boars in Germany were hit with African Swine Fever. This caused a huge drop in pig prices and our pig suppliers were faced with difficult times. However, even taking these setbacks into consideration, we were able to continue implementing our strategy of Building Balanced Chains. We worked with customers and other stakeholders and we launched a DNA integrity system for the Good Farming Star pork concept.

‘Building Balanced Chains (BBC) is based on concise supply chains for specific market demand’

## Foreword of the CEO

The BU Beef was confronted with a substantial change in the market resulting from the reduction of out-of-home consumption. The consumption of high-quality technical parts in particular saw a slowing down following the closure of restaurants in several European countries. This affected the valorisation of the whole carcass and resulted in a substantial downward pressure on the price of beef carcasses. However, increased consumption through the retail channels prompted sales of other parts of the carcass.

In the midst of these turbulent times, our BU Beef has been active in realising their new strategy to prepare them for a future in which agility and creativity are key skills to keep up with and serve the consumer market.

The lock-down measures, which included the closure of restaurants, hotels and other out-of-home gastronomy, hampered the production in our BU Food Service. FVZ Convenience and SALOMON FoodWorld launched the 'Future Gastronomy Initiative', which aims to be a guide for restaurants when they are able to reopen. Unfortunately, there was a second lockdown during autumn and winter. We plan that late spring and summer 2021 will of course offer new opportunities to grow our market share within the out-of-home gastronomy market.

Our new BU Retail has had a good first year. We invested in vegan meat substitutes in our production site at Leeuwarden. Sales volumes increased and the introduction of our vegan products went well. In our home markets, our plant-based start-up 'ME-AT' is rapidly establishing its position at leading retailers and food service players. Consumers tend to diversify their diet in order to improve their lifestyle and exchanging animal proteins with plant-based proteins is part of that process. During the coming years, the BU Retail will team up more closely with the other BUs to significantly grow its market share in consumer products.

### Expansion in Belgium

At the beginning of 2021, Vion acquired beef processor Adriaens at Zottegem (Belgium). All employees will be employed by Vion. This acquisition is part of our strategy. The origin of a product is now very important for our customers. The consumer values local farmers and artisan meats, which is why we are creating regional supply chains. By strengthening our beef activities with this acquisition in Belgium, we have a better spread of activities for our customers in Europe. Together with the Adriaens team, we hope to further strengthen our relationships with farmers and customers within this important region for beef cattle.

### Proud on Vion and all my colleagues

2020 was a challenging year for all of us. COVID-19 emphasised the importance of implementing our BBC concepts and it taught us how important agility and flexibility is, both at work and at home. Personally, this year has made me realise how proud I am of Vion as a company and all of my colleagues. 2021 will no doubt challenge us again. But with the lessons learned on how to adapt and work together, I am confident that we will succeed in delivering to our customers and consumers the 'Food that Matters'.

#### Ronald Lotgerink

CEO Vion Food Group

'COVID-19 emphasised the importance of our BBC Strategy'

# About Vion

ABOUT  
VION

VION'S  
CONTEXT

VION'S STRATEGY  
TO CREATE VALUE

CSR TOPICS



# Company profile

**Vion is an international food producer with production locations in the Netherlands and Germany and sales support offices in thirteen (at the end of 2020) countries worldwide.**

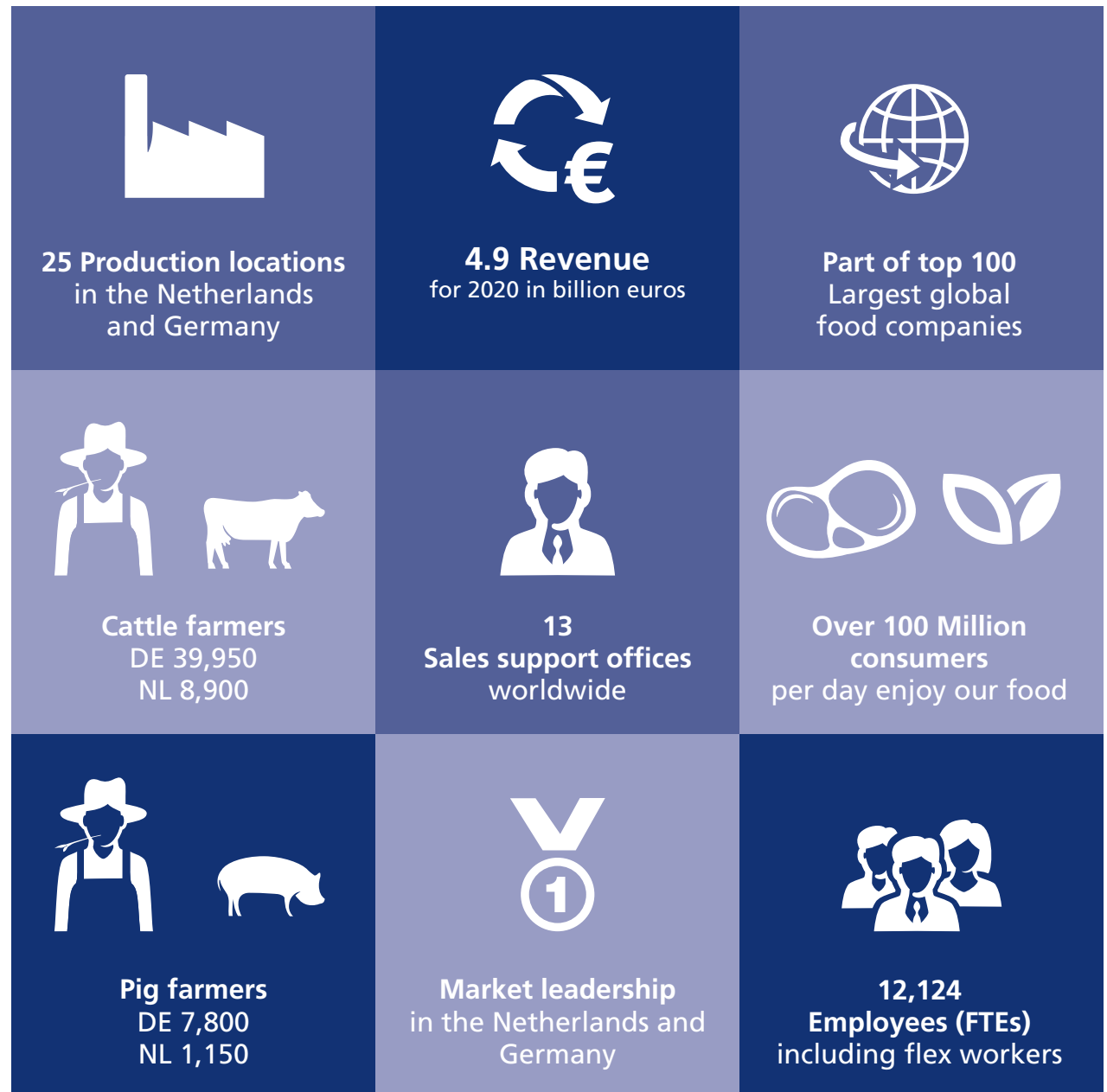
Through our four Business Units – Pork, Beef, Food Service and Retail – we provide fresh pork and beef, by-products and plant-based meat alternatives for the retail, food service, and meat processing industries.

We supply customers in our home markets of the Netherlands and Germany, and in other countries in Europe and the rest of the world. Our headquarters are located in Boxtel (the Netherlands).

Vion Holding N.V. is a public limited liability company under Dutch law. Vion complies with the Dutch Corporate Governance Code.

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued depositary receipts for its shares to NCB-Ontwikkeling, which acts as the investment fund of ZLTO. ZLTO is an association for entrepreneurs working in the agricultural sector and has approximately 13,000 members in Noord-Brabant, Zeeland and the southern part of Gelderland.

This report concerns the Vion Food Group. In 2020, Vion completed the acquisition of the German meat processor NWT-CT and closed its Dutch location Vleesindustrie Valkenswaard. The production site in Altenburg became a beef-only location. At the end of 2020, we announced the closing of subsidiary Otto Nocker GmbH, effective as of January 2021. These sites are incorporated in the figures of this report for the period in which they were part of the Vion Food Group. Early in January 2021, Vion announced the intention to acquire beef producer Adriaens of Zottegem after a period of close cooperation.





# Overview of 2020



## February

- Vion is the first company to be successfully audited for IFS PIA at its site at Boxtel.
- De Groene Weg welcomes its 100<sup>th</sup> organic pig farmer.
- Vion introduces the organic product line Der Grüne Weg on the German market.



## April

Vion donates thousands of auxiliary materials, like mouth caps and protective clothing, to hospitals in Boxtel and Den Bosch.



## January

- Vion acquires German meat processor NWT-CT.
- SALOMON Foodworld presents URBAN TASTE Innovations 2020.

## March

Introduction of plant-based products ME-AT in supermarkets.



June

Simon Morris appointed as the new COO of the Business Unit Food Service.

August

VFZ Convenience and SALOMON FoodWorld start the Gastro Future Initiative: a network from all areas of the food service industry. This initiative supports companies that are hit hard by the Corona crisis and helps to increase their added value.



July

David De Camp appointed as the new COO of the Business Unit Beef. Bernd Stange, former COO of the Vion Business Unit Beef, is appointed as Strategic Advisor to the executive committee for German operations.

November

Blockchain technology is introduced in the Good Farming Star chain.

December

Integration of all former subcontracted worker as new German Vion employees due to the new Occupational Health and Safety Act for the German meat industry.



# Our four Business Units








In 2020, we changed our organisational structure from the three divisions Pork, Beef and Food Service to the four Business Units (BUs) Pork, Beef, Food Service, and Retail. We have 25 production sites in the Netherlands and Germany and 13 sales support offices in various European countries, China/Hong Kong and Singapore.

**Pork** is supplied to national and international retailers, as well as **food service** and food processing companies. Basic raw materials are delivered to industrial customers who process the pork into a wide range of meat products. Besides this, fresh pork is processed by Vion into semi-finished and finished products for the domestic and export retail markets.

**Beef** is supplied to national and international retailers, as well as **food service** and food processing companies. Basic raw materials are delivered to industrial customers who process the beef into a wide range of meat products. Besides this, fresh beef is processed by Vion into semi-finished and finished products for the domestic and export retail markets, including the Vion Food Service Division.

The **BU Food Service** operates two production plants: Großostheim for hamburger patties and Holzwickede for schnitzel, haxer and minced beef and poultry products. In addition, the division has long-term strategic alliances with external production partners in Europe as well as in Asia. At the production sites, meat is processed into products for predominantly the German market, with exports to the countries surrounding Germany.

The **BU Retail** has 5 production sites in the Netherlands and Germany. The plants in Boxtel, Groenlo, Großostheim and Germaringen produce meat products, and the plant in Leeuwarden produces plant-based meat alternatives. The new BU Retail bundles all of its knowledge on markets, consumers, packaging, logistical processes, meat, meat alternatives, and herbs and spices with one goal in mind: to assemble an optimal assortment together with retailers which meets shoppers' demands.

	 Pork	 Beef	 Food Service	 Retail
 Net turnover (in millions of euros)	3,345	1,241	223	355
 Production locations	12	10	2	5
 FTE (flex workers included)	7,500	2,830	492	1,131

# Production sites

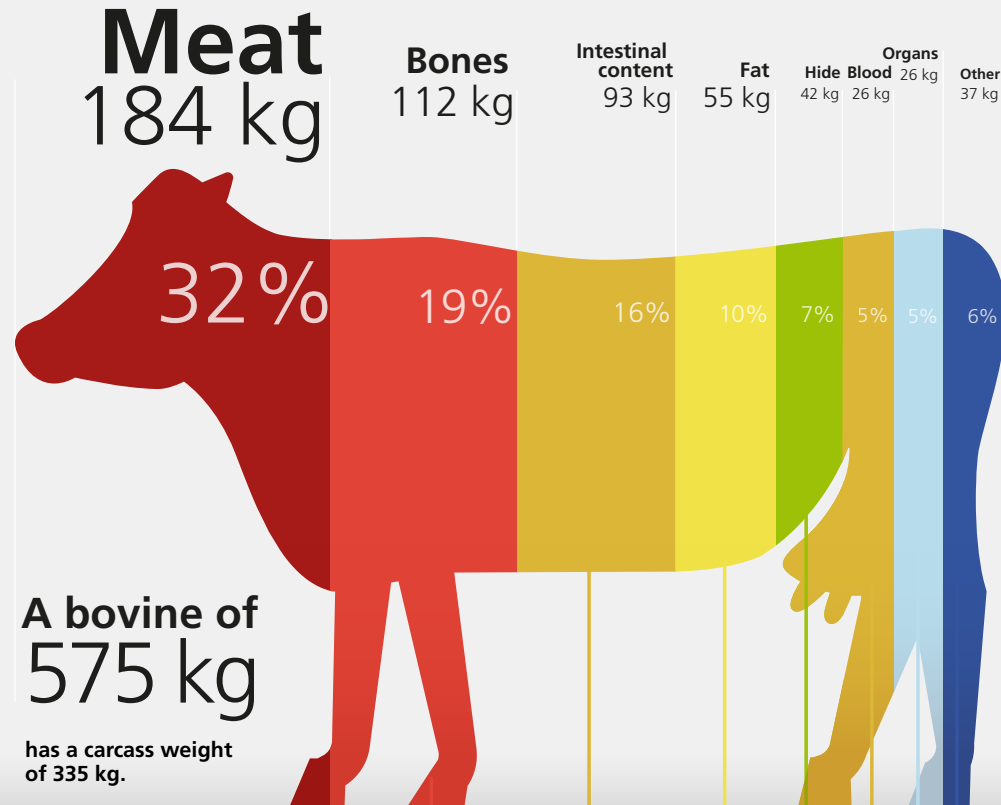


# International sales support offices



# Our products

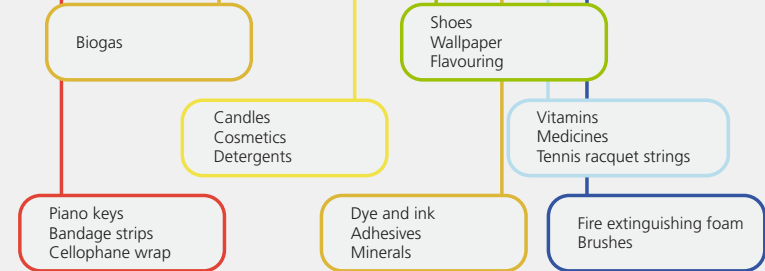
We valorise all parts of the animal by utilising them in the best possible way. An average pig weighing 119 kg produces 62 kg of meat; and an average bovine weighing 575 kg produces 184 kg of meat. The remaining raw materials are used for a wide range of other products.

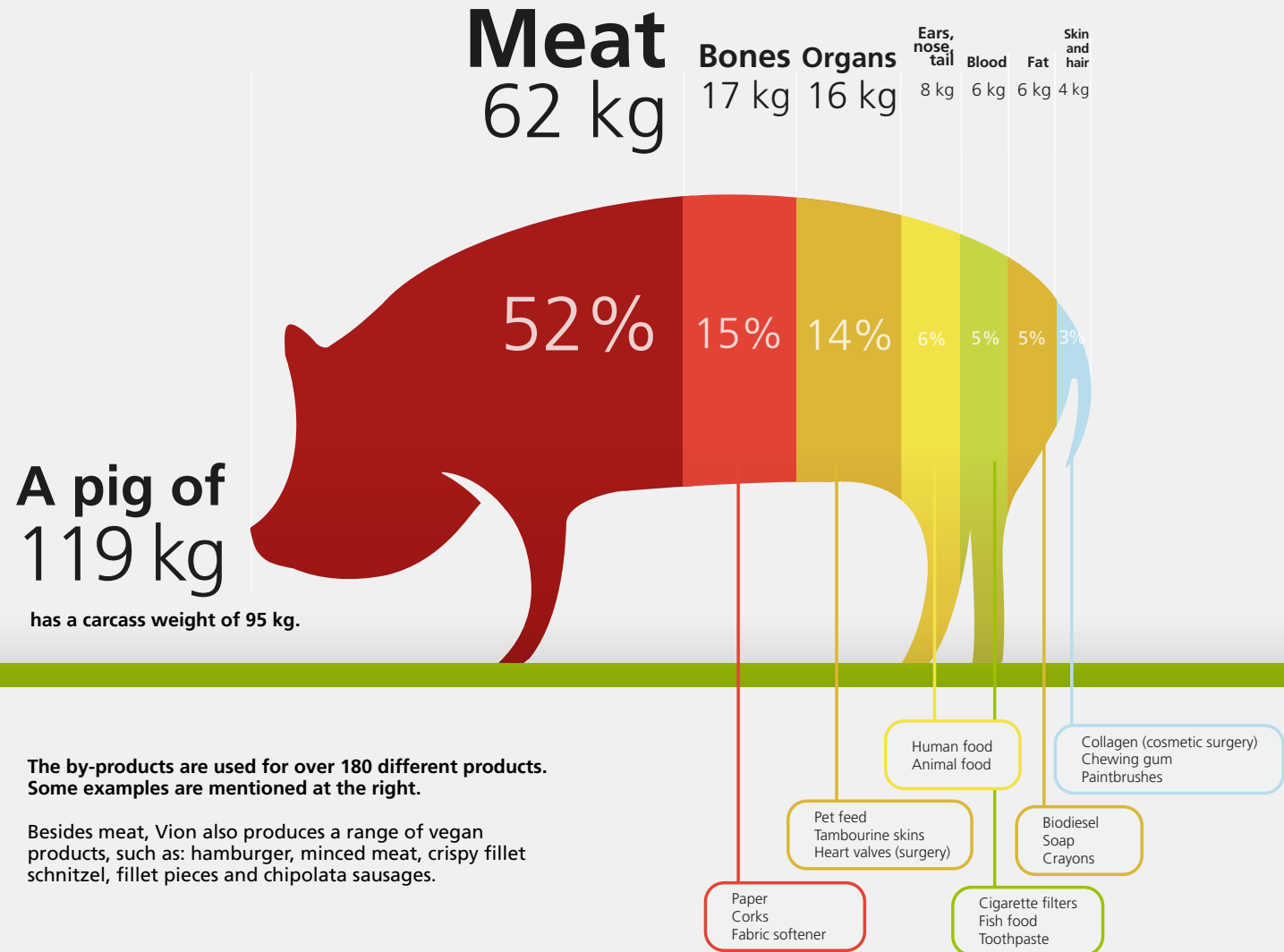


Besides beef, the by-products with the highest turnover are:

- Skin
- Organs
- Intestines

The by-products are used for a wide range of other products. Some examples are mentioned at the right.





# Our chain concepts and brands



**Food Family** supplies fresh pork and beef of the highest quality. Food Family demands strict controls on raw materials, high processing standards and consistent quality.



The **Good Farming Balance** chain concept responds to specific international market demands for pork. Each country has its own preferences regarding the way in which meat is prepared and consumed. Together with our pig farmers, we ensure the production of high-quality meat in the exact quantities that a specific market needs, in line with customer specifications. This requires focused alignment.



The **Good Farming Star** chain concept, which was introduced in 2010, pays extra attention to animal welfare and sustainability. Within this concept, Vion cooperates with 185 Good Farming Star pig farmers in the Netherlands. In the supermarkets of Dutch retailers, the meat carries 1 star of the Beter Leven (Better Life) quality mark.

The main differences from regular pork are:

- The pigs have more space.
- The animals have access to objects which create a more attractive environment for the animals to live in.
- Boars are not castrated.
- The transportation time to the meat processing plant is monitored and limited.

Furthermore, the program complies with the sustainability requirements such as green energy and RTRS soy in the value chain.

Good Farming Star offers known-origin meat from a selected group of farmers that is produced in a controlled and transparent supply chain.



The **Good Farming Organic** chain concept (**De Groene Weg**, **Der Grüne Weg**) goes from farmer to dinner table. This meat has authentic flavour and a natural origin. The animals are reared in accordance with (inter)national standards for organic pig farming. All pigs get plenty of rest and space. They have outdoor access. Good Farming Organic meat has been awarded with three stars of the Beter Leven (Better Life) quality mark as well as the EKO label. The Beter Leven quality mark, carried by the Dutch Society for the Protection of Animals (Dierenbescherming), means that additional attention has been given to animal welfare and health, such as more living space and toys to play with. De Groene Weg – one of Vion's subsidiaries – focuses exclusively on organic meat.

The main differences from the Beter Leven Keurmerk 1-star criteria for pork are:

- The pigs have extensive space and outdoor access.
- The pens have straw bedding.
- The pigs are fed with organic feed.
- The tails of the pigs are intact.
- The transportation time of pigs to the meat processing plant is limited to a maximum of 6 hours.

From January 1<sup>st</sup>, 2018, the pig farms of De Groene Weg also complies with the new EKO-label requirements. The EKO-label is a Dutch organic label that has requirements on 12 different themes that go beyond the European Organic label. De Groene Weg prefers suppliers who maintain all the stages of a fattening pigs' life on one farm – from birth to the end of fattening – as this reduces the number of transport movements.

In February 2020, Vion introduced the concept Der Grüne Weg in Germany.





**Robusto** originates from pigs from trusted and professional pig farmers, with the right fat content and cut to specification, for the top segment of dried premium ham on the Italian and Spanish market, and for bellies on the Korean market.



**Goldbeef** is high quality beef that is distinguished by its deep-red meat colour and fat marbling that indicates its quality. It is offered in different quality categories including 'dry aged beef' and from special breeds such as 'Simmental'.



**BBQ Star** is a premium barbecue range with specially developed spice rubs and marinades for true barbecue lovers, launched on the international retail market in various European countries. The BBQ Star range consists of beef products like côte de boeuf, ribeye, picanha and t-bone steak.



**Schweinegold** represents fresh pork for exclusive markets and the meat industries in Japan and Korea.



**ME-AT** produces high-quality plant-based meat alternatives with the taste, texture and eating experience of traditional meat. This provides alternative sources of protein for flexitarians, vegetarians and vegans. The ME-AT product assortment started with a vegan hamburger, minced meat, a crispy fillet schnitzel, fillet pieces and chipolata sausages. In the near future, ME-AT will expand its product range. ME-AT products are currently available at supermarkets in various European countries.



**Beilerei** represents traditional butchers and premium quality meat. With precision and expertise, our master butchers find the best pieces and process them in a traditional way. It is an individual approach which truly distinguishes Beilerei from the rest.



**Weylander** products are made of premium beef that is matured in the packaging for flavour and tenderness. Weylander is available in various supermarkets in the Netherlands.



**Encebe Vleeswaren** supplies high quality meat such as cooked sausages, cooked hams, liver products, dry sausages and smoked (bacon) products, with in-depth knowledge of the products and extensive experience in traditional processing. In addition, specialties and client-specific products are developed in close cooperation with the customer. These are delivered to wholesalers, and retailers in the home market and abroad. For the industry, meal components are produced according to customer requirements.



**Otto Nocker** 'The gourmet professionals from the Allgäu region'. Otto Nocker is a meat and sausage specialist from Germaringen (Bavaria, Germany). Otto Nocker covers a very wide range of classic Bavarian sausage specialties and tailor-made products for regional supermarkets, hotels and restaurants, international food service customers and business-to-business. The meat and sausages are sold among others through various meat markets in Bavaria. In December 2020, Vion announced that the Otto Nocker production location Germaringen will be closed as of February 2021.



**SALOMON FoodWorld** offers a wide range of innovative burgers, centre-of-plate and finger food products for the out-of-home market in various European countries. SALOMON FoodWorld's three successful concepts are Finger Food Hits, Handheld Snacks and Centre-of-Plate.



**BestHides** is a globally active supplier of chilled & wet salted hides and wet salted calfskins from north, central and south Germany. Whether for high-class smooth grain leather articles in car interiors, for finest shoe- and garment-leathers or furniture leather, the product portfolio of BestHides provides a huge range of German and European hides and skins.



The **FVZ Convenience** brand offers schnitzel, poultry, minced meat, haxer and vital for caterers and the out-of-home market in Germany.

# Our people



**Along with our strategy 'Food that Matters', our people strategy has also been tightened up to ensure a clear Way of Working throughout the whole company. Our Way of Working is defined by our core values 'Sharp, Connected & Brave' which, step by step, become part of our company-wide DNA. We raise expectations, while at the same time facilitating and stimulating the employee journey.**

This year was extraordinary due to the COVID-19 (coronavirus) situation. It affected also our people, their families and our business, but we saw high levels of resilience within our international workforce. Everyone was Sharp, Connected & Brave in keeping our vital business running.

### **Our people make the difference**

In our operations in the Netherlands and Germany, our thousands of employees are of over 40 different nationalities. We value and respect their hard work and take all necessary actions to ensure a pleasant and secure working environment for all of them. Examples are our Safety Policy, our VOS (Vion Operating System), the Good Business Practice Guide (translated in 12 languages and updated in 2020), visual machine instructions and a broad range of language courses. The health and safety of our employees in the processing plants is of utmost importance to us and are therefore identified and managed as a material CSR topic. Especially during the long-lasting coronavirus period, it proved to be the only way forward.

### **Why do our people make the difference?**

The nature of our business requires a lot of craftsmanship and discipline. The biological nature of pigs and cows result in a unique situation in that every animal and every muscle is different and needs to be treated with know-how and craftsmanship, guaranteeing animal welfare and food safety at all times. All the international food markets we serve have their own meat consumption habits based on their rich historical cultures. These diverse market demands are met by our employees who create a lot of different and market specific

high-quality products. On production lines and in our storage rooms, employees are continuously improving our semi-finished and finished products to select and make the perfect match between products, markets, customers and consumers.

Our management is equally crucial, because of the high level of complexity. Our business is, in essence, a disassembly operation with the objective of creating maximum value from an animal. Like butchers in past centuries, we do this with full respect for the animals and consider it our duty to use every part of it for optimum value for our suppliers, customers, and consumers. In such an operation, we know the price paid for livestock, but the total revenue, as sum of each component, is market dependent. To maximise this value, we sell our products to 6,500 customers in 100+ countries. There are many different types of customers, such as retailers, traders, wholesalers or industrial customers who further process our products. Due to constant market fluctuations (mainly due to coronavirus and African Swine Fever), this 'valorisation exercise' has different outcomes during the year and, since Vion handles large volumes, management decisions have a significant impact.

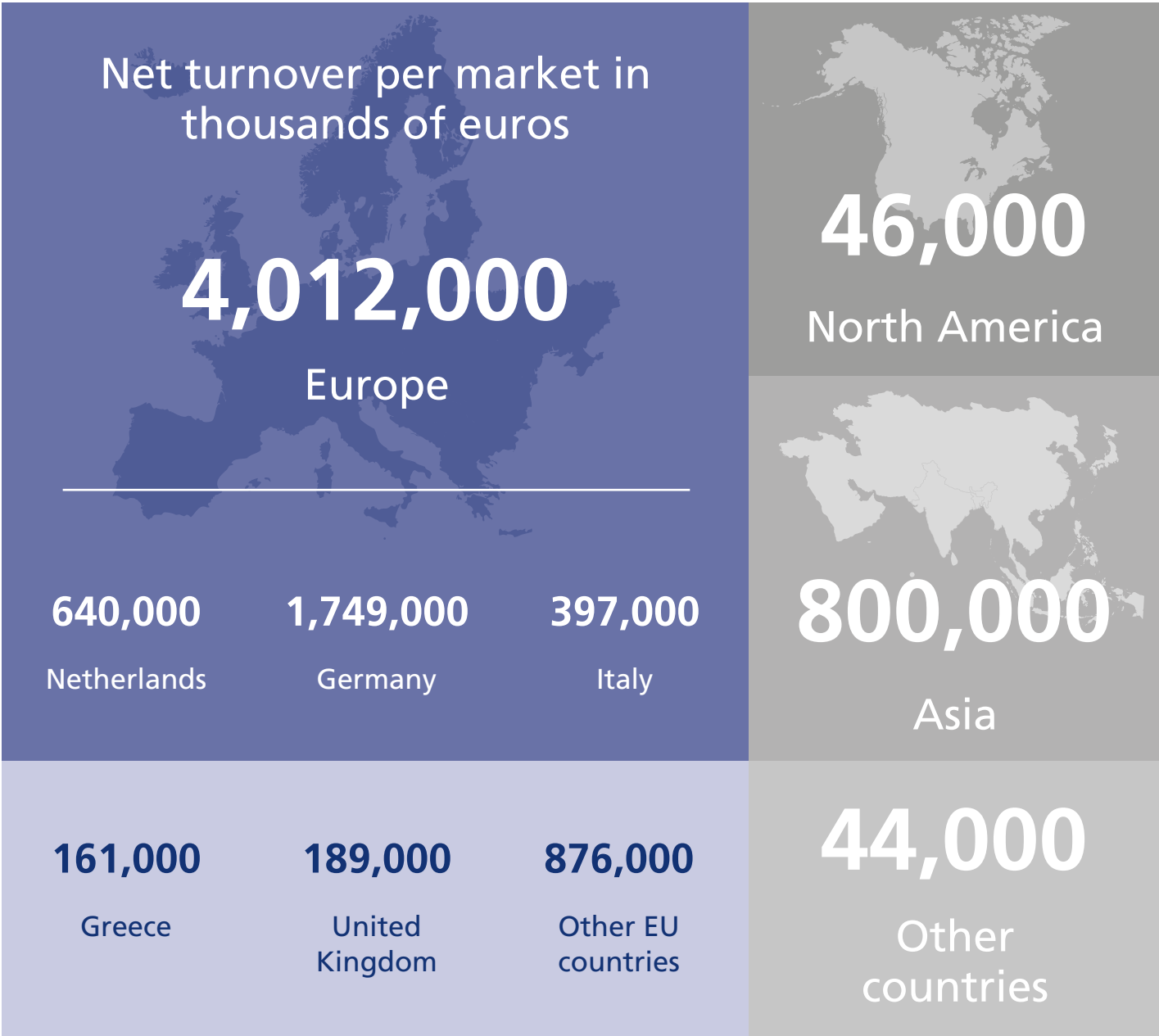
Management has to deal with a complex set of parameters to make their decisions. Purchase prices depend on herd sizes and slaughtering numbers. Our sales prices in 100+ markets depend on demand influenced by import needs, consumption, religious choices and exchange rates. For this reason, Vion needs managers who can deal with a high number of variables to make crucial business decisions such as resource allocation and management of the business mix.

There is no need to explain that this complexity requires a high level of knowledge and skills. On the one hand, Vion is continuously attracting and maintaining young talent and, on the other hand, we have an all time learning programme. One example of this is our extensive, longer-term Culture and Leadership programme – People Matter.

Our people really make the difference. Not only for their knowledge and skills, but also for their pride, professionalism and last but not least for the consumer. They are passionate about our food solutions and understand the importance of our far-reaching corporate social responsibilities.

# Markets served

We supply the retail, food service and the meat processing industries in our home markets of the Netherlands and Germany, as well as in other countries in Europe and the rest of the world. Our operations have market access to all relevant global food markets.



# Vion's context

ABOUT VION

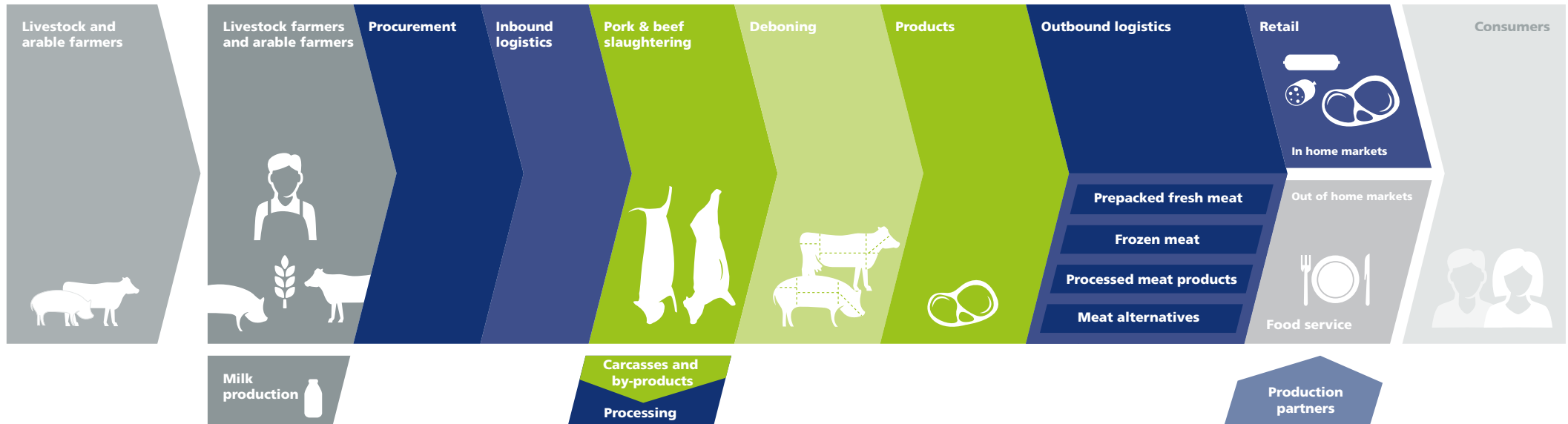
VION'S CONTEXT

VION'S STRATEGY TO CREATE VALUE

CSR TOPICS



# Supply chain



Vion is a player in the middle of the meat supply chain. We have long-term relationships with our farmers, logistic partners and customers, to deliver safe and high-quality meat for consumers all around the world. In 2019, we started working with arable farmers to set up a supply chain for our new plant-based product line ME-AT. In 2020, we took steps to further develop this supply chain.

Our main suppliers are live animal suppliers. Almost all our live animal suppliers are located in our home countries of the Netherlands and Germany. The number of livestock farmers in our home markets is decreasing, while the average number of animals per farm is increasing. In 2020, almost 9,000 pig farmers and over 48,000 cattle farmers delivered their animals to Vion.

Around 90% of our customers are located in Europe. Our main customers are retailers operating in Europe. In the Netherlands, around 90% of all meat products are sold through supermarkets, compared to 80% in Germany. Due to their concentration, the supermarkets have a strong buying power.

Parts of the value chain in which Vion is active ●●  
 Partly active ●●●  
 Not active ●●●●

# Our stakeholders

Besides our partners in the meat supply chain, Vion has many other stakeholders. We have identified Vion's stakeholders based on the existing direct and indirect relations.

These stakeholders are plotted on a stakeholder matrix.

This map differentiates the stakeholders according to:

- The extent to which the stakeholder is likely to show an active interest in the organisation's strategies.
- The stakeholder's influence on Vion's success.

The most important stakeholders are the ones that both show an active interest in Vion and have a high influence on our success. Examples of these are our consumers, customers, suppliers, employees, animal welfare organisations, local communities, and financial stakeholders. We have discussions and work actively with these stakeholders on fulfilling our purpose of providing Food that Matters, on implementing our long-term strategy of Building Balanced Chains and on reaching our CSR targets.

On many material topics, we are working closely with our customers, suppliers, and other stakeholders like ZLTO, to realise improvements and to reach our targets. To open a dialogue and to learn from each other, Vion participates in round table discussions. We also actively participate in discussions on food safety, meat consumption, animal welfare, public health, and sustainability, but also in discussions with the government in our home markets, aimed at balancing beef and pork supply chains. These dialogues lead to the selection of our material topics, which are the basis of our CSR strategy, and to refining our approach to these topics.

In addition, Vion provides specific stakeholders with the opportunity to share their opinion on the material topics in interviews for our quarterly German farmers' magazine 'proAgrar'. Besides that, we are continuously monitoring developments in the behaviour and/or attitude of consumers in our home markets of the Netherlands and Germany.

See appendix 'Stakeholder engagement' for an overview of our stakeholders and how we engage with them.



# Stakeholder dialogues

**We actively involve our stakeholders in our purpose of providing Food that Matters and our strategy of Building Balanced Chains for long-term value creation. We discuss our strategy, challenges and targets with different stakeholder groups in different settings, organised by us or by our stakeholders.**

With many of these stakeholders we work closely in order to implement our strategy, realise improvements and reach our targets. Our management board is often involved in these dialogues. On this page are some examples of the 2020 meetings.

## Talks with Carola Schouten, Dutch Minister of Agriculture, Nature and Food Quality and the media in May 2020

During the COVID-19 pandemic, Vion should stay operational as the food industry has been designated a crucial sector. Taking care of the health and safety of our workers, with special attention towards our migrant workers, has been a main focus of Vion in 2020.

Our CEO Ronald Lotgerink has had several talks regarding our policy and COVID-19 procedures for the health and safety of our workers with Carola Schouten, the Dutch Minister of Agriculture, Nature and Food Quality.

COVID-19 infections among our migrant workers was also a topic in the media. Ronald Lotgerink therefore agreed to be interviewed on national television and in several interviews with daily newspapers to talk about our policy and procedures.

## Agreement with bank on sustainability targets

Our CFO John Morssink made a new financing arrangement with our bank. Within this agreement also sustainability targets are defined.

## Board meetings with other CEOs of multinationals in the agri-food business and the Dutch Ministry of Agriculture, Nature and Food Quality in September and November 2020

'De Beweging' is a network of CEOs in the Dutch agri-food business. This movement aims to formulate a joint vision on the future of a sustainable Dutch agri-food industry and to work on measurable steps towards realising it.

Within the Board, our CEO Ronald Lotgerink is responsible for the topic group 'International valorisation of sustainable production chains'.



# Developments in the markets

**Developments like the global COVID-19 pandemic, African Swine Fever, and social, environmental and political measures have made 2020 a turbulent year with far reaching effects on our supply chains, markets and company. The next pages describe the main developments and their impact on Vion.**

## Actual developments that could impact Vion

### COVID-19

The coronavirus is affecting the health, personal lives, and day-to-day work of hundreds of thousands of people. It is affecting companies and business relations all over the world. Several of our own workers were among the people infected with the COVID-19 virus. The pandemic resulted in lockdowns, including the temporary closure of restaurants.

The challenges that the world – and Vion – have to face demand agility and a focus on the future. To support the Business Units and coordinate overarching topics, a central response organisation has been set up.

This central response organisation consists of three main workstreams: Corona team, Risk team and Strategy steering team. All three workstreams work under the direct leadership and supervision of Vion's executive committee.

- Corona team: responsible for ensuring the health of our workers, safeguarding the continuity of food supply, and for all communication.
- Risk team: responsible for maintaining the financial health of our company and managing short-term risks.
- Steering team: responsible for aligning actions, prioritising projects and investments, and steering midterm developments.

COVID-19 has short-term and long-term effects on Vion. The short-term effects are:

- Additional costs due to corona measures, continuous testing, and increased absenteeism as a result of positive tested individuals and quarantine measures.
- A significant decline in the out-of-home channel that affects sales volumes and margin.
- Valorisation of beef is affected as result of the lower demand of high-end quality beef products in gastronomy.
- Negative effect on valorisation of pork due to temporary import stops from China.
- As a result of all the measures taken, slaughter volumes decreased, this resulted in a substantial number of pigs that could not be slaughtered by Vion and others that still reside at the farms of origin.

The potential long-term effects of COVID-19 on Vion are:

- Structural changes in the channel to the consumer, increasing online sales.
- Government will have a stronger consumer focus with respect to health, this could benefit Vion while its main products are fresh and healthy products.
- A new balance between supply and demand, and corresponding price levels.
- The risk of new waves of the virus with accompanying economic impact.

### Third-party labour regulation

Due to the COVID-19 pandemic, our national authorities revised the system of subcontracted labour. In Germany from 2021, only direct employment will be permitted in the German meat sector. Due to this new law, Vion will also be responsible for the housing and commute of these migrant workers. As a consequence, we hired all our subcontracted workers within a very short time frame, in accordance with our employment policy to have more workers on our payroll.

The short-term effects of the German legislation on Vion are:

- Higher labour costs.
- More effort required from Vion to attract sufficient workers and increased responsibility for arranging housing and transportation.

The potential long-term effects of the legislation on Vion are:

- A level playing field in Germany on worker conditions, which benefits Vion as our standards are currently above the industry average.
- Improved opportunities for education and training of our workers to strengthen craftsmanship and efficiency.
- An increasing need for robotisation due to labour shortages and higher labour costs.

### African Swine Fever in Germany

In the late summer of 2020, African Swine Fever (ASF) was observed in wild boars in the east of Germany. This outbreak is an enormous drawback for the pig farmers in Germany and the pork industry. As result of export restrictions to third countries, all the pork produced in Germany should reside within the EU territory. As a result of the geographical spread of the production locations of Vion over Germany and the Netherlands Vion is able to deliver most of its customers in the third countries from the Dutch production sites. However, this is not without challenges.

## Environmental and agricultural political measures

### Europe

The objective of the Farm to Fork strategy is to ensure that the food chain has a neutral or positive impact on the environment. Through this strategy, the European Commission also want to ensure that, ultimately, the most sustainable food becomes the most affordable. In 2023, the European Commission will propose a legal framework for sustainable food systems. It is also crucial to reverse the trend of excessive weight and obesity within the EU by 2030.

Furthermore, the European Commission is reviewing the EU's agricultural product promotion programme in order to increase its contribution to sustainable production and consumption, and to adapt to changing dietary patterns. As far as meat is concerned, that review should focus on opportunities within the EU promotion programme to support the most sustainable, carbon-efficient methods of livestock farming.

### Netherlands

The Dutch government together with the industry, is working on programmes concerning the reduction of greenhouse gas emission and Nitrogen emission at the farm. Technological innovations and transparency on the footprint are two instruments that are applied by the government to facilitate the industry to take actions. Additionally, there is a programme for increasing the recycling of co-products of the food industry that can be used as feed constituents for e.g., pigs.

### Germany

The Borchert Report was presented during the spring of 2020. This report focusses on a sustainable agriculture and a fair price for all actors in the supply chain. It is hard to speculate what will be translated into the programme of the new government after the election in the fall of 2021.

# Long-term trends that impact Vion

Besides the actual developments, there are long-term trends that drive change in the food market and have an impact on Vion.

We see an increase in the following:

- Demand for safe food.
- Demand for transparency and traceability.
- Demand for healthy food.
- Attention on animal welfare.
- Attention on environmental aspects of livestock farming and production.
- Attention on climate change.
- Attention on safe and fair working conditions.
- Shortage of potential operational personnel.
- Attention on fair prices.
- Price volatility.

Our CSR strategy was developed around these major long-term trends and our approach on these developments is described in the chapter 'CSR topics' at the respective topics.

Trends	Risks	Opportunities	Approach
Demand for safe food		Vion is seen as a trusted partner with regard to food safety. Food safety to be embedded in codes of practice at all Vion production sites	See chapter 'Food safety'
Demand for transparency and traceability		Vion sources locally, is building balance chains, and uses blockchain for Good Farming Star	See chapter 'Product integrity and traceability'
Attention on animal welfare	Risk of less acceptance of animal production, especially in our home markets	Vion is a frontrunner on animal welfare and will also offer plant-based products as alternative	See chapter 'Animal welfare'
Attention on climate change and environmental aspects of livestock farming and production	Shift of consumption to more environmentally friendly products, especially in our home markets	The German and Dutch animal supply chains are very efficient, thus resulting in a relative low carbon footprint for products produced in our home markets	See chapter 'Environmental aspects of livestock farming' and 'Carbon footprint of processing'
Demand for healthy food	Risk of lifestyle diseases such as obesity and diabetes	Fresh food items have a health promoting effect	See paragraph 'Nutritional value of meat (alternatives) and additives'
Attention on safe and fair working conditions	Risk of injuries and workers getting infected with COVID-19		See chapter 'Employment and working conditions'
Shortage of potential operational personnel	Risk of shortage of operational personnel causing potential problems with operational planning		See chapter 'Employment and working conditions'
Attention on fair prices	Unrest in the supply chain	Vion offers farmers different pricing systems to choose from and farmers can connect in dedicated supply chains	See chapter 'Fair pricing'
Price volatility	Potential risk for margins	Potential opportunity for margins	See chapter 'Fair pricing'

# Relevant CSR topics

**With regard to our business, and the effect of the other companies in the supply chain on our business, we have developed a list of the relevant CSR topics for Vion.**

Based on frequent contact with our important stakeholders, the key issues of other stakeholders and research among consumers, we defined the relevant CSR topics for each stakeholder group. For an overview see the online appendix 'Stakeholder engagement'. The sources used for this analysis are part of our daily business and are used for strategic decision making.

The meat industry receives a lot of attention, especially on matters related to health, working conditions, product integrity, animal welfare, environmental impact, and pricing. These topics are of concern to a lot of our stakeholder groups and are covered in one or more topics.

We renamed and combined some topics, which is why there is a smaller total number of topics compared to last year. Because of this, some topic boundaries have changed as well. We will describe these boundaries at each material topic.

COVID-19 has led to increased stakeholder attention on working conditions in the meat sector. Authorities revised the system of subcontracted labour. In Germany from 2021, only direct employment will be permitted. That is why the topic 'Employment' is now of material importance and combined with working conditions. This topic also includes training and education.

We also combined the three former topics 'Role of protein in a healthy diet', 'Salt, fat and sugar content', and 'Additives' into the topic 'Nutritional value of meat (alternatives) and additives'.



# Materiality analysis

To define the material topics out of all the relevant topics, we performed a materiality analysis with the representatives of different departments. We evaluated each topic based on two dimensions.

## The extent to which the topic has an influence on the assessments and decisions of stakeholders

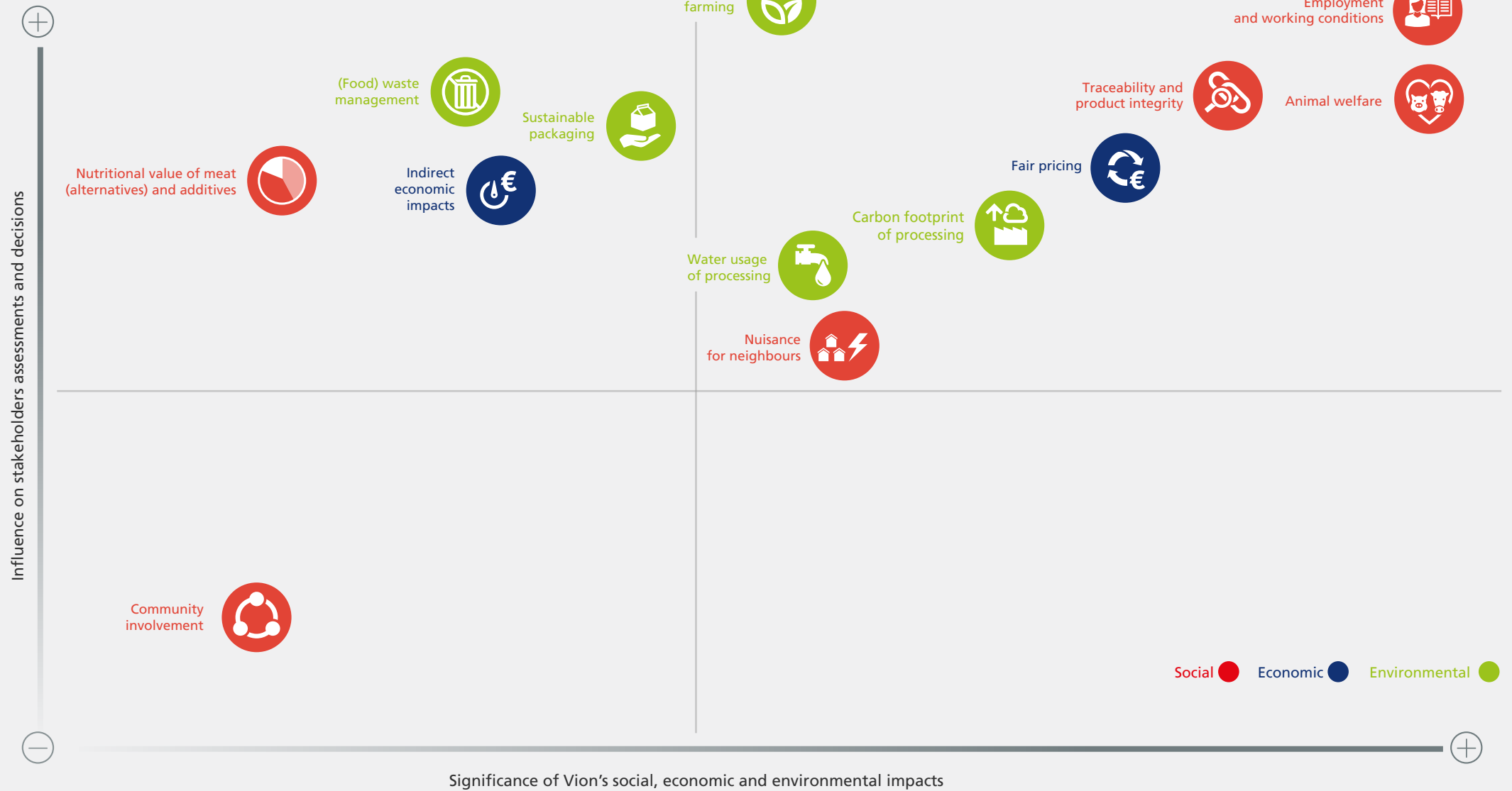
To determine the first dimension, we defined the importance of that topic for each stakeholder group on a scale of one to ten. The most important stakeholder groups were given more weight than other stakeholder groups. The weighted average determined the place of that topic on the y-axis of the materiality matrix.

## The significance of Vion's social, environmental and economic impact on that topic

For the second dimension, we defined how much of an impact Vion can have on each topic, by itself or by influencing the other stakeholders. Each topic was first evaluated as having a high, medium or low impact. The discussed outcome was plotted on the x-axis of the materiality matrix.

Vion is in the middle of the supply chain and has the possibility to influence several material topics substantially, such as food safety and product integrity. Other topics, such as sustainable farming and animal welfare are a common responsibility of several actors in the supply chain.

# Materiality matrix



# Vion's material topics

The nine topics that ended up in the upper right corner of the materiality matrix are Vion's material CSR topics. We will share our approach to all the relevant CSR topics in this report. However, the most material topics are given more attention than the topics that are less material.

## Social topics



**Food safety:** the control of supply, processing and storage to produce healthy and wholesome food.



**Employment and working conditions:** Workforce management, health and safety, and learning and development.



**Traceability and product integrity:** identification and control of the flow of goods through the supply chain. Additional control of specific attributes, such as organic, in the supply chain. Assurance that what is on the label of a product is in the package.



**Nuisance for neighbours:** circumstances causing inconvenience or annoyance for residents around Vion's production locations.



**Animal welfare:** control of the wellbeing of each individual animal from farm to slaughter.

## Environmental topics



**Sustainable farming:** the environmental aspects of livestock farming.



**Water usage of processing:** all water used at Vion locations.



**Carbon footprint of processing:** the energy used, and greenhouse gasses emitted at the Vion locations.

## Economic topics



**Fair pricing:** a fair distribution of margins throughout the supply chain.

# Vion's strategy to create value

ABOUT  
VION

VION'S  
CONTEXT

VION'S STRATEGY  
TO CREATE VALUE

CSR TOPICS





# Vision, purpose and positioning

<p><b>Our Vision</b></p>	<p>In a global marketplace and on a planet that is under pressure from the overuse of resources, we believe in a world where people enjoy safe and healthy food from sustainable sources.</p>
<p><b>Our Purpose</b></p>	<p>By bringing people together to build future proof protein chains, we provide Food that Matters.</p>
<p><b>Our Positioning</b></p>	<p>In our view; Food that Matters is tasty and healthy, comes from upgraded demand-driven chains, provides a fair income for farmers and other chain partners, is produced with respect for animals and people and sets standards on reducing environmental impact.</p>
<p><b>Strategic focal point: Building Balanced Chains</b></p>	<p>We implement Building Balanced Chains to give farmers a future and customers a difference.</p>

**Our Role: guide, providing clarity and direction in a complex world and serving as a beacon for others in the food chain**

- Healthy and tasty food
- From upgraded demand driven food chains
- Providing a fair price for farmers and other chain partners
- Produced with respect for animals and people
- Setting the standards on reducing environmental impact

# Vion's strategy 2020-2024 towards a sustainable future

**In 2019, Vion developed a new corporate strategy in order to realise demand-driven supply chains and produce Food that Matters to help meet the global food demand. At the end of 2019, this resulted in an integral strategic roadmap for the years 2020-2024 called: Building Balanced Chains (BBC). With this strategy, we move away from a supply-driven commodity focus and towards demand-driven added value concepts, as well as finding new platforms for growth in dedicated food supply chains that includes also meat alternatives.**

Our strategic directive is to become a trusted market maker in food supply chains, by anticipating demand and creating value at the midpoint of connected, future-proof supply chains. The objective of our new strategy is to achieve a strong, sustainable market position together with our supply chain partners, with healthy financial results and valuable social contributions, all within a balanced ecosystem. Vion recognises animal welfare and sustainability as key attributes connected to our products.

As part of the new strategy, the former three divisions Pork, Beef and Food Service are changed into four Business Units (BUs): Pork, Beef, Food Service, and Retail. This is to ensure there is a dedicated focus in each market segment in order to drive demand-driven supply chains and build balanced chains. The new BU Retail will develop consumer-focused products and services for partners and customers in retail markets. Each BU is managed by a dedicated team responsible for executing the strategic plan and carrying out business activities within the BU.



# Building Balanced Chains

**To live up to our purpose of providing Food that Matters, our strategy is to Build Balanced Chains (BBC) to offer safe, healthy, tasty food while creating value across a future-proof ecosystem. We see it as our role to connect and balance supply and demand in a sustainable way.**

Our job is to create balanced food supply chains that are demand-driven and relevant for all partners:

- Farm management optimisation: making relevant data available to farmers for optimising their management and improving animal welfare, efficiency and environmental sustainability effects.
- Protein valorisation: balanced supply and demand, with flexibility and a range of options for valorisation from head to tail.
- Product specialisation: unique concepts and product innovations that tap into prevailing consumer trends.

The very best products, fresh on your plate, demand supply chains that are as short as possible. This helps to get the best products into shops and restaurants in the best possible way. As a trusted partner at the midpoint of supply chains, we connect a group of farmers to a group of customers.

Accordingly, we aim to build tailor-made, customer specific chains, so that our customers can communicate added value such as origin of products, animal welfare, or CO<sub>2</sub> footprint. It takes time to match supply and demand. We believe there is space for 6 or 7 specific supply chains in the Netherlands and up to 10 in Germany, with Vion focusing on optimal valorisation of the food items. The rest, approximately 30% of the offer, remains free market.



BBC becomes even more relevant when looking at recent developments and potential risks. External factors, like COVID-19, African Swine Fever and third-party labour policies accelerate the trends underlying our strategy. Increasing demand for sustainability, product integrity, food safety, animal welfare, safe working conditions, and fair prices, as well as alternative sources of protein, will determine success in the market. In the coming years, Vion's answer to these challenges is to build strong relationships with our supply chain partners and other stakeholders in order to meet supply and demand on these topics.

In the past years, we were already actively involved in building balanced supply chains, such as with Good Farming Balance, Geprüfte Qualität Bayern, Good Farming Star, and De Groene Weg (Organic), and we recently started the plant-based meat alternatives supply chain.

More cooperation in the chain leads to lower costs, less waste and increased transparency. Strong chains are less dependent on price increases or decreases. Supply chain partners are assured of a fair price and financial security.

These BBCs must be based on contemporary IT systems in which all supply chain partners are connected to one another. Data exchange between feed producer, farmer, animal trader, slaughterhouse, meat processor, retailer and consumer should be open and transparent. Within the coming years, these data systems should provide reliable information to the consumer on food safety, animal welfare, sustainability, and product integrity. The consumer has a right to know how food is produced. It is our responsibility, together with our supply chain partners, to provide this information.

## Examples of BBC that are already recognised in the business

### De Groene Weg

One of the things that distinguishes De Groene Weg is that – when it comes to pork – the company works on the basis of a demand-driven, closed supply chain. As a central player in the organic pork supply chain it has a heritage of almost 40 years (2021) and an integrated approach from pig farmer to the end consumer, Vion has been able to develop best practices for supply chain management, pricing models and type of farming. De Groene Weg's integrated approach for the production and marketing of meat ensures an optimal balancing of supply and demand. For that purpose, the company works closely with both organic pig farmers and market parties, such as its own De Groene Weg butcher shops, retail outlets and Vion international sales agencies.

Over 100 farmers who supply pigs to De Groene Weg are members of a suppliers' association, all certified with the European Organic standard (SKAL), EKO, and Beter Leven 3-star label. The processing of organic pigs takes place in Vion's specialised meat processing plant in Groenlo. In addition to this, De Groene Weg also processes organic beef. These are mainly dairy cows mostly from organic dairy farms in the Netherlands, Germany, and Austria. For more information on this concept, see chapter 'Our chain concepts and brands'.

### Good Farming Star (GFS)

Within our GFS concept certified with Beter Leven Keurmerk 1-star, we developed dedicated supply chains for several Dutch retailers.

### Robusto

Selection of ham, originating from trusted and professional pig farmers, with the right fat content and cut to specification, for the top segment of dried premium Parma and Serrano alike hams on the Italian and Spanish market, and for bellies on the Korean market.

### Simmental PUR with Geprüfte Qualität Bayern certificate

A regional beef program, it combines beef from Simmental and Bavarian origin (certified according to GQ-Bayern – "Geprüfte Qualität Bayern"), which Vion developed in cooperation with two farmer organisations and the food retail.

### Boerderijvlees (Farm Meat)

Dedicated chain for pork, from the first Dutch farmer certified with Beter Leven Keurmerk 2-star to a specific Dutch retailer. The pigs can choose whether they go outside or stay indoors, have straw, and eat lupins and wheat. The farmer produces most of the feed for the pigs on its own fields and manure from the pigs goes into the biogas plant which generates electricity.

Examples of developments within the chains



Blockchain

Vion has started to connect the Good Farming Star pork supply chain to the 'digital highway' by means of blockchain technology.

By digitally connecting all relevant partners within the Good Farming Star supply chain and exchanging data, we can increase the efficiency of the entire supply chain and guarantee the origin and integrity of our meat. This creates trust.

The Good Farming Star supply chain is the first in the sector to be connected through blockchain technology. Our other supply chains will follow suit in the years to come.

DNA Traceability

The integrity of our products and processes is important for customers and consumers. Throughout the whole supply chain, we have already implemented process integrity control systems with verification by product balances within the IFS-PIA standards. In addition to these assessment standards, we added product integrity monitoring by DNA testing of animals and end products. The DNA of all Good Farming Star and organic sows is analysed and stored in a DNA data bank. In short: DNA is the ultimate check to show integrity throughout the whole supply chain.

# CSR strategy and targets

In executing our strategy of Building Balance Chains, we consider the economic, social and environmental impacts of our decisions. In this way, we create more value, both for our supply chain and for society at large, and we fulfil our purpose of providing Food that Matters. On all our material topics, we set targets which we want to continuously improve on in the coming years.

Material topic	KPI	Result 2020 Trend versus 2019 ▲ Better performance ▼ Lower performance ● Stable performance	Target for 2021	Contributing to SDG target	External trends	Risk/opportunity for Vion
<b>Social Topics</b>						
<b>Employment and working conditions</b>	% absentee rate Vion total	▼ 5.8%	<5.8%	8.8	Shortage of potential workers and increased attention on safe working conditions	<ul style="list-style-type: none"> <li>Risk of shortage of operational personnel causing potential problems with operational planning</li> <li>Risk of workers getting infected by COVID-19</li> </ul>
<b>Food safety</b>	% compliance to Vion's internal - beyond legal – microbiological standards for product hygiene	▲ 89.9%	91%	2.1	Growing demand for safe food all over the globe	<ul style="list-style-type: none"> <li>Opportunity as food safety is embedded in the codes of practice at all Vion production sites</li> </ul>
<b>Traceability and product integrity</b>	% of the sales volume originated from plants certified according to a specific product integrity standard	▼ 77%	85%		Growing demand for product integrity and traceability. Trust in food is key for consumers	<ul style="list-style-type: none"> <li>Opportunity as Vion sources locally, is building balanced chains and using blockchain for Good Farming Star</li> </ul>
<b>Animal welfare</b>	% of the animals for which no restunning was needed. All of the animals (100%) were stunned before slaughtering	▲ 99.9%	99.9%		Growing attention for animal welfare	<ul style="list-style-type: none"> <li>Risk of decreasing overall meat demand, especially in our home markets</li> <li>Opportunity as we are a frontrunner on animal welfare and will also offer plant-based products as alternative</li> </ul>
<b>Nuisance for neighbours</b>	Number of complaints about Vion in the municipality of Boxtel	▲ 176	<150			<ul style="list-style-type: none"> <li>Risk: licence to operate in the local community</li> </ul>
<b>Environmental topics</b>						
<b>Sustainable farming</b>	Number of farms on which the GHG emissions are assessed	▲ 15	160	13.3	Growing attention for environmental aspects of livestock farming and climate change	<ul style="list-style-type: none"> <li>Risk of decreasing overall meat demand</li> <li>Opportunity as GHG emissions of North-Western European livestock farming are relatively low compared to other regions in the world</li> </ul>
<b>Carbon footprint of processing</b>	Non-renewable energy consumption per tonne sold	▼ 811	<800 MJ	12.2	Growing attention for climate change	<ul style="list-style-type: none"> <li>Growing attention on environmental aspects of production and climate change</li> </ul>
<b>Water usage of processing</b>	Usage of municipal water per tonne sold	▲ 1.60 m <sup>3</sup>	<1.55 m <sup>3</sup>	1.4	Climate change results in changes in water availability	
<b>Economic topics</b>						
<b>Fair pricing</b>	% of the delivered pigs in the Netherlands from farmers participating in Good Farming Balance	● 74%	75%	15.6	Price volatility	<ul style="list-style-type: none"> <li>Risk and opportunity</li> </ul>
	% of the delivered pigs in Germany from farmers participating in Good Farming Balance	▼ 8%	30%			

Our strategic priorities within the CSR topics

# 6 Strategic CSR priorities

Of the nine material topics for which we strive to minimise negative impact or optimise positive impact, the following six topics are the most crucial for the day-to-day success of our business.

That is why, in our CSR policy, we give priority to these subjects and we start with them in the chapter CSR topics. To stay a successful frontrunner, we use recognised standards and methods, such as food safety standards, integrity standards, animal welfare standards, and CO<sub>2</sub> footprint calculations.

**Employment and working conditions**

**Food safety**

**Traceability and product integrity**

**Animal welfare**

**Sustainable farming**

**Fair pricing**

# Due diligence

**We take responsibility for identification and control of risks with a potential negative impact. This includes the risks that originate from the supply chain. As a market leader in red meat Vion takes a leading role in the supply chain, as described in our strategy Building Balance Chains.**

## Due diligence policy and management systems

The executive committee takes its responsibility by creating an effective, professional company structure to identify risks and to mitigate risks within the supply chain. A matrix structure is in place, in which relevant staff and operational disciplines have a separate, direct reporting line to the executive committee and to the supervisory board. All executives and the supervisory board receive quarterly reports on material CSR topics. These CSR topics cover risks, which might occur within supply chains, that could have a negative impact. For each CSR topic, the corresponding risks are identified, and a due diligence policy and control programme are in place. This is explained in more detail in the specific sections on each material topic.

## Identification of risks with potentially negative impact

Hazard analysis for food safety, which includes the supply chain, is annually renewed. This process is not only supervised within Vion, but also part of the supervisory programmes that are applied by e.g. national food authorities and USDA-FSIS. These food authorities review regularly the functionality and effectiveness of not only Vions' food safety (Vion-HACCP), but also animal welfare standards. Additionally, our experts in health and safety review annually the RIE (Risk Assessment and Evaluation) of the working conditions within Vion.

Our Corona team identified the risks of COVID-19 infection at every step of the production process, as well as risks relating to flex worker accommodation and transportation. Concerning working conditions in the supply chain, we participate in the food industry IMVO programme. To investigate environmental impacts, a cooperation is in place to identify the main factors that affect greenhouse gas emissions in the pork and beef supply chains. The main identified risks are shown in the table on the next page.

## Activities taken to prevent, stop or mitigate possible abuses

Compliance to standards prevents, stops or mitigate possible abuses in the supply chain. Therefore, we cooperate with supply chain partners and other relevant stakeholders to set and execute private standards. We are an active member in governing boards of international standards for food safety and product integrity (e.g. IFS, International Featured Standards Berlin), pre-farm gate standards, that include food safety, animal welfare and working conditions (e.g. GlobalGAP, Cologne and Foundation 'Beter Leven Keurmerk', The Hague). The execution of these standards is the responsibility of the boards and the technical committees in which we are also an active partner. With regard to the prevention of COVID-19 infection, our Corona team developed a COVID-19 protocol to reduce the risk of our workers becoming infected. Together with flex-agencies, we also reduced the risks of infection at flex worker accommodations. With respect to environmental impacts, like greenhouse gas emissions, we cooperate with the European Commission and other stakeholders to set the PEFcr standard. Together with several animal welfare charities in Europe, Germany and the Netherlands, we evaluate a common strategy to improve on sustainability topics.

## Monitoring of activities' implementation and results

KPI results on material CSR topics that might have a negative impact, are reported to the executive committee on at least a quarterly basis. We also evaluate the mitigation actions to control non-compliances within the executive committee. During the COVID-19 pandemic, we monitor the effectiveness of our protocol and the number of infected workers.

## Informing stakeholders of activities and results

We publish audit and inspection results conducted at Vion sites on our dedicated transparency websites, which are accessible to the public. We also assess the compliance with labour health, animal welfare, product integrity and sustainability of the products supplied to Vion. The results of this monitoring are reported to the suppliers and in case of non-compliances a discussion with the relevant suppliers will occur to remediate any negative effect of this non-compliance in the supply chain and to control the situation. We informed all our workers of the COVID-19 protocol, not only in German, Dutch and English, but also in Rumanian and Polish, the native languages of many of our flex workers. We also discussed our protocol, the measures implemented, and the results with local health authorities.

## Remediation procedures

In case of any non-compliances (e.g. antibiotic use or substandard flex worker accommodation), Vion enters into discussion with the supplier to remediate any negative effect of this non-compliance. The remediation actions will be specifically dedicated to control the non-compliance. Additionally, preventive actions will be implemented to prevent any re-occurrence of the non-compliance.



### Example

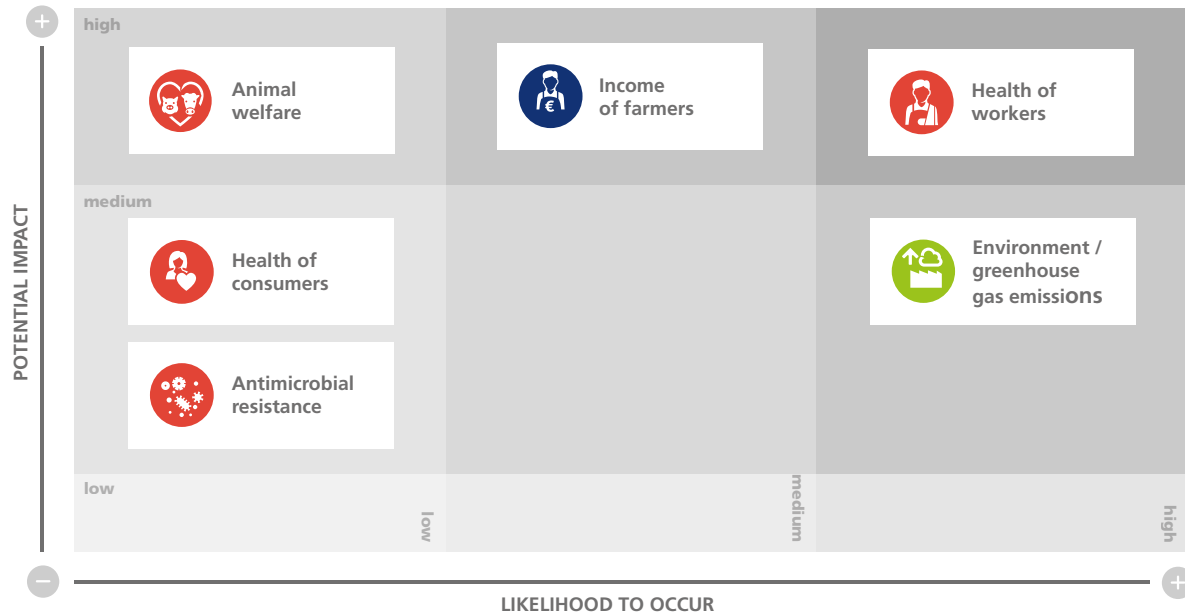
In case of a food safety non-compliance, we have the following procedure:

- Risk identification: when a non-compliance occurs, we immediately start the identification of the risk that occurred.
- Risk assessment: based on the identified risk, an assessment of the nature and the effect will be carried out.
- Risk containment: data of tracking and tracing and product flow will be taken into account to contain the risk. Communication with customers and suppliers is regularly an important part of risk containment.
- Risk elimination: when the full size of the risk is identified, the risk will be eliminated. Several measures can be taken here such as a recall, reprocessing, and disposal of the product involved.
- Return back to the normal situation: dependent on the risk, preventive measures can be implemented, and the production process will be restored.

Activities will occur alongside of the process steps, such as:

- Contact relevant authorities, standard setting bodies and certification bodies.
- Prepare press communication.
- Contact customers to inform them about the impact of the situation, such as product withdrawal.
- Organise a controlled containment and risk elimination structure.
- Inform insurance bodies and legal advisers where necessary.
- Contemplation during the issue, and evaluation and review of the effectiveness of all measures applied during and after the issue.

The organisation of supply chain management, minimising negative impact, and the monitoring systems are part of our strategy and approach on each material CSR topic. More detailed information is in the section on the respective material topics.



**Social and environmental risks**  
(potential negative impact on stakeholders)

► **Possibly caused by**

🕒 **Approach**



**Animal welfare**

Farmers, Transporters, Vion

There is growing attention for animal welfare in our chain. Read more about our approach in the material topics on animal welfare.



**Environment / greenhouse gas emissions**

Farmers, Transporters, Vion

GHG emissions are mainly produced at farms – more so at cattle farms than pig farms. Read more about our approach in material topics 'Sustainable farming' and 'Carbon footprint of processing'.



**Income of farmers**

Vion, customers, consumers

The number of farmers is declining, for reasons such as no successors available. Read more on how we help farmers achieve a more stable income with Vion's long-term price plan within Good Farming Balance in the material topic 'Fair pricing'.



**Health of consumers**

Vion, customers, consumers

Food safety is our top priority. Read more about our approach in the material topic 'Food safety'.



**Antimicrobial resistance**

Farmers

See our approach on minimising the risk on antimicrobial resistance in the material topic 'Animal welfare'.



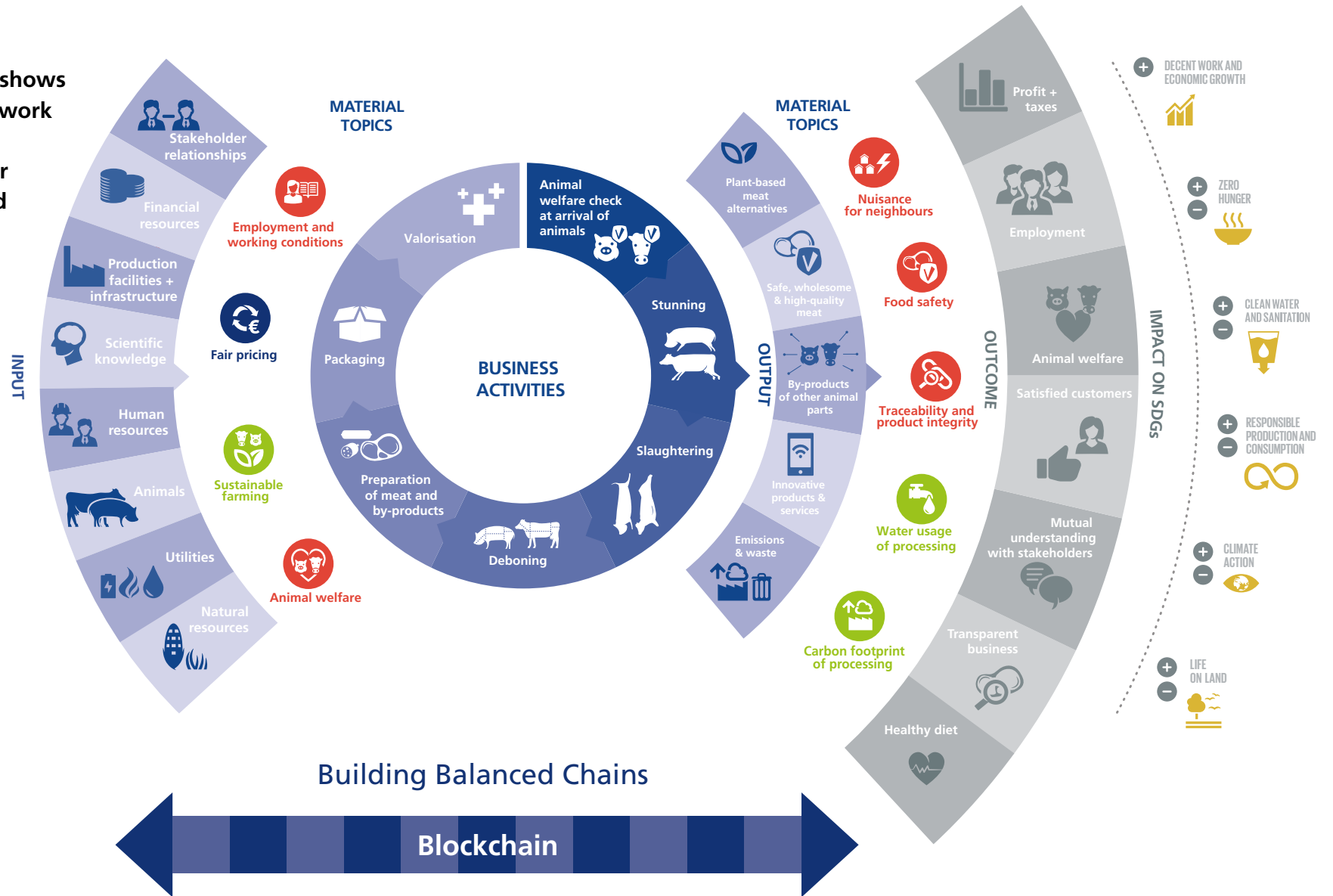
**Health of workers**

Vion's workers

We continuously work on improving the safety of our workers. Read more about our approach in the material topic 'Employment and working conditions'.

# Value creation model

Our value creation model shows how we create value and work on our purpose to deliver 'Food that Matters' via our strategy Building Balanced Chains.



# Our contribution to the Sustainable Development Goals

Our strategy and activities with regard to the material topics contribute to some of the Sustainable Development Goals (SDGs). These 17 goals, to be achieved by 2030, were set by the United Nations to create a better world for everyone. These goals can only be achieved if governments, companies, NGOs and individuals each take responsibility for their role and work together. We show how our activities contribute to the Sustainable Development Goals. On some of the material topics contributing to the SDGs, we have set ourselves concrete targets.



## 2 ZERO HUNGER

End hunger, achieve food security, improve nutrition, and promote sustainable agriculture



With our policy on **food safety and antibiotics**, we help ensure access to safe, nutritious food (target 2.1). Our target on food safety contributes to this specific SDG target.



Meat protein plays a role in a healthy diet, especially for children and older persons and can prevent malnutrition (target 2.2).



With our focus on **organic meat and sustainable farming**, we support agricultural practices that help maintain ecosystems (target 2.4).



With our initiatives on **fair pricing**, we help to ensure the proper functioning of food commodity markets and to help limit extreme food price volatility (target 2.c).



## 6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitair for all



We continuously target **water-use efficiency** (target 6.4). Our target on water usage contributes to this specific SDG target.



## 8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Our efforts and results on **working conditions** contribute to safe and secure working environments and lead to improved labour rights for workers, including migrant workers, and those in precarious employment (target 8.8). Our targets on health and safety contribute to this specific SDG target.



## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



With our focus on **sustainable farming, carbon footprint of processing, and water usage**, we contribute to the sustainable management and efficient use of natural resources (target 12.2). Our target on the carbon footprint of processing contributes to this specific SDG target.



We report yearly on our progress on sustainability (target 12.6).



By communicating about **sustainable farming**, we contribute to people having the relevant information and awareness for sustainable development and lifestyles (target 12.8).



## 13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts



With our policy on **sustainable farming** and by investigating and promoting ways to reduce the GHG footprint of livestock farming, we improve awareness-raising and institutional capacity on climate change mitigation and impact reduction (target 13.3).



With our policy on the **carbon footprint of processing**, we improve awareness-raising and institutional capacity on climate change mitigation and impact reduction (target 13.3).



## 15 LIFE ON LAND

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation, and halt biodiversity loss



By focussing on **sustainable farming** together with our farmers, we reduce the degradation of natural habitats and halt the loss of biodiversity (target 15.5).



With our policy and initiatives on **fair pricing** we promote fair and equitable sharing of the benefits in our food supply chains (target 15.6). Our targets on fair pricing contribute to this specific SDG target.



# CSR topics

ABOUT  
VION

VION'S  
CONTEXT

VION'S STRATEGY  
TO CREATE VALUE

CSR TOPICS



# Employment and working conditions

## Why is this topic material?

Our workers are our main asset. In 2020, Vion provided an income and livelihood to 5,265 employees and 7,284 third-party workers. Approximately 60% of the workers at Vion were hired via third-party labour providers. The working and housing conditions of migrant workers was a particular topic of public debate. As of 2021, a new law in Germany requires meat companies to employ workers for their core business direct, rather than hiring them through flex agencies. Due to this new law, Vion will also be responsible for their housing and commute. Vion already integrated 250 employees in Germany in a pilot project in December 2020 and will integrate a further 3,000 in 2021. In January 2021 we started with around 65% own employees and 35% third-party labour workers.

The health and safety of our workers is always of the utmost importance. This is due to their intensive work and the equipment they use, among other reasons, but this year also especially due to their possible exposure to COVID-19. Furthermore, it is not only important for them and us, but also for society as a whole. A growing number of customers require workplace accountability assessments in order to ensure a safe workplace. Due to the COVID-19 pandemic and the new German draft law, this topic is of more interest to external stakeholders than it was before.

### Vion's management approach

## Our policy, commitment and objectives

### Workforce management policy

At present, it is hard to recruit enough suitable production personnel. The number of flex workers is relatively high, which is mostly due to the lack of availability of qualified candidates, together with the need for flexibility in operations. Vion cooperates closely with third-party labour companies, which is common practice in the meat industry. The regional labour markets in Germany and the Netherlands do not contain sufficient number of workers. The third-party labour workforce therefore consists mainly of employees from eastern and southern European countries.

To achieve more stability in personnel and provide workers with more certainty, it is our ambition to increase the proportion of Vion employees, thus reducing the proportion of third-party workers. We actively promote the integration of foreign employees and also refugees in the labour market by offering jobs and language courses.

All Dutch operational employees and third-party labour workers are covered by collective labour agreements. The workers not covered by collective labour agreements are corporate, administrative staffing.

In 2020, we installed a steering committee on workforce management, led by the CHRO and consisting of the CFO, COOs of the pork and beef business units, Director of Quality Assurance and Public Affairs, Group Communication Director, and Head of Legal and Tax Affairs. Both the German and Dutch workforce project teams, led by the Country HR directors, report to this steering committee. These teams work on staffing & recruitment, housing, commuting, social aspects and communication, all in close cooperation with external stakeholders.

### Diversity

We treat each employee equally, independent of his/her gender, age, nationality or religion. This topic is one of the pillars of our Good Business Practice.

### Sustainable employability

Sustainable employability means ensuring that employees can work at Vion in an effective and sustainable way, until they reach retirement age. This is handled in the context of their position, rights, and responsibilities. As yet, there is no legislation on sustainable employability.

To help employees stay fit, healthy and employable, a programme has been developed in the Netherlands. This programme will also be introduced in Germany and consists of three pillars:

- Skills and Agility
- Vitality and Resilience
- Passion and Motivation

Employees receive a manual and we hold discussions on sustainable employability. A few pilot groups have started with a blended learning programme aimed at sustainable leadership. This will be integrated in the company-wide culture and leadership journey 'People Matter', which starts early 2021. An online dashboard for our vitality monitor will be developed where employees can see their own achievements as of 2021.

### Health and safety policy

The workers at our production locations are our most important asset. Maintaining and promoting the health and safety of our people is therefore an important goal. We are committed to being a front runner in our industry when it comes to working conditions.

In 2021, our objective is to have an absentee rate of maximum 6.3% for the Netherlands and 4.2% for Germany. We monitor this figure every week and continuously check progress. We analyse any (near) accidents which might have occurred and see how we can prevent those types of accidents.



# Employment and working conditions

## Boundaries

Within the topic 'Employment and working conditions', we take all workers at our operations into account – our own employees as well as third-party labour.



Several procedures and regulations are in place to create and maintain a safe working environment. At each production location, we have a Health and Safety Officer. We carry out internal occupational safety audits systematically. Plant managers regularly review occupational safety KPIs as part of their management review. At every Vion location, we pay attention to working conditions through an improvement cycle. The improvement cycle is based on the Deming Circle.

In 2020, we further aligned our German and Dutch health and safety policies. We created a RACI matrix, which clearly shows who is responsible and accountable, and who should be consulted and informed for both Germany and the Netherlands. There will be more international cooperation on health and safety campaigns, instructions and training. As of 2021, the whole of Vion will use the same system for health and safety management.

Here are some important elements within this support system:

- Risk assessment action plans.
- Accident reports and follow-up actions for accident prevention.
- Internal audit outcome with safety culture ladder score.
- Health and safety KPI scores.

Within our company, we work with a so called 'safety culture ladder' to assess and improve awareness of safe working conditions. Our ambition is to achieve level 4: pro-active safety management. Proactive safety management focuses on how everyday performance usually succeeds, rather than on why it occasionally fails. It is an active approach to improve the former, rather than to simply prevent the latter.

As of 2021, internal audits will be extended to every plant, monitoring and measuring the level of safety consciousness.

Focus areas:

- Policy and organisation.
- Risk identification and evaluation.
- Incident management.
- Instructions and competence.
- Implementation and execution.
- Control and action.

## Learning and development policy

We develop and train our employees, actively encouraging them to constantly develop their personal and professional skills. We also invest in language and culture courses. With continuous education and training, we facilitate and promote the employability of our workforce.

Animal welfare is an important topic within this area. We provide all relevant staff with the skills and knowledge to ensure the best animal welfare practices. They receive specific animal welfare training.

The Vion online learning platform called 'Vion Academy' offers training programmes to develop and extend the knowledge and skills needed to keep our employees fit for the future. In addition, we offer customised solutions, like individual (external) training programmes and qualifications.

Within Vion, we also work with interns or professional accompanying learning paths (both in Germany and the Netherlands). These employees combine school with work experience in the field. We actively help these interns to improve their chances on the labour market.





# Employment and working conditions



## Activities in 2020

### Workforce management – Netherlands

#### Staffing & recruitment

In 2020, 132 flex workers received a Vion contract (in total approx. 330 in the last 3 years) and are now directly employed by Vion. Furthermore, we structurally evaluated developments in workforce management, like the number of employees hired and employee turnover.

#### Housing and social aspects

Every flex agency must comply with the Dutch SNA standard (Stichting Normering Arbeid) and the SNF standard (housing standard). Vion is committed to decent housing for our third-party labourers and will comply with NL regulations. This year a special nationwide taskforce ('Roemer Commission on Migrant Workers' led by Emile Roemer) investigated the current situation for migrant labourers and wrote an advisory report for the Dutch government. The government has not yet made any changes in regulations, but we are cooperating with different stakeholders, such as municipalities, in order to improve the housing situation.

Besides our standard annual internal audits, our HR department and internal audit department have visited around 60 different extra houses intended for our flex workers. This additional effort was to ensure compliance and safety for our flex workers, especially in the light of the coronavirus outbreak. All the accommodation we visited complied to the above standards, although there were some cases in which some improvements were needed.

#### Communication

Transparent communication is very important to us. However, during the COVID-19 outbreak, it became clear that additional attention was required. So, we started a pilot scheme, hiring a Rumanian and a Polish interpreter (native speakers) for our production location in Boxtel. Our foreign flex workers could approach them more easily for all kinds of questions, mostly concerning the COVID-19 situation. The pilot scheme was a great success which developed more trust,

understanding and transparency. As a company, we acquired a lot of useful information and we were able to support our flex workers in a positive way. It was therefore decided to extend this pilot scheme more broadly within Vion.

### Workforce management – Germany

Due to a new draft law in Germany, 'Gesetz zur Verbesserung des Vollzugs im Arbeitsschutz (Arbeitsschutzkontrollgesetz) which takes effect in 2021, the German workforce management project team was fully focused on the transition of our current subcontracted workforce. This new law requires meat companies to employ workers for their core business, instead of hiring them via flex agencies. Vion will also be responsible for their housing and commuting.

The aim of the law is to improve workers' rights and their working and living conditions. The housing requirements which were already part of the German meat industry's code of conduct are now enforced by law. Work time registration needs to be done digitally, so that authorities can better verify if the actual worked time corresponds with the recorded work time.

Vion fully supports this directive, but in 2020 it required huge efforts to take care of all the complex issues surrounding this massive workforce transition. Issues such as agreements with flex agencies, informing the workforce, negotiating with trade unions, involving works councils, taking care of housing, arranging transportation, training management for personnel planning, addressing cultural differences, and clear, prompt communication with all stakeholders. Welcoming and onboarding these new colleagues will remain an important priority in 2021 to ensure good integration and correct support and administration.

Due to COVID-19, sales in out of home, like restaurants dropped significantly and we were forced to switch to part-time work for employees in our beef and food service business units. Therefore, some of these employees worked for three days instead of five and part of their salary was supplemented by the government ("Kurzarbeitergeld").



# Employment and working conditions



## Health and safety – Netherlands

### COVID-19

Our Quality Assurance and Human Resources department, together with Operations, developed our Vion Corona-protocol. For this protocol, we closely cooperated with and were advised by important stakeholders like our Health service partner (Arbodienst) and governmental institutes like the Dutch GGD, RIVM, and the Safety Regions. During 2020, this protocol became the sector standard in the Netherlands. All our production locations established 'Corona supervisors' to ensure that the protocols were being lived. During the COVID-19 outbreaks, we applied nationwide COVID-19 governmental measures for our workforce. For work in and related to production facilities, we had specific compliant health and safety regulations in order to continue our activities.

To check the health of our workers, we installed test facilities ran by our Health service partner. For five days a week, they performed PCR tests on workers that showed to be at risk. In autumn 2020, we also started to conduct random tests amongst all workers, at all our production locations.

Furthermore, we hired an external agency called VHP to perform an in-depth COVID-19 Risk Assessment and – in accordance with Action Plans – at all our Dutch production locations. The results were positive and very useful. Specific points of attention have been addressed.

With regard to COVID-19, we have trained all our operational Corona supervisors in the plants. For urgent situations, we have also trained our in-house emergency response team to provide support in COVID-19 control.

### Other health and safety initiatives

We conducted in-depth risk assessments on subjects such as physical strain, psychosocial strain, ammonia storage, and noise. For our factory in Leeuwarden, where our plant-based products are produced, we reconducted a full RIE, focusing on the new production facility.

Every year, all our managers take part in a health and safety -conscious management refresher course. In 2021, we will introduce a related module for our senior management as part of the Vion Culture and Leadership programme. We believe it is essential that all management personnel within Vion have a good understanding of and fully commit to health and vitality within our company.

Since many of our office-based employees had to work from home, we developed a workshop and e-learning module about the right ergonomics for home office working.

In 2020, there were again no fatal accidents. The most common accidents were cuts, injuries due to slipping, tripping, and falling, as well as injuries caused by internal transport. We extended the awareness campaigns around working safely with knives and working with dangerous equipment.

## Health and safety – Germany

### COVID-19

In spring 2020, we developed a protocol to control the outbreak of COVID-19. It is an evolving document which is continuously adapted according to actual circumstances. The protocol is authorised and highly appreciated by the health authorities. Due to the protocol, pro-active behaviour and transparent communication with health authorities, we managed to keep up production in most plants.

### Health and safety manual and structure

In 2020, we developed a new manual on health and safety for all management personnel and safety officers in our plants. This manual describes all safety procedures in detail. Topics in the manual include our health and safety policy, targets, roles, responsibilities, competences, and communication. The manual's introduction began in 2020 and will continue in 2021.

We hired additional internal health and safety officers for our production locations. This is a legal consequence of the integration of our former flex population. These officers function across business units, which means that they are



# Employment and working conditions

## ▶ Impact on society

Our focus on the health and safety of workers contributes to safer and more secure working environments (Sustainable Development Goals target 8.8). Vion's negative impact on this topic is in the case of accidents. Due to all the effort and commitment shown, the number of accidents has declined in 2020. Production workers face a higher risk of becoming infected with COVID-19 as they are not able to work from home. Our third-party workers are at a possible higher risk of infection, due to some larger housing and commuting facilities, where they have potentially more contact with other people. To reduce this risk, we successfully implemented the COVID-19 protocol and the continuous pro-active testing of our workers.

Our efforts and results on employing former flex workers directly in Germany led to a positive impact on labour rights for workers, including migrant workers and those in precarious employment (Sustainable Development Goals target 8.8).

responsible for some pork as well as some beef production locations in Germany.

In 2020, all our slaughtering and deboning production locations are certified according to the 'Sicher mit System' scheme of the official health and safety administration in Germany,

In 2020, work continued on the implementation and training of the Quentic health and safety system. This is being done throughout the Vion company. We also provided support to the Dutch prevention staff so they could start working with this system as well. At our German sites in 2020, there were also no fatal accidents, nor any severe accidents.

### **⚠ Dilemma on health and safety**

There is often pressure to deliver production volumes and therefore speed up the work, but working at higher speeds is a potential safety risk. The chosen speed should be optimal, where no accidents are caused.

## **Learning and development**

In 2020, we accelerated the further alignment of our training programmes in Germany and the Netherlands. Our Vion Academy and learning platform is now available to all Vion employees.

Our executive committee and a first selection of senior management in the Netherlands and Germany participate in our new Culture and Leadership journey, called 'People Matter'.

This programme is built around three pillars:

- Our Vion culture with our specific Way of Working: Sharp, Connected & Brave.
- Leadership: leading myself, leading others, leading the business.
- Vion's functional modules, like health and safety, CSR, compliance, privacy, finance, HR, security, operation specific modules, and our Vion operating system called 'VOS'.

After preparing in 2020, we will kick off this 2-year leadership programme in early 2021.

The Vion Academy was further professionalised in 2020. This included:

- Various e-learning programmes such as Privacy & Security, Project Management, STIP (short term incentive plan), Competition Law, refresher course Health & Safety Management, Forklift Truck, EPT and Task Risk Analysis (TRA).
- A special training programme related to the integration of our flex workers in Germany. Workshops for production managers & department managers regarding culture and leadership differences related to this workforce transition.
- A blended course especially for our technical staff about HSE-conscious working, containing 15 online courses which they can schedule for themselves.
- 300 online training courses on various soft skills, time management, and MS office. Employees can follow these courses voluntarily, next to their compulsory courses. In 2021, we will start promoting these courses more actively.

Employees also receive training in the Vion Operating System (VOS), a system for process optimisation. Through a diverse set of practical tools and methods (like the 5S-model and lean management), we work in a structured manner to make improvements. After proven performance within the BU Pork, we are currently rolling out the Vion Operating System Leadership programme within the other business units. In cohorts of around 15 managers from 3 different sites, they get an intensive 1-week training course from VOS coaches, an assignment and follow-up courses. In the meantime, participants are supervised by our own appointed VOS coaches.

Furthermore, we offer an international trainee programme for academic graduates which is instrumental in attracting new talent. During 2020, the trainee programme was further improved and is now available throughout Vion with new trainees starting in April 2021.

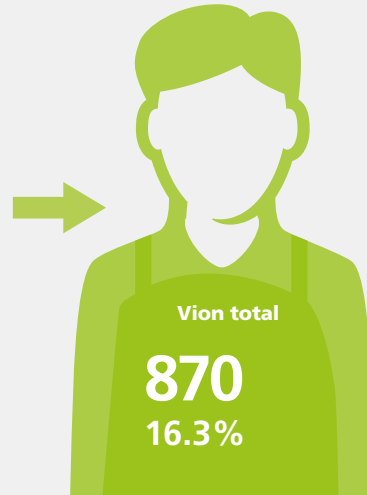


# Employment and working conditions

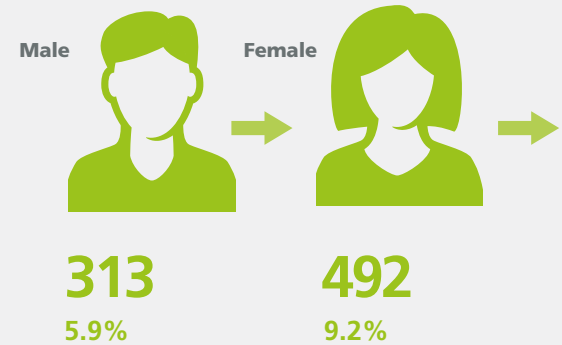
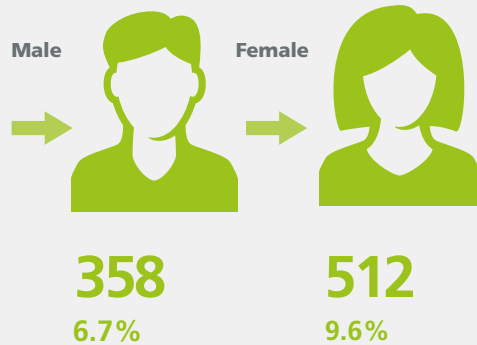
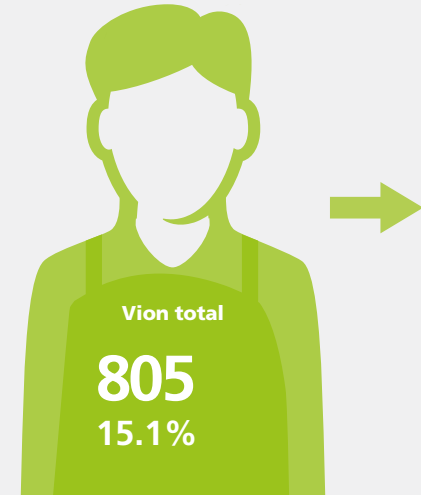


## Results

### New employee hires



### Employee turnover



### Clarification of the results

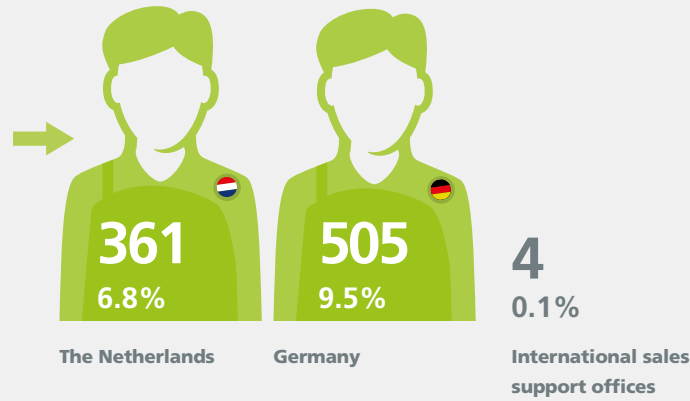
The number of new employee hires was higher than the employee turnover in 2020.



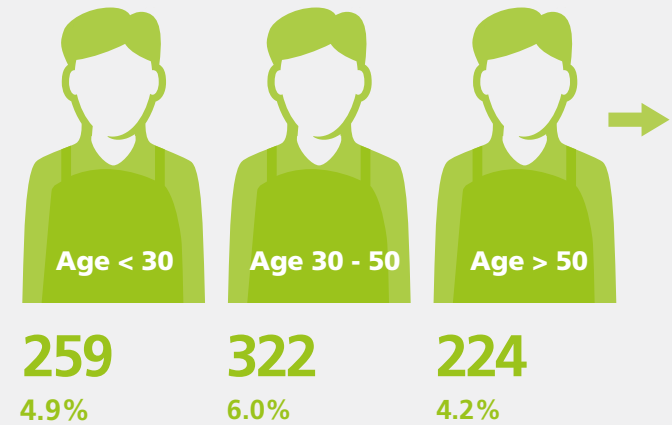
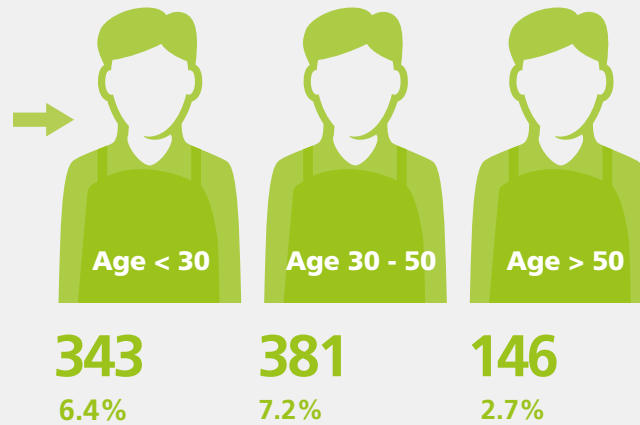
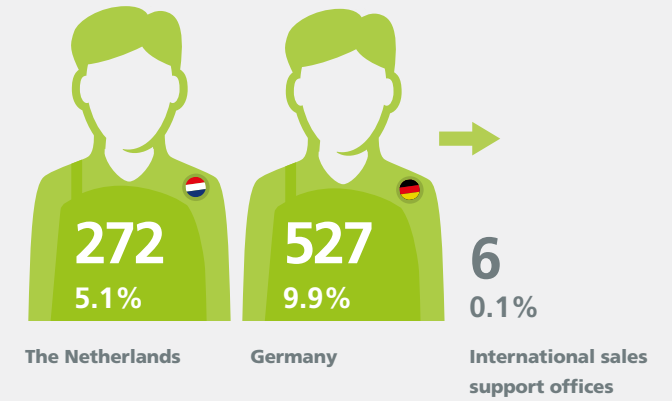
# Employment and working conditions

## Results

### New employee hires



### Employee turnover





# Employment and working conditions



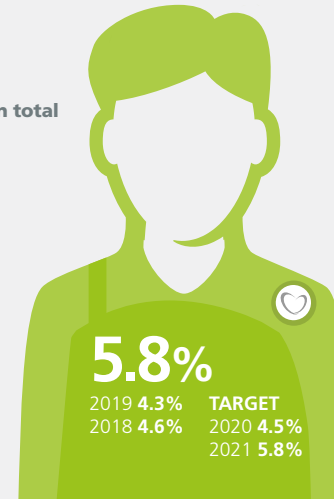
## Results

### Absentee rate

### Vion total

### The Netherlands

### Germany



### Lost day rate

### Lost time injuries \*

	2018	2019	2020
Vion Total	1.3%	3.4%	3.6%
The Netherlands	0.9%	0.9%	0.7%
Germany	1.7%	5.2%	6.2%

	2018	2019	2020
Vion Total	169	468	452
The Netherlands	49	49	40
Germany	120	419	412

\* Absence of at least one scheduled work day

## Clarification of the results

The 2020 target for the absentee rate was a maximum of 4.5% for Vion in total, 5.0% for the Netherlands and 4.3% for Germany. In the Netherlands, the 2020 absentee rate was 6.3% and in Germany 4.2%. In the Netherlands this was higher than anticipated, mainly due to the COVID-19 outbreak.

Due to COVID-19, there was even more attention paid to safe working conditions and social distancing, which resulted in fewer accidents, less lost time injuries and a lower lost day rate.



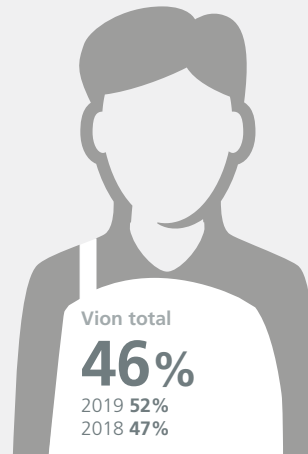
# Employment and working conditions

## ▶ Outlook

- Due to the new law in Germany requiring meat companies to employ workers directly, instead of hiring them via flex agencies, the German workforce management project team will stay focused on the integration and further onboarding of our former subcontracted workforce.
- In 2021, we will analyse the outcome of our employee engagement survey conducted in December 2020 and act on the improvement opportunities.
- In the Netherlands, we will start implementing the Last-Minute Risk Analysis (LMRA) in 2021, meaning that workers have to ask themselves a few safety questions before starting work. This will be accompanied by a training course for managers.
- In 2021, we start the Vion Culture and Leadership journey 'People Matter', including functional modules aimed at sustainable leadership and health and safety.
- Roll-out of our Health and Safety-conscious training for technical staff in the beginning of 2021.
- The traineeship programme will be further extended within the whole Vion organisation.

## ☰ Results

**External sold volume produced by production plants with independent supplier work place certification**



**Safety culture ladder**



**1,000-man quote**



## 🔄 Clarification of the results

In the Netherlands, our 2020 target for the Safety Culture Ladder was 3.6. We ended up on 3.7. In 2021, we will also implement the Safety Culture Ladder in Germany. The 2021 target for Vion total is 4.0.

In Germany, we improved on the 1000-man quote. This shows that the more severe accidents are decreasing in number and that our actions have impact. Due to COVID-19, there was even more attention paid to safe working conditions and social distancing, which led to fewer accidents.



# Food safety

## Why is this topic material?

Control of food safety is a fundamental part of our work at Vion. Every day, more than 100 million consumers eat products that have been produced by Vion. Consumers and customers expect these products to be safe and wholesome.

## Boundaries

All the different parts of the supply chain can potentially have an impact on food safety. Food safety can also be affected by the way the end-user handles products during food preparation. Vion has a holistic management approach and takes into account production plants, suppliers, co-producers and the intended use of products by the consumer.



### Vion's management approach

## Our policy, commitment and objectives

Producing safe and wholesome food is one of Vion's top priorities. Food safety and quality assurance are embedded in the codes of practice at all Vion production sites. Vion has chosen to adhere to the ISO 9001 standard for quality-oriented organisations, and all Vion establishments are ISO 9001 certified.

Our work on food safety covers diverse areas and processes:

- During daily operations through high hygienic standards.
- In training of personnel.
- In the equipment used.
- In the daily cleaning and disinfection of production areas;
- In raising the bar for food safety standards through board memberships of standard-setting organisations.
- In conducting scientific research to obtain the latest insights and to study improvement possibilities.

All our sites have incorporated the Vion-HACCP system, which is globally accepted. Such a system starts with risk assessments to identify relevant hazards: how often does a hazard occur and how serious is the potential hazard for humans? For slaughtering, two principles are key to assuring food safety:

- Assure hygienic processing, with zero-tolerance on contamination with digesta.
- Prevention of multiplication of micro-organisms by controlling the temperature at every stage of production.

Monitoring systems are developed to show compliance in hygienic processing and control of relevant hazards. This includes collecting a meaningful number of samples at meaningful points in the supply chain: we 'sample to find' because that provides valuable information to act upon. For instance, we take excision samples from a carcass in multiple places, each of which is considered a hot spot for contamination when present. Results from the monitoring of food safety form part of the internal monthly report to the executive committee.

To verify compliance with food safety and customer requirements, all production sites are certified according to the rules of the Global Food Safety Initiative (GFSI). The two food safety private standards used by us are the International Featured Standards Food (IFS Food) and the British Retail Consortium (BRC) standard. By meeting the requirements of these standards, we show that we comply with a high level of food safety. We are committed to be audited by third parties to show compliance with the highest food safety standards. We publish these and other audit reports, as well as quarterly inspection results, on our Dutch and German public websites [www.vion-transparantie.nl](http://www.vion-transparantie.nl) and [www.vion-transparenz.de](http://www.vion-transparenz.de).

Products made from live animals inevitably result in the presence of micro-organisms in the product. This is not a risk in itself, it is part of nature. However, monitoring the number of micro-organisms does provide a useful indication of hygienic working practices. Vion base our internal microbiological standard on the microbiological load of the bacterium-family *Enterobacteriaceae* during the final stages of production; this is when products have been handled the most. Given the natural variation in bacterial counts and origin of products, it is unlikely that all samples will always comply to our internal standard. However, by striving for a percentage that is as high as possible, we can continuously improve our way of working and reduce any microbiological food safety risks. In 2021, we aim for compliance to the Vion internal standard of 91% and to increase this to 92% in 2022.

To control risks in the supply chain, we require our suppliers to adhere to and certify their activities under a Good Agricultural Practice (GAP) scheme, such as GlobalGAP, the German QS (Qualität und Sicherheit), the Dutch Integrale Keten Beheersing (IKB), and Holland Varken. These schemes are independently organised and on-farm audits are carried out by independent certification bodies. As a major stakeholder, Vion contributes to the design and organisation of these schemes.





# Food safety

## ▶ Impact on society

The performance of food safety procedures remains stable and good. There were no incidents recorded during 2020 in which Vion products had a negative impact on consumers. Several specific food safety interventions built on the Vion-HACCP programme show clearly a positive impact on reducing human exposure. In this way we help ensure access to safe, nutritious food all year round (Sustainable Development Goal target 2.1).



## 📅 Activities in 2020

### Research into the potential of modern technologies in microbiology

We cooperate with several academia and other scientific groups, e.g. with Freie Universität Berlin, Wageningen University (WUR), Utrecht University, Eindhoven University of Technology (TU/e), Bundesinstitut für Risikobewertung (BfR), IBM and ZLTO. For example, we work with WUR and TUE on the topic of precision livestock farming. This project offers insights into how we might optimise the farming system by identifying the needs of an individual pig and designing the farming system around that while using sensor technology. By optimising the farming system, we can optimise the aspects 'animal health', 'animal welfare' and 'sustainable animal production'. As a result, food safety hazards are expected to be controlled at a higher level.

### Listeria

Vion recognises *Listeria monocytogenes* as a relevant food safety hazard. This means that products and the production environment are routinely monitored for the presence of listeria. Listeria can occur anywhere in the environment and can multiply even at low temperatures, e.g. in the refrigerator. Young children, pregnant women, the elderly, and immuno-compromised people are especially at risk to become ill as a result of a contamination with listeria. Ready-to-eat foods in which listeria can multiply are subjected to a so-called negative release programme: multiple samples of the product are taken from each batch and screened for the presence of listeria. The batch is released only when the bacterium is not detected in these samples.

### Toxoplasma

For a number of years, we have cooperated with Wageningen University and the Dutch National Institute for Public Health and the Environment (RIVM) on toxoplasma. The research, finalised in 2020, showed that only a few farms face a challenge in controlling toxoplasma infections in their pigs. Using an intervention study on these farms, the prevalence of toxoplasma was reduced. Biosecurity is one of the key

elements in the control strategy of toxoplasma, e.g. stray cats that enter the farm are considered a relevant risk. On other farms, the hygienic storage of feed paid extra attention to keeping cats and rodents out.

### Hepatitis E virus

In January 2019, we started a scientific research project together with Utrecht University, Wageningen University and seven supply chain partners. A PhD student will study the possibilities of controlling the hepatitis E virus on pig farms, with the aim of reducing the infectivity of pigs at slaughter. By taking control measures at the farm, we also tackle other transmission routes, including direct contact with pigs and environmental transmission. The project's first results show variability in the presence of the virus on farms, which supports the idea that the spread of the virus can be altered using control measures.

### Recalls

There were no public recalls carried out by Vion in 2020.

### ? Dilemma on health and safety

Food safety is maintained by keeping the product cool. This requires electricity and refrigerants, which negatively impact the carbon footprint of meat. Although the contribution to greenhouse gas emissions of the slaughter phase is low compared to livestock farming, our goal is to achieve a reduced carbon footprint. Electricity use cannot be lessened too much without compromising the functioning of the cold chain and therefore food safety, which is our number one priority.



# Food safety

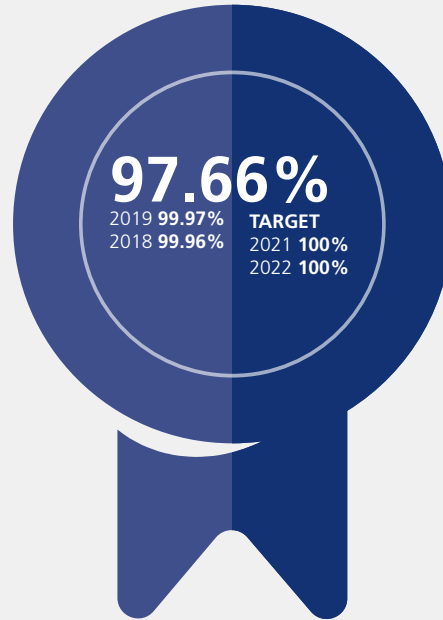
## ▶ Outlook

- In 2021, our product range will be further expanded with plant-based products. The relevant hazards associated with these products will also be integrated into our HACCP system.
- In 2022, we will complete our research on the Hepatitis E virus. We will then share what we have learned from our research on the prevention of transmission of the virus on farms.

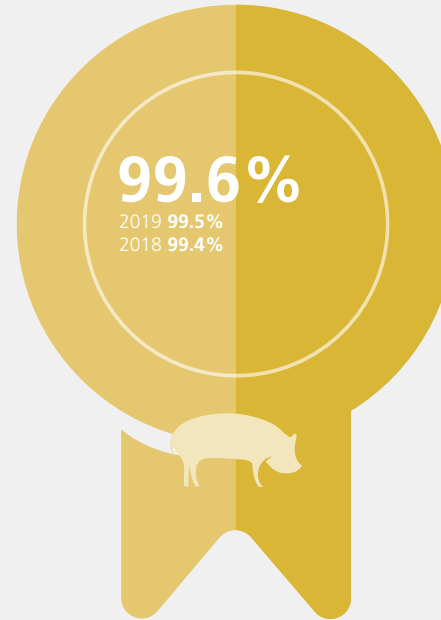


## ☰ Results

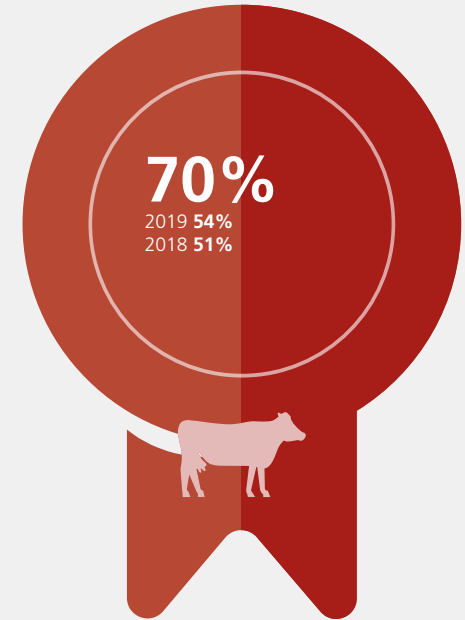
% sales volume from GFSI approved plants (IFS or BRC)



% of slaughtered pigs from a third-party Good Agricultural Practice Scheme (IKB, QS, GlobalGAP or organic)



% of slaughtered cattle from a third-party Good Agricultural Practice Scheme (QS or organic)



## 🎯 Clarification of the results

The percentage sales volume from GFSI approved plants declined with the acquisition of new production sites. These sites are in the process to become up to Vion standards.

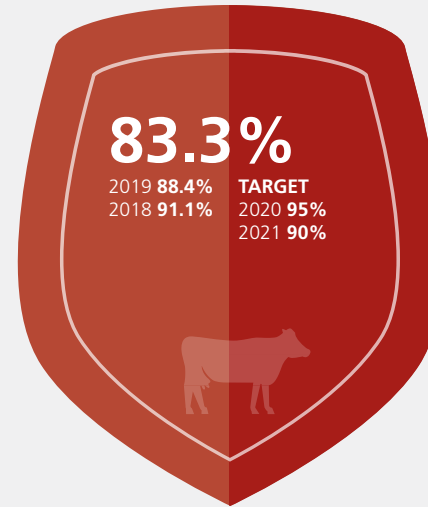
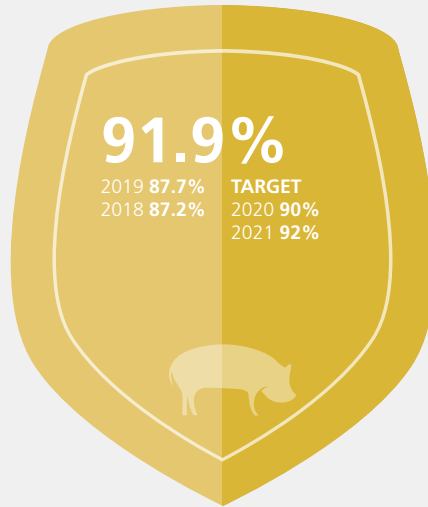


# Food safety



## Results

% compliance with internal Vion microbiological standards for product hygiene



## Clarification of the results

The norms applied within the Vion internal microbiological standards for product hygiene are substantially stricter than those in legislation. Legal compliance is guaranteed at all times. Given the natural variation in bacterial counts, it is unlikely that all samplings will always comply to the internal standard. However, by striving for a percentage that is as high as possible, continuous improvement of food safety can be achieved.

Within Beef we see a slight negative trend, resulting in more results just above the internal limit. Improvement of this KPI will get more focus during 2021 within the Beef business unit. The result of the Pork business unit during 2020 concerning compliance with internal microbiological standards was better than target.



# Traceability and product integrity

## Why is this topic material?

Consumer trust can only be achieved when the consumer can retrieve relevant information about the food that is eaten. Where it concerns meat and other protein food items, the consumer sees product origin and production circumstances in the supply chain as relevant information. Being able to provide that information helps to create trust.

Traceability within the supply chain is the most basic requirement needed in giving the consumer confidence that all other attributes, such as animal welfare, food safety, sustainability and product integrity, are being complied with. Traceability and product integrity are also instrumental in ensuring food safety and minimising the risk of food fraud.

## Boundaries

To provide consumers with insight, we work together with our suppliers and customers to improve our traceability and product integrity. We also cooperate with our supply chain partners at the level of international quality standards for primary production (such as QS, IKB, GlobalGAP and ISO) and at the level of food processing (such as IFS, BRC, ISO and QS). Our targets are based on our own processing facilities, but we also consider the full supply chain, especially for products sold with additional attributes, such as more animal welfare.

## Vion's management approach

### Our policy, commitment and objectives

#### Traceability

Ensuring that products are traceable upstream and downstream in the supply chain is a substantial challenge for companies that produce food items originating from complicated supply chains. All food items derived from either plants or animals are fully traceable.

We are committed to being transparent on traceability. The traceability information on all our plant products and other non-animal ingredients processed at Vion is documented and delivered with the product, either as hardcopies or digitally supplied information. Animals are marked e.g. by ear tags or radio-frequency identification (RFID) for individual identification. The underlying databases make it possible for all slaughtered pigs and cattle to be traceable to their places of birth. After meat inspection, all carcasses receive an individual identification linked to the ear tag or RFID. When carcasses or parts of the carcass are processed, typical batch specifications include the processing site, slaughter site, origin of the animal, quality programmes (e.g. organic, 'Geprüfte Qualität Bayern', Good Farming Star), breeds, and production dates. All relevant information is reported on the consumer pack labels, which can offer the consumer guidance in their choices. The consumer product is always traceable to a group of farmers in the supply chain.

We can trace all meats and processed products back to the day of slaughter. For the processing plants, where we slaughter up to 4,000 cattle or up to 20,000 pigs a day, this means we can immediately trace, on a daily basis, the product back to the group of farms which delivered the animals.

For customers such as retailers, we can offer a traceability code on the package which shows a farm which is a supplier of that specific retailer. This allows the consumer to scan a QR code, which enables them to see where the product was produced, where the animal was slaughtered, at which plant, and when it took place.



#### Product integrity

Product integrity includes the organisation of product and process integrity, as well as supply chain transparency in order to manage an honest, reliable chain of custody. It also guarantees the consumer that the packaging contains the product which is specified on the label.

Our quality standard includes a description of our physical and administrative processes. We make a product integrity risk assessment. This assessment results in the identification and quantification of the various risks related to product integrity. This is then the basis for the control programme for product integrity within Vion. Part of this control programme is the monitoring and verification of all procedures which concern product integrity. In addition, the product integrity control programme is subject to an internal peer review audit, second party audits carried out by our customers, and third-party audits carried out by independent, accredited certification bodies.

During the past ten years, the systematic control of product integrity has substantially increased in relevance. Firstly, this is the result of several scandals that occurred in the food sector, such as the horse meat scandal. And, secondly, it is especially important for all participants in supply chains who produce consumer products with aspects that represent additional value for the consumer, such as animal welfare aspects. Systematic control of product integrity within the whole supply chain is of utmost relevance for the consumer and for all actors in the supply chain to have a controlled level playing field.

As with food safety and animal welfare, we recognise that product integrity is primarily the responsibility of all supply chain partners. Based on this, we started to develop a Dutch Chain of Custody standard for pork, certified under the 'Beter Leven' standard of the Dutch animal welfare trust. This started in 2015, together with the retail-wide introduction of 'Beter Leven' pork in the Netherlands. This Chain of Custody standard was developed in concert with the Dutch Retail



# Traceability and product integrity

## Impact on society

With our traceability and product integrity we make a positive impact on society, no negative. With our standards, we pave the way to new state-of-the-art standards within the industry. During 2020, there were no product integrity non-compliance issues at Vion. This makes a positive impact on building trust with the consumer. Trust in food can only be realised when there is a high level of transparency. Connecting farmers and consumers through specific supply chains is a good way of showing people who is behind producing our food. This gives the farmer and his family a recognisable face and shows consumers that our food's supply chain is a work of craftsmanship, from farmer to butcher or vegan food producer.



Association and several certifying bodies. Since 2017, IFS (International Featured Standards, Berlin) joined this initiative and developed the new IFS PIA standard (IFS Product Integrity Assessment), together with their stakeholders in the global retail, food industry and certification bodies. With this initiative, we and our relevant stakeholders took our control of process and product integrity to the next level. We are currently assessing our production sites under this IFS Product Integrity Assessment scheme.

Our procedures require mandatory and extra product related information on labels. These include:

- Sourcing (country of origin, country of slaughter).
- Content (type of animal, breed type, specific part of the animal).
- Storage guidelines (temperature).
- Animal welfare certification.
- Local origin certification.

The integrity assessments require evidence on how Vion assures and verifies the mandatory and extra product related information. Our objective for 2021 is that 85% of our sales volume originates from plants which are certified according to a specific product integrity standard.

In organising product integrity and traceability, we work closely together with many stakeholders. These include:

- Supplier associations.
- Customers.
- Technology providers.
- Competent authorities: Dutch NVWA and German official authorities.
- Dutch Standard Setting Agency (NEN-ISO).
- German International Featured Standard (IFS Food).
- German integrity system Orgainvent.
- German LQB-Herkunft of the Landwirtschaftliche Qualitätssicherung Bayern GmbH.

## Activities in 2020

During 2020, we further implemented modernised software systems and cloud solutions in our pork production plants. This to optimise the data flow in a more precise and efficient way, and to be able to make product balance calculations in more detail. In the daily product balance calculation, we compare the number of animals delivered that day to the number of products made from it. These two figures must correspond with each other.

### Separate supply chains for specific retailers

Within the north-western European market, consumers and customers are increasingly demanding to know the origin of their meat. This demand to know the origin of food reflects both the discussion concerning the regionality of food sourcing, and also the provision of guarantees concerning animal welfare. For example, several Dutch and German retailers demand meat originating from a limited number of pig farms. There is a group of Dutch pig farms, certified as Beter Leven 1-star, which are specifically associated with one specific retailer. We make sure that these individual supply chains are dedicated to one customer. Our product integrity standards guarantee that the consumer can trust that what is on the label is inside the packaging. These retailer-specific supply chains are also a good opportunity to demonstrate full transparency to consumers and citizens. The retailer's website presents all the actors in the supply chain to the consumer. This means that the bacon is not an anonymous product anymore but is connected to the faces of the farmer and the butcher. This conforms to our ambition to develop demand-driven, sustainable, transparent supply chains: Building Balanced Chains.



# Traceability and product integrity



## Integrity of Vion Good Farming Star pork verified by DNA

In the last years, the integrity of our products and processes have become more important for our customers and consumers. By 'integrity', we mean that all attributes associated with the product, including animal welfare and origin, can be 100% verified. We have already implemented process integrity control systems with verification by product balances throughout the whole supply chain. In addition to these certified systems, there has now been added the monitoring of product integrity through the DNA testing of consumer products.

### From pig to sausage: Identity Preserved

We have organised the process so that DNA from all Good Farming Star sows is collected, analysed, and stored in a DNA data bank. This means that the DNA of the mother-line of all Good Farming Star pork is available. Good Farming Star pork is put on the market as consumer goods by Vion and to other customers that produce fresh and processed meat. DNA tests are conducted to verify that consumer goods such as pork chops, fresh sausages, cooked meat products, and pork meal components, all comply with the pig of origin. Samples are taken throughout the supply chain to confirm that they conform with the origin of the animals. In short, DNA is the ultimate consumer-care check and also an instrument to show the integrity of all our processes. With this instrument, Vion shows that it is active in ensuring its product integrity from Farm to Fork. We are currently in the final stage of developing DNA traceability. This all goes to show that these Vion products are identity preserved.

In addition to this DNA integrity system for the Good Farming Star pork concept, we have started to establish the same DNA monitoring system for the organic pork supply chain.

## IFS product integrity assessment

When the sustainable market concept 'Varken van Morgen (Beter Leven 1-star)' was developed for Dutch retail a few years ago, with additional requirements for animal welfare, animal health, and environment, it was agreed with retail that the integrity of these products should be guaranteed during processing. The CBL chain of custody standard is used to control and prove product and process integrity. During 2019, Vion prepared to move from CBL chain of custody to the IFS PIA (IFS Product Integrity Assessment). In October 2019, we successfully passed the first IFS Product Integrity Assessment at our largest pig slaughter facility in Boxtel. In 2020, all Dutch Vion meat production plants, as well the first two production plants in Germany, have successfully passed the IFS Product Integrity Assessment.



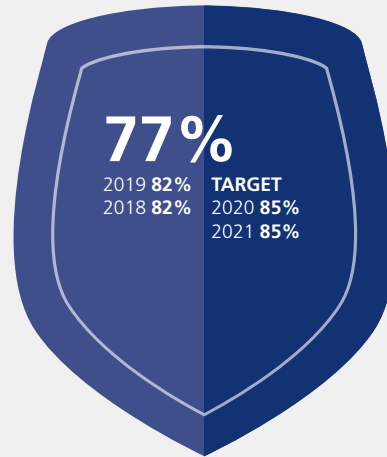
# Traceability and product integrity

## ▶ Outlook

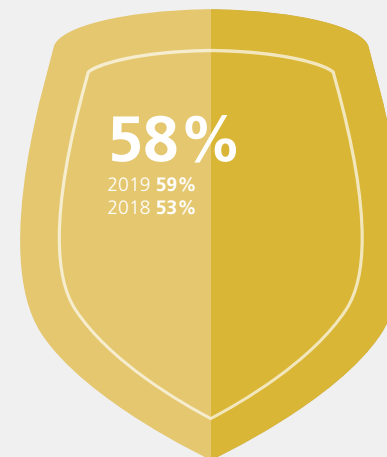
- Several German production sites will be assessed by IFS PIA in 2021, and all those which have been part of the Vion family for longer than three years are to be assessed by the end of 2022.
- In the coming years, we expect strong developments in the area of data use in the supply chain. It is important to define which additional data should be collected within the supply chain and which data should be communicated to the consumer. Together with other stakeholders in the pork supply chain, we have been developing a product traceability system which works by monitoring the DNA fingerprint of animals at the farm. With this technology, the end user would be able to check the origin of the product with a simple DNA test that shows, for example, the farm of origin. For 2021, we expect to start monitoring our organic pork supply chain. The majority of the DNA samples of the organic sows were collected and analysed in 2020, and in 2021 the first samples of organic end products will be monitored. This is designed to show our customers and consumers that, without any doubt, our organic pork products can be trusted.

## ☰ Results

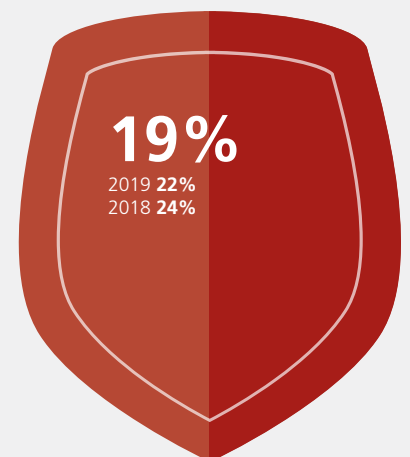
% external sold volume with a specific integrity standard



% external sold volume from plants with IFS PIA (product integrity standard)



% external sold volume from plants with German Orgainvent or LQB-Herkunft integrity standard



## 🎯 Clarification of the results

The 2020 target was to have 85% of our external sold volume certified under a specific integrity standard. We reached 77%. The percentage external sold volume from plants with 'a specific integrity standard' declined slightly due to the fact that our non-certified plant in Perleberg took over the pork production from our certified location in Altenburg.

The percentage external sold volume from plants with German Orgainvent or LQB-Herkunft integrity standard declined as well because the sales volumes from the beef plants in southern Germany decreased. Beef from these plants fall under the Orgainvent and LQB-Herkunft integrity standard.



# Animal welfare

## Why is this topic material?

Animal welfare is a sensitive topic. Customers, consumers and society are more and more concerned with the welfare of farm animals and the use of antibiotics. Vion, as a link between farmers and customers, has a role in animal welfare concerning farming, transportation and slaughtering.

## Boundaries

Animal-friendly husbandry, organic husbandry, and use of antibiotics occur at the farm. The whole value chain, including our production locations, is involved in order to market products under a specific animal welfare, organic or local origin label.

The transport of live animals from the farms to the Vion plants is done by external transportation companies and sometimes by Vion itself.

Slaughtering happens within our own operations. All these stages do have an impact on the welfare of animals. Husbandry, transport companies, and our own operations are all taken into account when setting and measuring our targets.

## Vion's management approach

### Our policy, commitment and objectives

Control and transparency of animal welfare is a key issue in our strategy to create trust in the products and supply chain. We want to take the lead in welfare discussions, and we take up our role in controlling the welfare status in the supply chain. Our animal welfare strategy consists of several levels of control with regards to animal welfare.

Our objectives are to:

- Assist farmers in the continuous process of improvements in animal welfare.
- Provide hauliers with information to evaluate and improve the transportation process of the animals.
- Give assurance to customers, consumers and society with respect to the control of animal welfare in the supply chain.
- Create trust while having professional standing with regard to animal welfare and transparency with all stakeholders.

We have animal welfare KPIs on transportation, handling and stunning of animals, and monitors these on a daily basis. Effective stunning of all animals is obligatory before slaughtering can proceed. It is aimed to realise an effective stunning with the first attempt of stunning, first time right. Every month, we report to the executive committee. With regard to the slaughtering process, our target for 2021 is for 99.9% of the animals to require no restunning.

Transparency in the supply chain improves animal welfare. We are committed to gathering and sharing information on animal welfare aspects via digital systems with the rest of the supply chain. By collecting all relevant data and sharing the right data, farmers can improve their management, including reduction of medicine use and improving animal welfare.

The corporate animal welfare policy was updated during 2019. Our policy goes beyond the slaughtering process and also concerns animal welfare at farms and during transportation. We first discuss our intended updated policies with the stakeholders involved before communicating the updates publicly.

### Animal-friendly husbandry policy

Compliance with the legal standards for animal welfare in the handling of livestock within the food supply chain is integrated into the independent quality schemes of Good Agricultural Practice like QS, IKB and GlobalGAP. Compliance with animal welfare requirements in these programmes is supervised by independent audits on all certified farms. We work closely with our stakeholders in the supply chain to further elaborate and strengthen the relevant programmes for Good Agricultural Practice, especially IKB, QS and GlobalGAP.

We cooperate with farmers, customers, and other stakeholders to stimulate and match the increasing demand for more animal-friendly meat in the market. We are in favour of using quality labels with standards for animal welfare and cooperates with stakeholders to develop these standards. Our Good Farming Star concept is based on the criteria of the Beter Leven Keurmerk 1-star label. More than 200 Dutch pig farms in our Good Farming Star supply chain are Beter Leven 1-star certified and around 100 other farms are also Beter Leven 1-star certified. De Groene Weg, market leader in organic meat in the Netherlands and second biggest player in Europe, processes over 100,000 organic pigs per year. De Groene Weg is certified by Skal conform the European organic standard and also certified with the Beter Leven Keurmerk 3-star label. For more information on these concepts, see the chapter 'Our chain concepts and brands'.

### EKO-code

De Groene Weg has developed a so-called EKO-code, together with the base of pig suppliers and the EKO foundation. The EKO-code is a scoring instrument based on the 4 principles of the international organic umbrella movement IFOAM: the principles of Honesty, Care (Animal Welfare), Health and Ecology. Every supplier is expected to set at least two objectives each year, resulting in a higher score in the next year when these objectives are achieved. This approach ensures a continuous improvement in sustainability and animal welfare in the organic pork chain at De Groene Weg.





# Animal welfare

## ▶ Impact on society

We have a strong focus on animal health and welfare, and local origin. This results in a positive impact on the sustainable management and efficient use of natural resources (Sustainable Development Goals target 12.2). Additionally, by offering organic meat, we support agricultural practices that help maintain ecosystems (target Sustainable Development Goals target 2.4). However, with the eating of meat also comes the inevitable negative impact of animals dying.



Vion mainly slaughters cattle originating from dairy production chain. Animal welfare and the health of livestock are strongly linked to each other; therefore, we encourage farmers to invest in robust breeds. Dual-purpose breeds, such as Simmental, are not only seen as providing more tasty beef and their production as more environmentally friendly, but their robustness is also generally related to fewer diseases and the cows' longer lifespan. Around one third of our cattle are dual-purpose or crossbreeds. The others are mainly dairy breeds.

We offer the market the choice of higher animal welfare standards in beef. But customers and consumers are very important in determining the development of the beef market for animal welfare labels. We are committed to develop this market segment according to the market demand.

### Antibiotics policy

#### EU antibiotics policy

The development of antibiotic resistance is a serious threat for human and animal healthcare. In the last decade, several measures were taken in the EU aiming to restrict the use of antibiotic. The most important European measure is that it is forbidden to use antibiotics as a growth promotor. This intervention in 2006 resulted in a significant decline of the use of antibiotics. As part of the prevention of antibiotic resistance, the WHO prepared a list of antibiotics which are seen as critical to humans. These critical antibiotics are only allowed to be used under strict regulation. This means that only in critical cases in which the bacterium involved is multi-resistant, the use of these 'last-resort' antibiotics is allowed.

If farmers use antibiotics, they must take into account a withdrawal period before delivering the animal for slaughter so that residues are absent. The competent authorities in Germany and the Netherlands have a monitoring programme on the presence of antibiotic residues in pork and beef, so they can see whether farmers are respecting the withdrawal period.

### Vion's antibiotics policy

We take our responsibility very seriously when it comes to food safety and human health. With respect to antibiotics, there is a clear dilemma between animal welfare and the use of antibiotics: sick animals need treatment with antibiotics so as not to compromise animal welfare. However, that also means the transmission of antibiotic resistance should be considered in food safety assurance schemes. We have banned antibiotics which are critical for humans in all pork supply chain programmes. In addition, we will explore the possibility of expanding the list of banned antibiotics in 2021 with regard to certain antibiotics projected to become designated as critical to humans by the WHO.

Furthermore, as a result of our participation in several projects with stakeholders like universities, customers, and ZLTO, we now know that the transmission of antibiotic resistance to humans via pork is minimal.<sup>1</sup> Nevertheless, we want to remain vigilant and are developing a monitoring system to ensure the absence of resistance genes in our products. Such genes form the essence of the antibiotic resistance problem, whereas antibiotic usage is merely a proxy or indication thereof. To ensure that our suppliers work according to our policy, we have (in addition to the governmental monitoring programme) our own monitoring programme on the residues of veterinary drugs. With this risk-based programme, we can ensure that the supply chain respects the withdrawal period and that no substances are used which are not permitted by our policy.

### Transportation policy

The transport of the animals is critical in relation to animal welfare. Animals are handled and placed in unfamiliar settings. We have strict guidelines to minimise the stress of animals and ensure animal welfare. During transport, there are two important aspects: the transport distance and the circumstances in which an animal is transported. We use our decentralised network of appropriately sized locations to have as short a transport distance as possible for all animals.

<sup>1</sup> Mughini-Gras, L., et al. 2019. *The Lancet Planetary Health*, 3 (8), pp. e357-e369.



# Animal welfare



This results mostly in a maximum transport distance 200 km or around 4 hours transport time. The transport time of all remaining transports not around 4 hours are all below the legally required 8 hours. We publish data on the origin of livestock for each plant on its transparency websites.

We take our broad responsibility with respect to the welfare of animals delivered to us. In addition to the live animal inspection of the official external veterinarian, we conduct standardised checks at every unloading of the animals:

- All individuals who handle animals are specifically trained to recognise all relevant aspects of animal welfare.
- Every individual animal is examined to assess whether animal welfare is assured.
- In all cases where there is doubt concerning the welfare of an individual animal, all instruments are available to restore animal welfare, or to stun an animal according to best practices.
- Data concerning animal welfare of the animals delivered to Vion are reported back to both the transporter of the animals and the farm of origin. These data support improvement programmes on animal health and welfare at the farm and during transport.

Data concerning the condition of the animals received are not only reported to farmers and transporters, but also published every quarter on our transparency websites ([www.vion-transparenz.de](http://www.vion-transparenz.de) and [www.vion-transparantie.nl](http://www.vion-transparantie.nl)).

### *Our policy during extreme temperatures*

We acknowledge that animals can only be transported when weather conditions allow for a stress-free transport. During recent years, weather conditions have changed which have resulted in some days when temperatures have been too high to allow a stress-free transport. Since 2018, we are working according to a protocol to prevent heat stress during transport. This protocol takes effect when a temperature above 27°C is forecasted.

The protocol prescribes measures like:

- Adjusting the time when animals are slaughtered, shifting from the afternoon to the morning.
- The loading and delivery of animals at an earlier moment of the day.
- Fewer animals per truck.
- Fewer animals in the lairage area.
- Additional ventilation and cooling supply in the lairage area.
- Cooling measures in the truck waiting area (trucks in the shadow, extra mechanical ventilation).
- Whenever the outside temperature is 35°C or above, animal transport and slaughter will stop.

### **Animal welfare policy at slaughter**

To secure animal welfare and avoid pain and minimise distress, our employees assure that live animals under our care are treated aiming at the 'Five Freedoms':

- Freedom from hunger, malnutrition and thirst.
- Freedom from fear and distress.
- Freedom from physical and thermal discomfort.
- Freedom from pain, injury and disease.
- Freedom to express normal patterns of behaviour.

There is a handbook for good practice from the German institute BSI Schwarzenbek. We work to a large extent in accordance with the criteria mentioned in this handbook.

Examples of our policy are:

- At slaughterhouses, there is an animal-friendly infrastructure to minimise discomfort. The unloading area, lairage, stunning and bleeding areas are all designed to calm the animals and get them used to the new environment.
- The lairage is designed and operated to realise a rest period of 1.5 to 2 hours for all individual animals before slaughter.
- Pigs and cattle have sufficient room to lie down in the lairage area.
- Showers are present in the lairage of pigs to nurse the animals.
- CCTV is present in all areas where there are living animals.



# Animal welfare

## ▶ Outlook

### Husbandry

We will implement the Vital Pig Farming Programme, together with involved supply chain partners.

- European law states that pig tail-docking must not be carried out routinely. Nevertheless, tail docking in piglets is a widely used practice to prevent tail biting. The joint goal of Vion and farmers is to have a longer average tail length every year. We have started to measure the tail length of pigs using an intelligent camera. In 2021 we will present the first results.
- We will work with stakeholders to pursue and create standards, preferably as part of a certification scheme, to dehorn calves and castrate piglets only with anaesthetics and analgesics.

### Transportation

- We continue to develop a smart CCTV standard for the unloading area of the lairage. With this standard, we have a contemporary instrument to monitor and continuously improve the welfare of animals that are delivered to slaughter. This instrument will be installed in all slaughterhouses (pigs and cattle) in the Netherlands.

All animals within our care are always stunned before slaughtering. The stunning methods used at our plants comply with regulations, such as EU regulation 1099/2009. All animals are individually examined by trained staff between stunning and bleeding. With each sign (e.g. eye reflex) that could be related to consciousness, a re-stun of a carcass is mandatory.

In almost all the pig slaughterhouses, the animals are stunned by using high concentrations of CO<sub>2</sub>. When using CO<sub>2</sub>, a pig is unconscious within 15 seconds. When using electricity, the Midas equipment is used. With this equipment, both a head-to-head stun and a stun of the heart is carried out. According to the scientific research of EFSA (European Food Safety Authority), both stunning methods are considered acceptable methods to stun pigs for slaughter.

Our basic standard for the stunning of pigs is:

- CO<sub>2</sub> back loader with a minimum of 4 and a maximum of 8 animals per gondola.
- CO<sub>2</sub> concentration above 90% so that the pigs are quickly unconscious. This is above the minimum requirement of 80% which is stated in legislation.

Our standard for the stunning of cattle is:

- A restraining box with a device that restricts both horizontal and vertical movement of the animal's head. The animal's head is fixed to improve the effectiveness of stunning.
- A pneumatic captive bolt is used as the stunning device.

Our standard for the stunning of cattle increases the success of the stunning procedures and exceeds the current minimum standards required by legislation.

In the Netherlands, all slaughterhouses are certified to conform to the criteria of the Beter Leven Keurmerk (BLK) and, in addition, Apeldoorn and Groenlo are SKAL certified (organic label).

Compared to non-BLK certified slaughterhouses, we meet with some additional requirements to obtain the BLK certificate:

- An Animal Welfare Officer (AWO) is present at all times during handling of the animals.
- All personnel are trained to work with animals.
- Pigs and cattle are slaughtered on the day of transport.

Our German slaughterhouses at Perleberg (pork), Buchloe (cattle), Bad Bramstedt (cattle), and Waldkraiburg (cattle) are certified to conform to the Für Mehr Tierschutz label.

This means:

- The unloading of animals has to be done within an hour.
- Every animal has to be checked to ensure it is effectively bled.
- Extra space in the lairage.
- Special training of employees and animal welfare officers.

We control animal welfare at slaughterhouses with measures that include:

- Having several of its own employees as animal welfare officers in all slaughterhouses. They are specifically qualified to assess the process and ensure that all animal welfare guidelines are met. All animal welfare officers receive regular animal welfare training.
- Training all employees who interact with live animals in animal welfare. Only trained staff are allowed to handle live animals.
- Monitoring the outcome of the Welfare Standard Operating Procedures and reporting on the KPIs.
- Monitoring the effectiveness of stunning and bleeding of all individual animals by trained Vion staff.
- Applying corrective and preventive actions in the case of non-compliance with internal standards. This is mandatory for each of our production sites.
- Consolidating and reporting animal welfare KPIs and additional relevant observations to the executive committee.



# Animal welfare



- Our expert veterinary team evaluates the performance of the individual farms and hauliers concerning animal welfare and animal health. This team also leads research and development projects to define and develop the next steps in animal welfare control.

We have organised a layered and independent approach for supervising animal welfare.

This is implemented in four stages:

- First party supervision: our senior animal welfare officers and veterinarians exercise a peer review on animal welfare at least twice a year on each slaughterhouse. Announced and unannounced visits are made to check that the site's control system is functioning according to our standards.
- Second party supervision: compliance with customer animal welfare standards (e.g., McDonalds, Tesco, Edeka) are assessed by auditors who liaise with our customers.
- Third party supervision: compliance with independent accredited certification standards that include animal welfare (e.g., QS and IKB). Additionally, there are also independent animal welfare standards (Beter Leven Keurmerk/ Für mehr Tierschutz label).
- Public supervision: government veterinarians are continuously present in the slaughterhouse inspections of each individual live animal. At all our slaughterhouses, there is also permanent supervision by an external official veterinarian at the slaughter line to assess the health and welfare of the slaughtered animal.

When the competent authorities issue warnings or fines for a specific element in our process which needs improvement, we always publish those inspection results on our website.

## Activities in 2020

### Husbandry actualities

*Vion's performance in the Business Benchmark on Farm Animal Welfare*

The Business Benchmark on Farm Animal Welfare (BBFAW) evaluates the world's leading food producers, retailers and food service companies regarding their management and reporting of farm animal welfare. The report of February 2020 showed that Vion was a performer on Tier 3 of the Benchmark.

### *BigDee*

We launched the 'BigDee' concept. The purpose of this concept is to improve animal health and welfare. The first step of this concept is the exchange of information on health and vaccination status between piglet multiplication farms and their receiving fattening farms. Another aspect of 'BigDee' is the transport between the two farmers. Transporters have received additional training and information on the control of animal welfare and hygiene during transport (e.g., quality of bedding material), but also on which kind of measurements they can take to control the health of pigs during and after transport, and to eliminate the transmission of pathogens.

### *Development of Vital Pig Farming Programme*

The Dutch 'Coalitie Vitale Varkenshouderij' (CoViVa, Coalition Vital Pig Farming) is a supply chain cooperation between pig farms, breeders, feed suppliers, slaughterhouses, Ministry of Agriculture, and banks. We are one of the partners who developed the Vital Pig Farming Programme which was agreed upon with the Dutch Minister of Agriculture, Nature and Food Quality.

The programme is a balanced approach that will result in a more vital, innovative pig farming supply chain. It is a sector that is a global leader in sustainable, circular agriculture, and distinguishes itself internationally with transparency on nutrient and mineral circles, food quality, healthy animals, animal welfare, and its nitrogen and greenhouse gas footprint.



# Animal welfare



The Coalition Vitalization Pig Husbandry is responsible for the implementation of the innovation programme.

The Vital Pig Farming Programme focuses on the following five ambitions:

- High-quality care for the local environment.
- Central position in food circularity.
- Substantial contribution to climate and energy transition.
- Robust and healthy pigs in animal-friendly farming.
- Global leader in market orientation and supply chain cooperation.

### *Introduction of Beter Leven 2-star pork*

In 2019, we introduced Beter Leven 2-star pork for a Dutch retailer. Since 2018, a pig farmer in the north of the Netherlands developed a brand-new pig farming concept with room for 4,900 fattening pigs and 600 sows. The free-range pigs can choose whether they stay indoors or use their free access to the meadows. Straw is provided within the stables and the feed is composed of lupins and wheat originating from their own farm. The pigs' manure is processed in the biogas plant and thus generates renewable energy.

### **Transportation actualities**

#### *Extreme temperature protocol*

We have updated the extreme temperature protocol for days with temperatures above 27 degrees Celsius with measures like:

- Loading density during transport is lowered by 10%.
- Trucks can park in the shade and next to wind turbines.
- The road underneath parked trucks are sprayed with water to reduce the temperature.
- The trucks' schedule is organised so that they arrive just-in-time to reduce waiting time before unloading.
- There is a maximum transportation time of 8 hours for cattle and pigs.

At temperatures of 35°C and above, all transport of animals is halted. During 2020, this resulted in reduced slaughtering times where one shift per day was removed from the schedule during several days of hot weather.

### *African swine fever*

We participate in both Germany and the Netherlands in the African swine fever prevention team of the government. Together with other stakeholders, parking places next to highways were identified as high-risk locations. A number of measures had already been taken, for example, the installation of boar-resistant trash cans, fences, and signs. Several Vion volunteers and others regularly audit these parking lots, using an app to report these audit findings to the highway stewards. This is an example of effective cooperation between the individuals of the pork supply chain and the government which is responsible for the maintenance of the highways.

### **Slaughtering actualities**

Continuous improvement of all procedures is in our DNA. This is also true of improvements in animal welfare. The following initiatives have been taken:

- We carried out an investigation on improving the design of the lairages and passageway to stunning.
- We participate in two scientific projects to improve the stunning procedures of pigs: one with Wageningen University and the other with the Friedrich Loeffler Institute. The investigations are specifically on finding alternatives to CO<sub>2</sub> stunning. Both projects will continue during 2021.
- At four pork slaughterhouses, we have installed weighing scales on which pigs are checked before and after bleeding.
- In collaboration with several universities and other scientific institutes, our workers are trained in handling animals in a friendly way. The training is based on the animal's natural behaviour. All individuals who work with live animals receive this training. Going above legislative minimum requirements, we have implemented a continuous education programme to keep all individuals up to date with the scientific standards concerning animal welfare.



# Animal welfare



We publish all official observations by the government, such as warnings, fines and audit results, as well as third-party audits on our website. With this instrument of transparency, every stakeholder can check our performance on animal welfare, hygiene and product integrity.

### *Camera surveillance to improve practices*

As one of the largest slaughterhouses, we have made use of camera surveillance for several years. In all areas where animals are handled, cameras continuously record all activities. Every week, this results in hundreds of hours of recorded footage. It is of course not feasible to review all hours of footage, therefore only a random selection of footage is reviewed. The main part of the footage remains unseen, including potentially relevant situations. Although this review is already helping to improve the handling quality of employees, we want to make more effective use of camera surveillance.

That is why we have co-created software based on Artificial Intelligence together with animal welfare organisations and a large audit firm. This software is capable of analysing all recorded hours of footage and selecting only the relevant footage. This selected footage is reviewed daily and based on this review, potential corrective actions will take in place. With this new software tool, we have modernized the monitoring of animal welfare. It is a unique use of artificial intelligence and we are setting a new standard regarding animal welfare monitoring worldwide. More importantly, by reviewing the full footage we can improve our animal handling more effectively.

### **?** Tail length dilemma

With tail docking, we face a clear dilemma between the impact of docking and the aim of preventing chronic suffering later in life. Tail docking has a long history in husbandry as a measure to prevent tail biting later in life. Besides the pain of the biting, the wound can also be open to bacteria resulting in multiple inflammations inside the animal. The moment of docking is a short moment of discomfort. However, this pain is significantly less than the pain sensation following tail biting later in life.

The tail is not rudimentary – a pig's tail has a clear physiological and social function. With a tail, the pig can tell whether it feels stressed or comfortable. Without a tail, the pig is missing a part of its communication palette. For several years, we have encouraged farmers to adjust the point of docking, so that pigs have a tail of sufficient length to communicate.

The challenge of tail biting lies in the multifactorial cause. Tail biting occurs in situations in which pigs do not feel comfortable. The fault can lie in farm management, the pig's housing or a mismatch between the genetics, housing or management. This means that farmers need to have a tailor-made approach to ensure that a decision to stop docking entirely is the right one. That is why we believe in an incremental approach to increasing the pig's tail length. The result of that approach is that the average length of tails has become longer. From situations where all tails were completely removed, we are now at the point in which all pigs do have a tail and that pigs can make use of the physiological and social function of their tails.

Nevertheless, we do see that tail lengths clearly differ from farm to farm. To get farmers to abide by this measure, we need more objective insight. To know exactly what the average tail length is of pigs at every farm, we need to measure all tails. Because it is not feasible to measure by hand, we have developed a fully automatic measuring system. Using a so-called 'vision' system, we measure the tail length of each individual pig. Using the information of the individual pig, we can gain insight into the performance of the complete farm. We can then compare farms with each other and get them to learn from other farmers. We believe that by starting a conversation on tail size based on actual information, we can get specific farmers to alter their tail docking practices. By doing this, we contribute to achieving a higher animal welfare standard.



# Animal welfare



## Results

Animals raised under certified higher animal welfare requirements (EU Organic, Beter Leven, Für Mehr Tierschutz or Initiative Tierwohl)



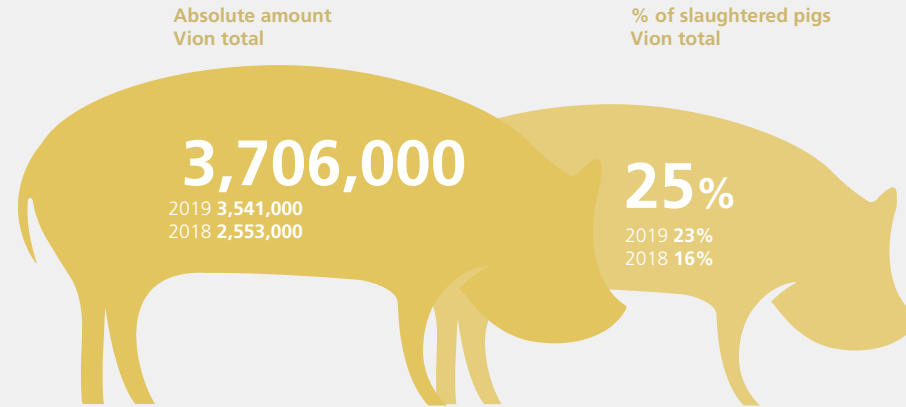


# Animal welfare

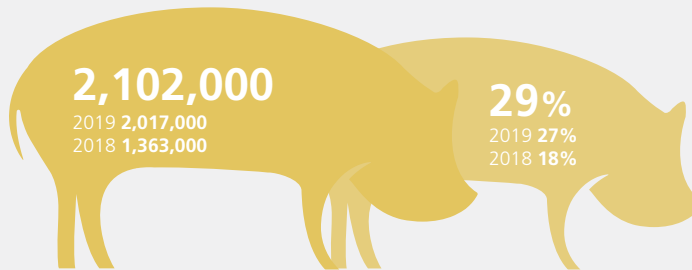


## Results

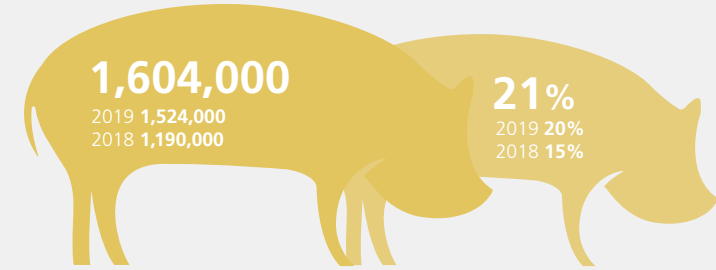
**Pigs raised under certified higher animal welfare requirements (EU Organic, Beter Leven, Für Mehr Tierschutz or Initiative Tierwohl)**



 The Netherlands



 Germany







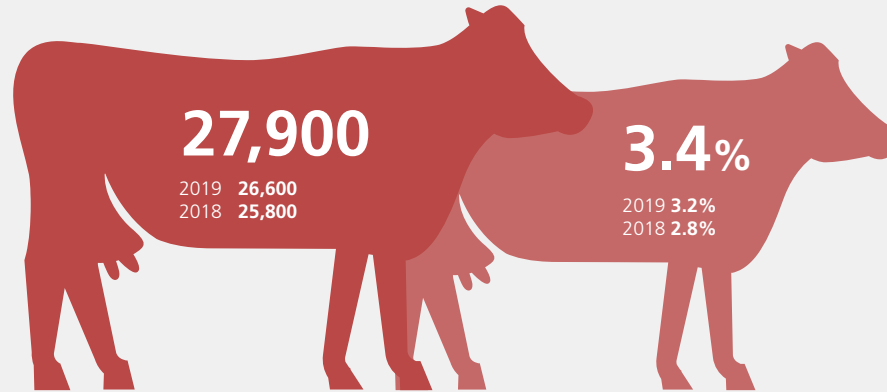
# Animal welfare



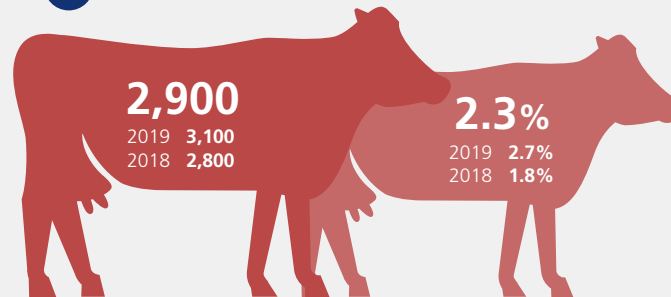
## Results

### Cattle raised under certified higher animal welfare requirements (EU Organic, Für Mehr Tierschutz)

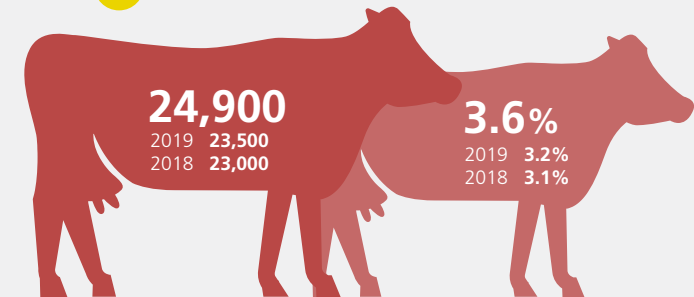
Vion total



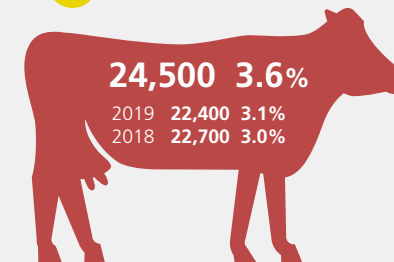
The Netherlands - Organic



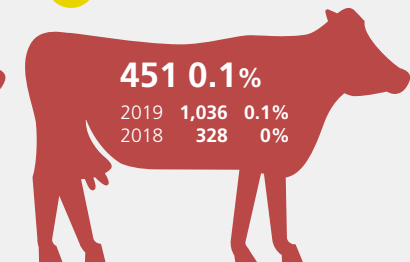
Germany



Germany - Organic



Für mehr Tierschutz



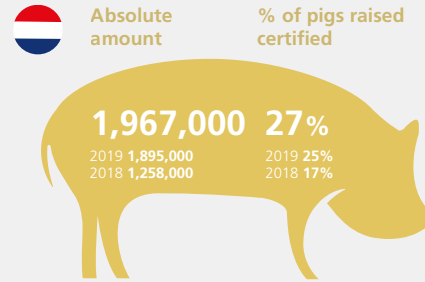


# Animal welfare



## Results

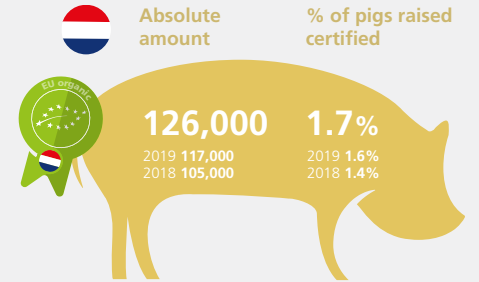
### The Netherlands: Beter Leven 1 star



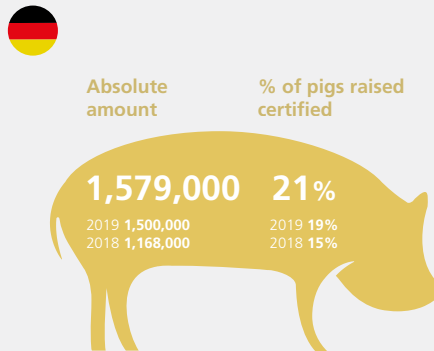
### The Netherlands: Beter Leven 2 stars



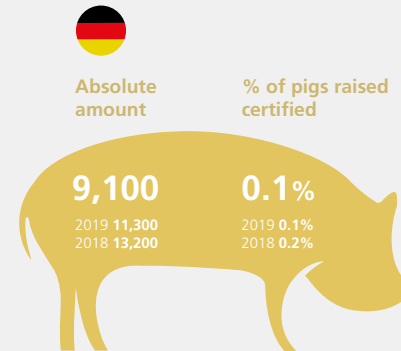
### The Netherlands: Beter Leven 3 stars / EU Organic



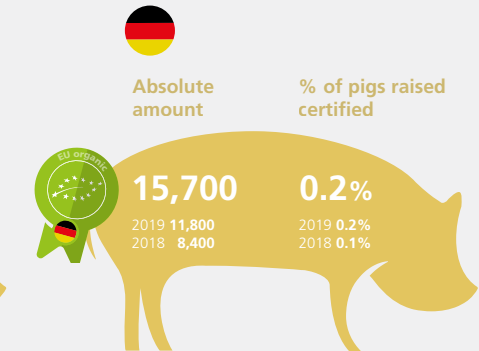
### Germany: Initiative Tierwohl



### Germany: Für Mehr Tierschutz 'Einstiegsstufe'



### Germany: EU Organic





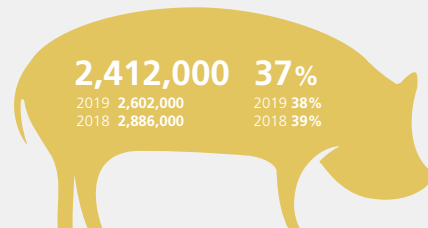
# Animal welfare



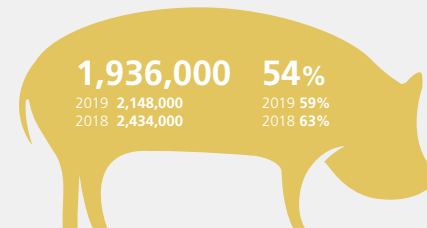
## Results

### Entire boars (not castrated) of total male pigs slaughtered

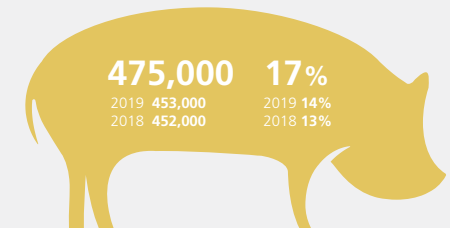
Vion total



The Netherlands



Germany

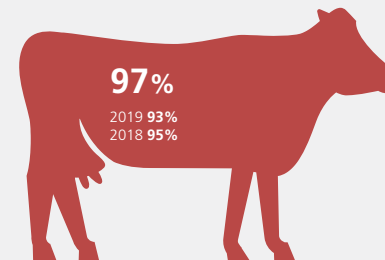


### Female cattle breed types and average age of slaughter (Vion total)

Average age at slaughter



Slaughtered female cattle of milk or dual purpose breed



## Clarification of the results

### Entire boars

Within certain standards raising entire boars is prescribed and other farmers choose voluntary to raise intact boars. We noticed that the percentage entire boars has decreased a little in the Netherlands and increased in Germany.

### Age of cattle at slaughter

In 2018 we received many dairy cows in the Netherlands because of new regulations for the dairy cow industry. This has had an effect on the average age in the years 2018 and 2019. In 2020 we see that the start of the new balance is reached at the dairy farms, results in an average age between 2018 and 2019.



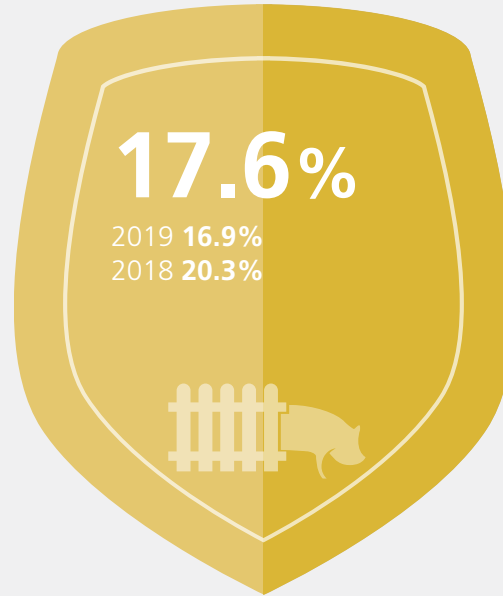
# Animal welfare



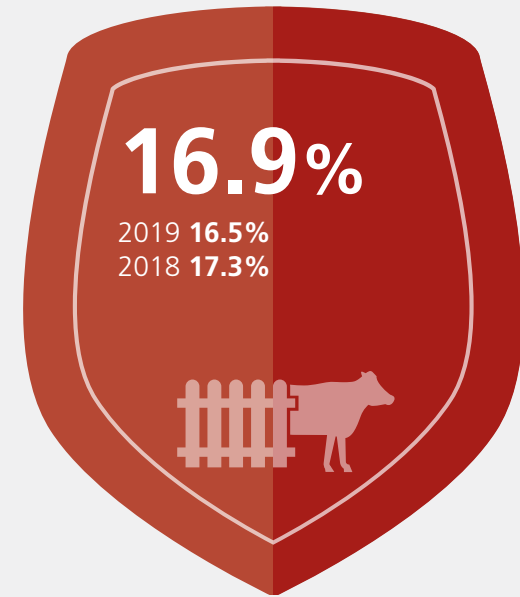
## Results

% slaughtered animals in independently certified regionality programs (Geprüfte Qualität Bayern, Regionalfenster Niedersachsen, Bayerisches Rindfleisch g.g.A., or Regionalfenster Württemberg)

 Pigs



 Cattle



## Clarification of the results

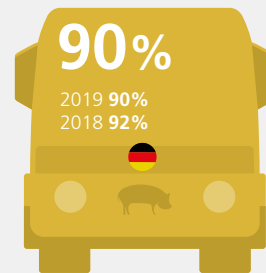
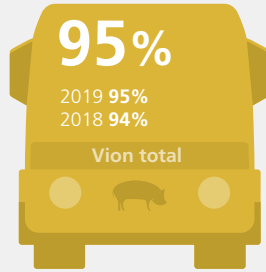
Only in Germany we have animals from independently certified regionality programs. The percentages pigs and cattle from independently certified regionality programmes both stabilised in 2020.



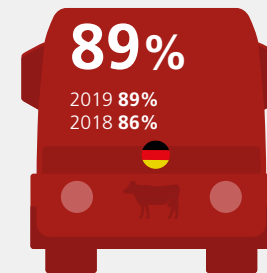
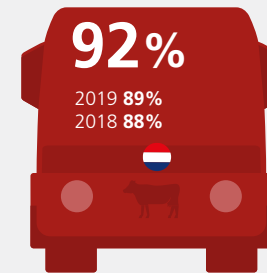
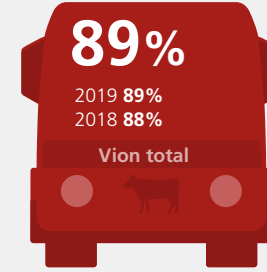
# Animal welfare

## Results

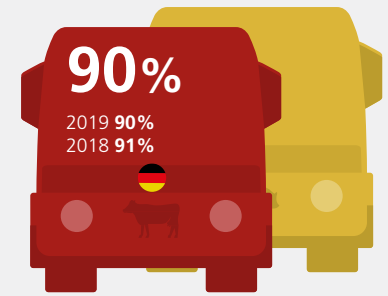
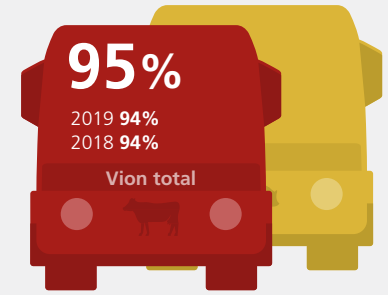
**% pigs transported ≤ 200 km**  
(radius from farmer to meat processing plant)



**% cattle transported ≤ 200 km**  
(radius from farmer to meat processing plant)



**% animals transported ≤ 200 km**  
(radius from farmer to meat processing plant)



## Clarification of the results

When measuring the transport distance from the farmer to the slaughtering facility we use the radius, as we have the location data of our farmers available and not the actual transport distance travelled over the

road. The percentage of animals transported 200 kilometres or less stays stable during the past years.



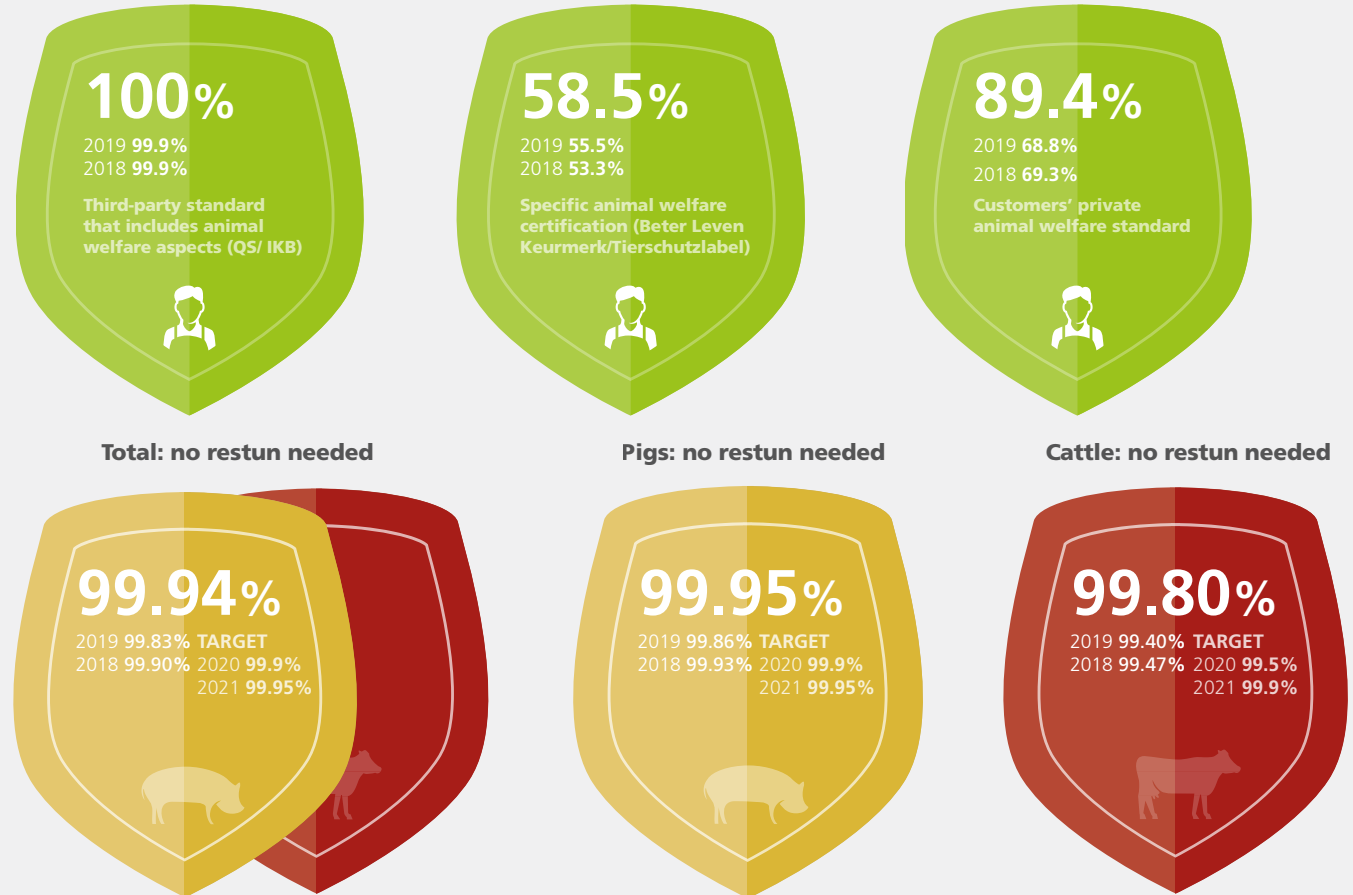


# Animal welfare



## Results

% animals slaughtered in meat processing plants with specific animal welfare standards



## Clarification of the results

The percentage animals slaughtered in slaughterhouses with customers' private animal welfare standard has increased significantly because more slaughterhouses are now approved according to these standards. Our very strict rules related to re-stunning will result in re-stunning of carcasses that in fact are effectively stunned. Due to the biological and physiological mechanisms in animals, a certain percentage of stunned animals will show signs that could be interpreted as being related to consciousness despite effective stunning.

The policy is better to be sure than wrong. This KPI therefore shows on one hand the effectiveness of the stunning and on the other hand the alertness of the workers on the line to take action when needed. The target for no restun needed will therefore never be 100%. The 2020 target was 99.9% for pigs and 99.5% for cattle. With the result of 99.95%, respectively 99.80% we did reach the target.



# Animal welfare

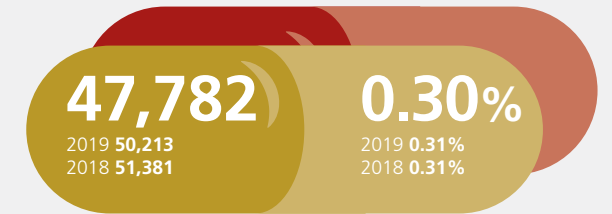


## Results

### Animals tested where antibiotics were absent



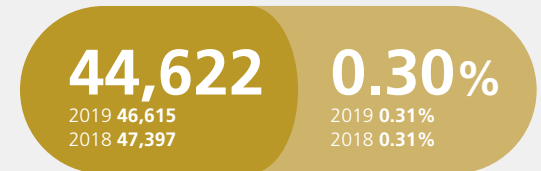
### Tested animals      % slaughtered animals tested



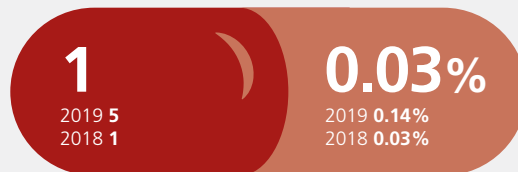
### Pigs found with antibiotics residue above maximum residue limit



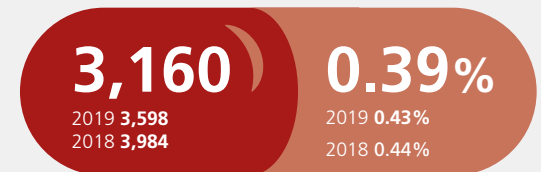
### Tested pigs      % of pigs tested



### Cattle found with antibiotics residue above maximum residue limit



### Tested cattle      % of cattle tested



## Clarification of the results

When monitoring antimicrobial residue levels, not all animals can be sampled from a logistical point of view. The sampling plan is risk based and has resulted in around 0.3% of the slaughtered animals being tested. The animals are selected through a risk-based approach using the carcass inspection data with respect to animal health. Farms exceeding benchmark(s) are amongst the others selected for sampling.

This approach resulted in less samples regarding antimicrobial levels in cattle in 2020. The percentage of cattle observed with residues of

antibiotics in 2020 was lower than in 2019. The percentage of pigs observed with residues of antibiotics is stable over the last three years.

All observations of antibiotics in carcasses are very low and are the result of a continuous effort of the farmer with the support of his veterinarian to minimise the use of antibiotics. However, for reasons of animal welfare, animal health and public health a farm needs to have access to appropriate antibiotics to cure an animal that is in need for antibiotics.



# Sustainable farming

## Why is this topic material?

Meat is a high-quality food item with unequalled nutritional value, and thus animals need high-quality raw materials as feed items. The husbandry and feeding of animals result in several challenges of global concern with regard to sustainability, such as greenhouse gases, nitrogen and phosphate emissions, water usage, biodiversity, deforestation and land use.

Overall, the environmental footprint of pork is lower than that of beef, as ruminants emit more greenhouse gasses, including methane. Whereas the footprint for beef cattle is completely attributable to meat, the footprint of dairy cattle – which Vion predominantly processes – is divided between milk (over 80%) and beef. As an important meat producer, we have an influence on lowering the negative impact of livestock farming.

## Boundaries

This topic explicitly concerns the environmental aspects of livestock farming. The greenhouse gas emissions and water usage directly associated with our own operations are described in separate topics.

### Vion's management approach

#### Our policy, commitment and objectives

The topic 'Sustainable Farming' is part of our strengthened sustainability strategy, containing topics and targets which are important for sustainable food production and consumption. We intend to bring transparency and sustainability agendas together and thus offer our stakeholders and especially the consumer the possibility of making an informed choice. This means consumers will be able to choose using information not only based on animal welfare, but also on sustainability. We will provide consumers with information on topics such as the carbon footprint on food items like pork, beef and meat alternatives.

#### Carbon footprint

Because of meat's high nutritional value, within the consumption of food of animal origin, pork and poultry originating from the Netherlands and Germany is a climate-friendly way to meet consumer's protein needs. This meat has a similar CO<sub>2</sub> footprint to tofu (see figure), although its nutritional value for humans is much higher. Pig farmers have been investing a lot in manure storage and processing, resulting in limited greenhouse gas emissions and limited odour nuisance.

With regard to beef production, methane emissions from rumination and manure cause substantial greenhouse gas emissions. Vion mainly slaughters dairy cattle and the offspring of dairy cattle which are essentially by-products of dairy production, making the CO<sub>2</sub> footprint substantially lower than that of beef from Ireland, North and South America which originates from pure beef cattle.

We are committed to putting food items with a lower carbon footprint than today's onto the market and to provide customers and consumers with information on the footprints of products they buy. Consumers should be able to make informed choices based on scientifically justifiable and internationally accepted data. To achieve this, we will develop a CO<sub>2</sub> label for our products based on the actual data from the supply chain. This label will allow people to see the CO<sub>2</sub>-

equivalent footprint of a certain product. Our objective is to have the first products with CO<sub>2</sub> labels on shelves in 2022. These data need to be monitored and shared between different partners in the agricultural supply chains. Transparency between different supply chain partners concerning the footprint data procured by benchmarking will show options for continuous improvement. This will result in a further reduction of the footprint. In 2020, we calculated GHG emissions for a total of fifteen farms. The 2021 objective is to measure the emissions at all of the approximately 160 Good Farming Star farms.

#### Use of land, water and sustainable feed

We are committed to an effective use of resources, such as the land to produce food. We source our beef mainly from cattle that has been producing milk for many years. Large parts of Germany and the Netherlands are meadows where grass grows effectively. This grass is not edible for humans but is converted by cows into dairy and beef. Consumption of beef originating from dairy cows is a good example of a circular economy.

Dutch and German pork has a water footprint that is less critical than other foodstuffs. There is only a very limited use of raw materials coming from areas with a shortage of water.

Buying soy from countries like Brazil and Malaysia may contribute to deforestation. In general, we advocate the use of soy certified by Round Table Responsible Soy (RTRS). The RTRS certification includes strict requirements on the preservation of natural forests and other natural resources. More specifically, all pigs raised under our Good Farming Star programme participate in the RTRS certified soy programme.

We participate in experiments on the use of safe, processed animal proteins in animal feed. This is one of the key projects in improving circularity in meat production and avoiding the waste of animal protein with a high nutritional value.

Besides that, the food industry in our region produces a lot of by-products, such as bakery by-products, brewers' spent grain





# Sustainable farming

## ▶ Impact on society

As commonly known and as described above, current meat production has a negative impact on the environment in several ways. With transparency concerning the carbon footprint calculation, we will be able to provide our supply chain partners with more insights into the magnitude of this impact and how it compares to other food products. This will stimulate the whole chain in making more sustainable choices and having a positive impact on CO<sub>2</sub> reduction in the meat supply chain. In this way, we contribute to the sustainable management and efficient use of natural resources (Sustainable Development Goals target 12.2).

By communicating the CO<sub>2</sub> emissions comparison with other food products already in our CSR report, we contribute to people having the relevant information and awareness for sustainable development and lifestyles (Sustainable Development Goals target 12.8).

Also, by investigating and promoting ways to reduce the CO<sub>2</sub> footprint of livestock farming we improve awareness-raising and institutional capacity on climate change mitigation and impact reduction (Sustainable Development Goals target 13.3).

Finally, with our focus on sustainable farming we support agricultural practices that help maintain ecosystems (Sustainable Development Goals target 2.4) and, together with our farmers, we reduce the degradation of natural habitats and halt the loss of biodiversity (target 15.5).

and by-products from dairy production. These by-products are not suitable for human consumption but are an indispensable part of pig feed. This reduction of food waste, which prevents the need for products such as soy, has a substantial impact when creating a more sustainable and regional pork production.

### Biodiversity

Within dairy farming, there is growing attention on improving biodiversity. Many Dutch dairy cattle farmers are participating by using the biodiversity monitor. With this tool, the positive and negative impact on biodiversity is monitored. Based on this assessment, a location-specific biodiversity plan has been implemented on farms.

Both in Germany and in the Netherlands, we are involved in sourcing cattle from areas where nature is carefully preserved. In the mountains of South Germany (Bavaria) and on the meadows of the Wadden Sea, a Unesco World Heritage Site, cattle can enjoy grazing in harmony with the unique local flora and fauna. In these regions, farmers are actively involved in nature preservation and we make it clear to the market that these specific beef concepts originate from these biodiverse regions.

## 📅 Activities in 2020

### Determining the best method of calculating the carbon footprint of meat

In 2020, Wageningen University provided us with a PEFcr-compliant methodology for calculating our carbon footprint. In this carbon footprint, all relevant greenhouse gas emissions are calculated and converted into CO<sub>2</sub>-equivalents.

The methodology is:

- Based on internationally accepted standards (such as the PEFcr and LCA ISO).
- Scientifically accurate.
- Transparent to customers, consumers and governments.
- Accepted by authorities.
- Able to provide information on measures for footprint reductions in the supply chain and especially on farms.

It also aligns with methodologies already implemented – or to be implemented at some future time – in the food industry. The methodology can be found here: [https://www.wur.nl/nl/nieuws-wur/Show/WUR-ontwikkelt-methode-om-CO<sub>2</sub>-voetafdruk-productie-varkensvlees-te-meten.htm](https://www.wur.nl/nl/nieuws-wur/Show/WUR-ontwikkelt-methode-om-CO2-voetafdruk-productie-varkensvlees-te-meten.htm).

The practical implementation of food print calculations requires raw data from supply chain partners such as farms and feed suppliers, through a robust and reliable data infrastructure.

Data needed include:

- Feed constituents.
- Production figures on performance.
- Manure handling.
- Implementation of renewable energy sources.

In 2020, we implemented the methodology and data sharing in a pilot scheme with 10 additional farms. These farms produce pork for the Dutch retail market. A carbon footprint is expressed as kg CO<sub>2</sub>-equivalents per 100 g of protein to allow relevant comparisons to other food items. The raw data



# Sustainable farming

## ▶ Outlook

- In 2021, we aim to include data from all of the approximately 160 Good Farming Star farms in GHG calculations. We intend to motivate as many farms as possible in collecting their data for CO<sub>2</sub> calculations through JoinData. We will host meetings for our farmers to share results, so they can learn best practices and help reduce the environmental footprint.
- To reduce food waste, and to increase the circularity and sustainability of our products, we will support farmers who use by-products from the food industry.



used for the footprint calculations will also be important to calculate other emissions, such as nitrogen and phosphate. Vion participates in the European technical group 'Red Meat' of the PEFcr (Product Environmental Footprint category rules) where norms for calculating the footprint are discussed.

### Continuous improvement in sustainability at our organic pig farms

All our organic pig farmers with De Groene Weg are EKO-certified and use the EKO-code as a scoring instrument on twelve topics, including energy, soil, manure, biodiversity and circularity. Each supplier is expected to set at least two objectives every year, resulting in a higher score in the next year. This approach ensures the continuous improvement of sustainability in the organic pork supply chain of De Groene Weg.

### Dialogue with stakeholders

Together with industry partners, Vion discusses possible solutions to a variety of environmental topics. For example, Vion was lead partner in the workgroup on the future of sustainable farming in the Netherlands, initiated by the Dutch government. The output of the workgroup is a project team which will take the lead in changes towards sustainable farming. Also, we are in discussions with our chain partners on the value and circularity of manure. During several public debates, Vion publicly discussed the sustainability of meat and meat alternatives with a variety of stakeholders.

### ? Dilemma

There are different points of view concerning the norms for calculating methods. An animal is not only used for meat, but also for hides, skin, milk, etc. Should the calculation of the meat's footprint be based on the economic value of these different products, or on their volume, or on biophysical allocation (energy needed for production)? At an EU level, the preference is to use economic value, partly because this would increase comparability between different food items. The downside is that when a product value on the market changes, the calculated footprint changes as well. Vion will use the EU preferred norm.

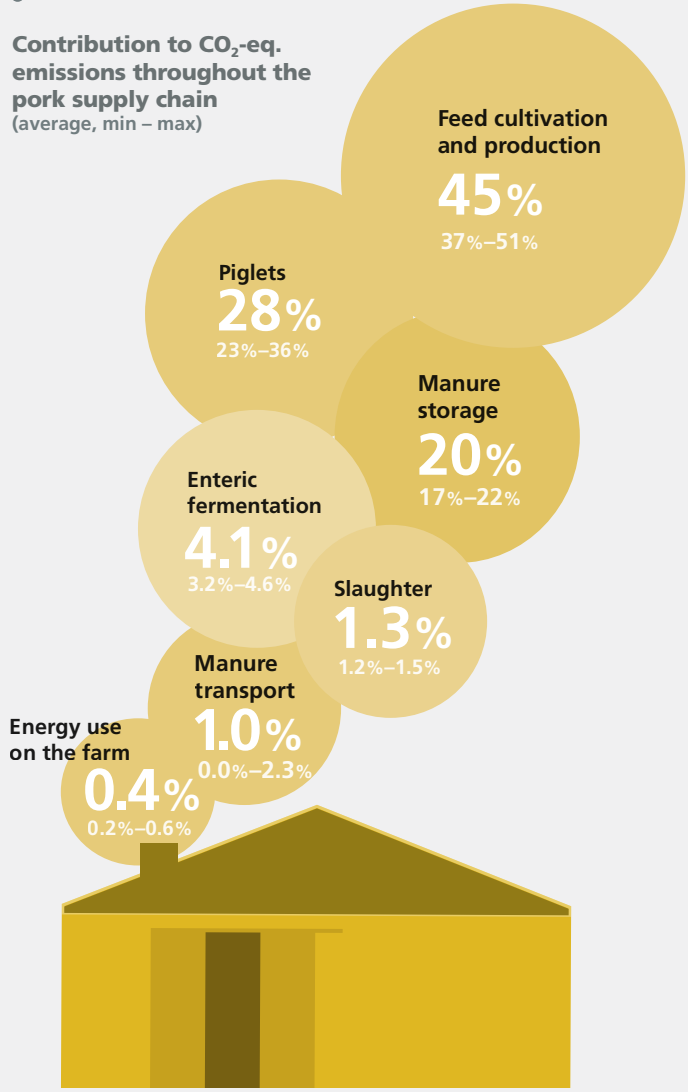


# Sustainable farming

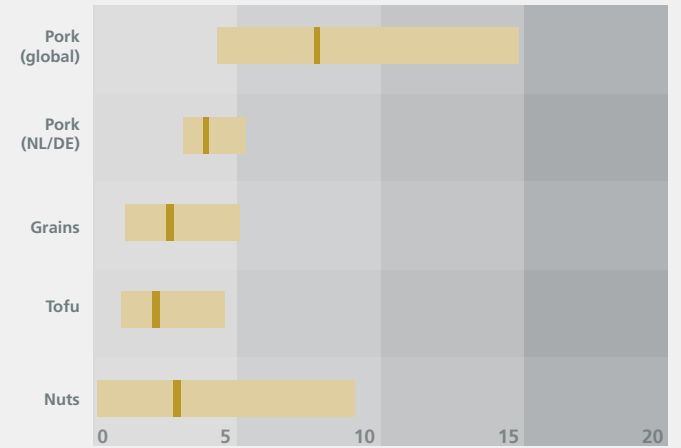


## Results

**Contribution to CO<sub>2</sub>-eq. emissions throughout the pork supply chain**  
(average, min – max)



**Variability in CO<sub>2</sub> emissions for different foods**  
(in kg CO<sub>2</sub>-eq. per 100 g protein) | average



## Clarification of results versus targets

Vion did not realise its 2020 goal of calculating GHG emissions, as data from 15 farms was available instead of 20. The delay was caused by unforeseen difficulties in data exchange between supply chain partners. The figures and results are based on the calculations from these 15 farms.



# Fair pricing

## Why is this topic material?

Fair prices are important for stability in the supply chain and therefore ultimately important for all supply chain partners. As a central player in the supply chain, we have an influence on the structural development of supply chains, in order to support a fair distribution of value in the production supply chain, and to steer volatility.

## Boundaries

Fair prices have an impact on all parties in the supply chain and can only be achieved with the cooperation of the important parties involved. We therefore cooperate intensively with both our customers (retail, processors, and food services) and farmers to develop innovative and sustainable pricing models. The focus of our efforts is on the farmers as the traditional pig cycle has the most impact on them.



### Vion's management approach

#### Our policy, commitment and objectives

##### Market situation

Traditionally, cow prices and especially pig prices are volatile. Typical for the pig market are a short-term focus, fluctuating demand and supply influencing spot price levels, with traders dominating the international market. A more predictable supply of animals and less price volatility are in the interests of all parties in the supply chain to manage their risks.

##### Policy and commitment

A short payment term is important for farmers. Vion pays its farmers within a short time frame thereby helping decrease the working capital situation at the farmers' level.

Another important topic is the way value is distributed among partners in the supply chain, which is significantly influenced by the market. We want to make sure that every supply chain partner earns enough money to run their business. For us, 'fair' means that no particular party earns excessively more than other parties in the supply chain. If there is an imbalance, it is generally not good for the supply chain's continuity.

Vion is committed to improving its pricing and contracting models, in order to support a fair distribution of value in the supply chain, and to avoid volatility related to the traditional pig cycle. This includes the purchase pricing of animals, which supports the success and continuity of farmers' businesses. However, the price paid to farmers is heavily dependent on the international meat market paying a fair price, and consequently on the willingness of Vion's customers in accepting these price levels.

Our pricing approach in the organic concept 'De Groene Weg' is an example of our contribution to a better value distribution throughout the supply chain. The core of this strategy is more long-term commitment from all parties concerned, resulting in less volatility and a better foundation for continuity. Four times per year, we set prices, and those prices remain fixed for that quarter.

The Good Farming Balance concept, launched in the Netherlands in 2017, encourages farmers to focus their production on premium products for international markets. The concept includes several delivery modules and pricing systems. The delivery modules comply with the specific demands of customers in international markets. Delivery weight and fat thickness vary per module, among other things.

Besides the delivery modules, our suppliers can choose from different pricing systems:

- The Vion weekly price, which fluctuates weekly based on supply and demand.
- The Vion Price Index Guarantee (PIG), a price based on a benchmark average derived from a portfolio of representative international prices.

##### Objectives

The latter system offers more stability in the supply chain for all parties involved. Our objective for the Netherlands is that in 2021, 75% of the delivered pigs are from farmers who participate in Good Farming Balance. Our success can also be measured by market presence and continuity within supply chains. With most of our pig farmers, we have a contract with a notice period of one year.

At the end of 2018, Vion introduced the Good Farming Balance concept to its German pig suppliers. The concept was adapted to the German market and differs slightly from the Good Farming Balance concept for the Dutch market. It is based on three pillars: larger selection of types of pigs, contribution margin and continuity.

The German market structure with pig traders is completely different to that of the Netherlands. In 2020, 20% of the delivered pigs were from farmers who participate in Good Farming Balance. We aim to reach 30% in 2021. Our mid-term objective for Germany is that in 2023, 50% of the delivered pigs are from farmers who participate in Good Farming Balance.



# Fair pricing

## ▶ Impact on society

With our initiatives on fair pricing, we help to ensure the proper functioning of food commodity markets and to help limit extreme food price volatility. We also promote fair and equitable sharing of benefits arising from genetic resources. In this way, we have a positive impact on Sustainable Development Goals target 2.c and 15.6. Pricing is of course always part of business negotiations, but Vion does not have a direct negative impact on society concerning fair pricing. We believe fair pricing is in the interest of the whole supply chain, including the broader society.



## 📅 Activities in 2020

### Building balanced supply chains

We have a number of existing supply chains like Robusto and De Groene Weg, and dedicated supply chains for specific customers like the Dutch retailers Plus and Albert Heijn. We take these existing supply chains as a starting point and bring our partners within these supply chains together. A good example is our growing concept with the Geprüfte Qualität Bayern (GQB) certificate. Certain parties in that supply chain could work together better and we are now asking questions like: How can we make that supply chain more efficient? Can we shorten it? Improve information transfer? Measure performances? We do this to ensure that all partners function well as a supply chain. For the Asian market, we developed a special breeding programme which involves genetics.

With supply chain partners we discuss topics like feed, animal welfare, logistics and energy, as they influence costs at the farms. These subjects are very much related to fair pricing and are becoming increasingly important. To share learning and improve performance within the supply chain, we started working with the data-cooperation called JoinData and developed our own blockchain the Vion Porkchain Vision. The data becomes transparent for the entire supply chain.

We work with several feed companies on a feed pilot which is expected to improve the farmer's margin and produce the desired pigs. We have selected some farmers who participate in the programme. If it is successful, other farmers can join it.

### Good Farming Balance

The vast majority of our Dutch suppliers chooses the PIG pricing system. In February 2021, farmers with a Good Farming Balance contract based on the PIG-system received an additional payment, to guarantee that the price is conform the benchmark average derived from a portfolio of representative international prices.

Due to the corona measures in 2020 and the African Swine Fever outbreaks in Germany, the international and national meat markets have fallen into imbalance. For the Netherlands, a number of important international markets were temporarily lost in 2020. Due to the disrupted market situation, the PIG system is temporarily discontinued at week 15 2020. Vion has found a suitable solution for 2020 and has done an after payment.



# Fair pricing

## ▶ Outlook

- We will continue the roll-out of the Good Farming Balance concept in Germany.
- At present, there is still a disrupted market situation, which means that the PIG system has not yet been activated. Vion intends to put the pricing system back into operation as soon as there is a balanced market situation.
- We evaluate the Vion long-term price (LTP) system regularly and are working on ways to get closer to the market's wishes, but in such a way that it remains a stable system.
- We are developing new price systems for our different pork chains. We will introduce these systems in 2021.



## ☰ Results

### Delivered pigs from farmers participating in Good Farming Balance



## 🎯 Clarification of the results

Our 2020 target for the percentage of delivered pigs coming from farmers who participate in Good Farming Balance was 80% for the Netherlands and 25% for Germany. Reaching 80% in the Netherlands does not seem realistic. We will adjust our target for 2021 to 75%.



# Carbon footprint of processing

## Why is this topic material?

Greenhouse gas (GHG) emissions cause global warming. The reduction of greenhouse gas emissions is a matter of worldwide concern. We need quite a large amount of energy for our operations; for example, refrigerating meat, cleaning and transportation. As such, we have a role in reducing CO<sub>2</sub> emissions.

## Boundaries

The main contributors to greenhouse gas (GHG) emissions in the meat industry are the production of feed, husbandry of animals, and manure emissions (see the topic on 'Sustainable farming'). The GHG emissions from Vion's operations originate from the transportation of animals, meat and employees in cars owned or leased by Vion, methane emissions from the animals while at Vion, and the energy used in the plants. For the GHG emissions, we take into account all of our own operations (scope 1 + 2). The greenhouse gas emissions at the farms are a part of the environmental aspects of farming, mentioned in the topic 'Sustainable farming'.

### Vion's management approach

#### Our policy, commitment and objectives

At Vion, we need energy in our production processes to cool the meat and assure the quality and food safety of our products. Approximately 40% of our electricity is acquired for this purpose. Our energy contracts are evaluated every year with the aim to reduce production costs. If different suppliers are close in price, we look at the energy mix of the provider (proportions of renewable and non-renewable).

We are committed to limiting energy use as much as possible, without compromising product quality and food safety. Therefore, we work on energy saving measures. All production sites report monthly on energy efficiency and are benchmarked against best practices. When sites show a wide gap from the benchmark, we focus on how to reduce the energy consumption there. Vion is audited to make sure it conforms to the European Energy Efficiency Directive (EED). In Germany, all our production locations have ISO 50001 certified energy management systems. Regulations in Germany require each site to set a yearly target for energy reduction and to have internal and external audits carried out to show how those targets were achieved.

Our objective is to reduce the non-renewable energy consumption per tonne sold from 810 MJ in 2020 to a maximum of 810 MJ in 2021 and ultimately to 0 MJ in 2050. Reduction of non-renewable energy forms part of our financing agreement with our bank and will be audited externally. Reductions in energy usage will be achieved by increasing energy efficiency and applying the latest techniques.

Until 2020, most of Vion's energy management was organised separately at all the individual production locations. In 2020, we developed a more centrally oriented approach to energy management. We began rolling out an energy monitoring tool at the eight most energy-intensive locations and installed numerous meters to measure energy and water. The system measures usage at each separate department, which is useful information when trying to identify reduction possibilities.

This will also make it easier to report, to set KPIs per department and location, to share best practices, and to give definition to energy-saving projects. A central investment budget will also make it easier to get these projects started. In Crailsheim, the system contributed to a 10% improvement in energy efficiency.



# Carbon footprint of processing

## Activities in 2020

### Energy savings

In 2020, an EED audit was conducted at the Dutch production locations resulting in the following activities:

- Vion further expanded the use of LED lightning in our locations, both indoors as well as outdoors.
- Vion Groenlo B.V. invested in a water-cooled cooling tower replacing old, air-cooled condensers. The evaporators in the production areas have also been replaced. Electric consumption has been reduced by approximately 2.000 kWh a day.
- At Vion Tilburg B.V. residual heat from the air compressors is now recovered for heating cleaning water and the facility. Gas consumption has been reduced by 48.800 m<sup>3</sup>.
- Distrifresh B.V. has installed frequency control on the compressor for the cooling installation.

Our new production hall in Boxtel is built to conform to the latest energy efficiency techniques. In Boxtel, we also installed four electric charging units for trailers. After they arrive, drivers turn the diesel engine off and switch to electrical power while the trucks are waiting and running. The plan is to expand this at more Dutch locations. Some sites, like Crailsheim, have electric forklift trucks.

On most sites in Germany, we implemented cold-water disinfection using chemicals instead of water heated to 90 degrees Celsius. Not heating the water saves energy.

### Cooling

Since cooling is the main part of our energy usage, we focused on ways to make the cooling process more energy efficient. On every pork production site, we implemented a spray cooling system to cool the carcasses which replaces the shock freezer of minus 20 degrees Celsius. At many locations, we installed a programme which we can use to optimise the cooling temperature per room and per moment. Both projects save a lot of energy.

In 2020, in several locations in both Germany and the Netherlands, we implemented a system/project designed to cut energy peaks by up to 20%. When a peak is about to be reached, we shut off the big energy consumers for a few seconds. This has no effect on the processes and can reduce the peaks.

### Reutilising released energy

We are also continuously looking for ways to reutilise released energy. Some of our production machines operate using compressed air at 8 bar. The compressors which produce this compressed air are linked to a heat channelling system in order to reutilise 70% of the energy used by the compressors – heat which would otherwise be released into the air. This energy is then used to heat the water for our slaughter process.

### Green electricity

We have installed solar panels in Furth im Wald and Crailsheim. In Furth im Wald, they are needed for peak periods, like during the summer when we need more energy for cooling. In Crailsheim, besides production, the solar panels are also used to charge the electric bikes of our workers.

### Refrigerants for cooling

Vion uses ammonia, but also CO<sub>2</sub> and Freon. When cooling installations need to be renewed, Vion replaces Freon with ammonia or CO<sub>2</sub>. This lowers GHG emissions, as Freon has a higher global warming potential. Ammonia does not contribute to ozone depletion nor global warming, while having very good physical and thermodynamic properties. However, CO<sub>2</sub> is a more economical refrigerant and safer for our workers. For each situation, we will investigate to find the best solution.







# Carbon footprint of processing

## Impact on society

Vion's energy use from non-renewable resources has a negative impact on global warming. We lower this negative impact by implementing the energy saving measures mentioned. By continuously targeting the energy consumption per tonne sold, we have a positive impact on the sustainable management and efficient use of natural resources (Sustainable Development Goals target 12.2), and on awareness-raising and the institutional capacity on climate change mitigation and impact reduction (Sustainable Development Goals target 13.3).



### Results

#### Non-renewable energy efficiency (in MJ / tonne sold)



#### Energy efficiency (in MJ / tonne sold)



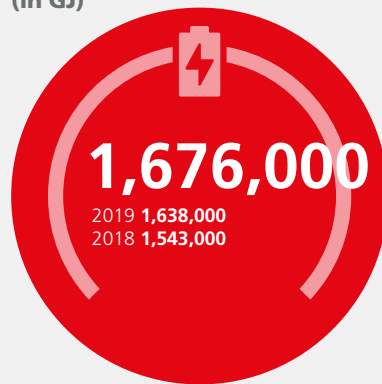
#### Electricity consumption in MJ / tonne sold

2018	2019	2020
322	355	387

#### Fuel (gas + oil) consumption in MJ / tonne sold

2018	2019	2020
378	452	439

#### Total energy consumption (in GJ)



#### Total electricity consumption (in GJ)

2018	2019	2020
721,000	719,000	785,000

#### Total fuel (gas + oil) consumption (in GJ)

2018	2019	2020
822,000	918,000	891,000

#### Energy purchased for consumption (in GJ)

2018	2019	2020
1,496,000	1,597,000	1,663,000

#### Non-renewable electricity (in GJ)

2018	2019	2020
721,000	719,000	785,000

#### Non-renewable fuel (in GJ)

2018	2019	2020
814,000	911,000	862,000

#### Self-generated energy consumption (in GJ)

2018	2019	2020
47,000	40,000	13,000

#### Renewable electricity (in GJ)

2018	2019	2020
0	0	0

#### Renewable fuel (in GJ)

2018	2019	2020
7,855	7,265	29,533

#### Self generated energy sold (in GJ)

2018	2019	2020
0	0	0

### Clarification of the results

The amount of energy used per plant depends on product volumes and number of production days. Energy usage is therefore also measured as 'efficiency', indicating the consumption per tonne of product sold externally.

The intensity of reused and renewable energy is subtracted from total consumption to obtain a net non-renewable intensity. The 2020 target for non-renewable energy consumption per tonne sold was a maximum of 800 MJ. We ended 2020 on an average of 811 MJ per tonne sold.

This is an increase because in 2020, we added the energy consumption of DistriFresh and BestHides and we had impact of COVID-19.

Vion purchases 2% renewable electricity. The weighted overall average country production for renewable electricity is 18% in the Netherlands (2019)<sup>1</sup> and 46% in Germany (2019)<sup>2</sup>.

#### References

<sup>1</sup> <https://www.cbs.nl/nl-nl/nieuws/2020/10/productie-groene-elektriciteit-in-stroomversnelling>,  
<sup>2</sup> [https://www.energy-charts.delren\\_share\\_de.htm?source=ren-share&period=annual&year=all](https://www.energy-charts.delren_share_de.htm?source=ren-share&period=annual&year=all).



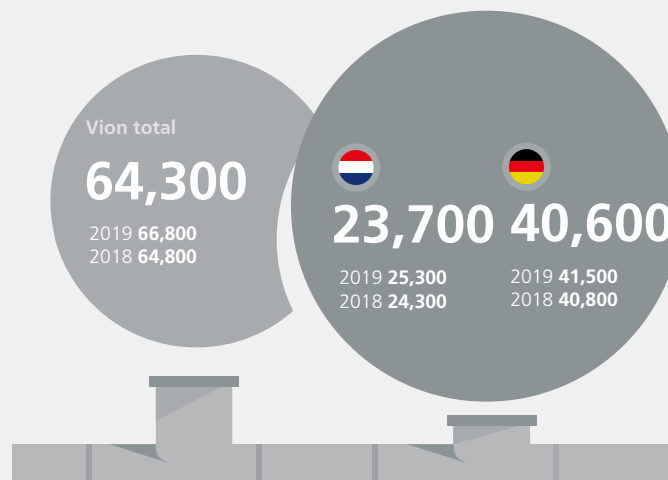
# Carbon footprint of processing

## ▶ Outlook

- We will roll out energy monitoring software to all production locations in Germany, and subsequently in the Netherlands.
- At pork sites, we want to introduce heat channelling systems for the burners which scorch and disinfect pigs' skins. These have already been installed in Emstek and Boxtel. These systems enable us to reutilise 40% of the heat energy we use when heating the water to 60 degrees Celsius for the slaughter process. This heat energy would otherwise disappear through the chimney.
- In 2021, we will put into service in Boxtel a marshalling truck powered by electricity.
- In Crailsheim, we will acquire an electric pool car which can be charged using newly installed solar panels.
- The plan is to switch from diesel to electricity for the cooling of trailers at more Vion locations.
- We intend to increase the number of electric charging points at our car parks.
- Although transportation organised by our service providers is not in scope 1 and 2 on which we report, it is worth mentioning that, by expanding the Boxtel site with new buildings where we can pack meat, we will save over 1,000,000 kilometres of transport of meat to Scherpenzeel annually. In 2021, meat packing in Boxtel began in week 5.

## Results

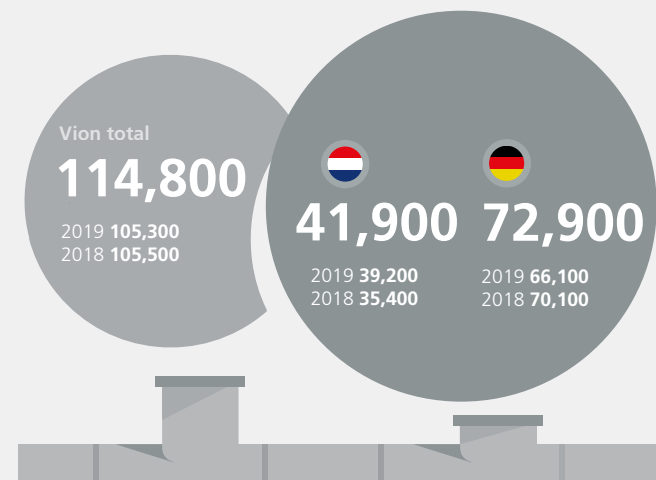
### Absolute direct GHG emissions (scope 1) (in ton CO<sub>2</sub>-eq)



### Vion total scope 1 GHG emissions (in ton CO<sub>2</sub>-eq)

	2018	2019	2020
Own generation of electricity, heating, cooling, and steam	42,900	44,300	49,500
Transportation	16,200	13,400	14,000
Fugitive emissions	5,700	9,200	5,900
<b>Total</b>	<b>64,800</b>	<b>66,800</b>	<b>64,300</b>

### Absolute indirect GHG emissions (scope 2) (in ton CO<sub>2</sub>-eq)



### GHG emissions intensity scope 1 + 2 (in kg CO<sub>2</sub>-eq / tonne sold)

	2018	2019	2020
Vion total	79	85	88
Netherlands	57	58	61
Germany	106	101	120

## Clarification of the results

The GHG emissions intensity (scope 1 + 2) increased as a consequence of the increase of energy intensity (due to the addition of the energy use of DISTRIFRESH and BESTHIDES).

For the calculation of our scope 1 GHG emissions we took into account:

- Gas and fuel consumption.
- Transportation of workers, animals and products owned by Vion.
- Methane emissions of the animals while at Vion.
- Use of CO<sub>2</sub> to anaesthetise pigs.

Our scope 2 emissions are based on our purchased electricity consumption and the location-based method. The consolidation approach is based on financial control. The sources for the CO<sub>2</sub> emission factors used to calculate the CO<sub>2</sub>-equivalents are:

- For NL: <https://co2emissiefactoren.nl/>.
- For Germany: <https://www.umweltbundesamt.de/en/publikationen/co2-emission-factors-for-fossil-fuels>.

The Global Warming Potential (GWP) rates used are obtained from the Intergovernmental Panel on Climate Change (IPCC) and include feedback loops.



# Water usage of processing

## Why is this topic material?

Slaughterhouses use a lot of water. This water needs to be cleaned and transported, which is energy consuming.

## Boundaries

For water usage, we will focus on our own operations. The water usage of farmers is addressed in the topic 'Sustainable farming'.



### Vion's management approach

#### Our policy, commitment and objectives

Water is an important resource for all Vion's production processes, but also for a sustainable planet. Therefore, Vion is committed to minimise water usage. All production sites report monthly on water efficiency and are benchmarked against best practices. When sites show a wide gap from the benchmark, we focus on how to reduce water usage to close the gap.

The objective is to reduce our use of municipal water from 1.60 m<sup>3</sup> per tonne sold in 2020 to a maximum of 1.55 in 2021 and ultimately 1.2 in 2030. The scope of our objective is on the use of municipal water, as we want to minimise the use of available drinking water. Reductions in water intensity will be achieved by saving programmes wherever appropriate.

At our eight biggest sites in Germany, we began implementing the new monitoring software Econ to analyse water consumption. This system measures the use at each department separately, which is useful information when trying to identify water-saving possibilities. This will also make it easier to report, to set KPIs per department and location, to share best practices, and to give definition to water-saving projects. In 2021, more sites in Germany and the Netherlands are to join this programme.

#### Activities in 2020

Our activities are focused on minimising the use of municipal water. This is part of what we call 'good housekeeping'. When we establish new production facilities, like the one in Bostel in 2020, we design them for efficient cleaning. In Groenlo, we are investigating whether we can use groundwater from existing water wells to use in our secondary processes, like cleaning lorries that transport live animals, to partially replace municipal water.

Wastewater treatment and re-use saves municipal water usage. Therefore, in Crailsheim, we invested 1.5 million euro for a new wastewater treatment system with better efficiency and performance. In Apeldoorn, we installed a water recycling system for water used in the slaughter process, which reduces water consumption by 30 m<sup>3</sup> per day.

Besides saving water, Vion only discharges purified water to the surface water. Depending on the production site, we either clean the water used in the production processes in our own wastewater purification plants, or we utilise the municipal wastewater plants that have enough capacity to process Vion's wastewater.

#### ? Dilemma

Water is an important resource required to ensure a high level of food safety. Daily cleaning and the disinfection of all production utilities and rooms is a fundamental pre-requisite for all food safety activities. As food safety is our priority, the possibilities for reducing water consumption in a meat processing facility are not infinite.



# Water usage of processing

## Impact on society

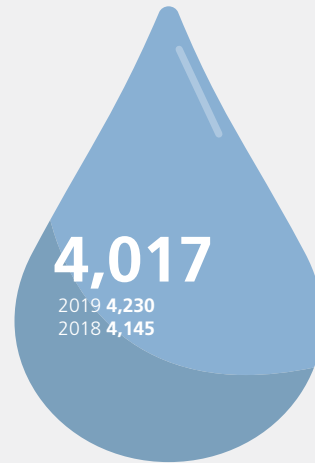
Globally, there is an increasing lack of fresh water, but not yet in the countries where we have our production facilities. Therefore, we do not have a direct negative impact on the availability of fresh water in our society, although all the water we use has a negative impact on the total availability of fresh water. Besides, the water we use should be cleaned and transported, which is energy consuming and causes greenhouse gas emissions which contribute to global warming. We reduce this negative impact by our water saving measures. By continuously targeting the water usage per tonne sold, we have a positive impact on the sustainable management and efficient use of natural resources (Sustainable Development Goals targets 6.4 and 12.2).

## Outlook

- We will strive to improve the efficiency of our water usage and to implement improvements in the purification of wastewater, wherever feasible.
- In 2021, we will install a new wastewater treatment system in Emstek with better efficiency and performance.

### Results

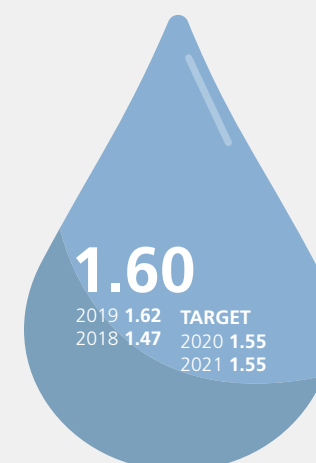
Total volume of water used (in hm<sup>3</sup>)



Water intensity (m<sup>3</sup> water used / ton sold)



Water intensity of municipal water (m<sup>3</sup> municipal water used / ton sold)



Total volume of water used (in hm<sup>3</sup>)



Water use withdrawn from municipal water supplies (in hm<sup>3</sup>)

2018	2019	2020
3,271	3,296	3,239
79%	77%	81%



Water use from own ground water wells (in hm<sup>3</sup>)

2018	2019	2020
853	934	778
20%	23%	19%



Number of plants with own water source (ground water)

2018	2019	2020
3	3	3



Number of plants without own water source

2018	2019	2020
23	23	26

### Clarification of the results

The 2020 target was to use a maximum of 1.55 m<sup>3</sup> municipal water per tonne sold. We ended 2020 on an average of 1.60 m<sup>3</sup> per tonne sold. This is a decline compared to the 1.62 m<sup>3</sup> per tonne sold in 2019, but not enough to reach our target.



# Nuisance for neighbours

## Why is this topic material?

Neighbours can experience nuisances caused by smells, odour, noise or traffic.

## Boundaries

In this topic, we will focus on the nuisance our own operations could cause our neighbours. This is not about the nuisance that farms might cause their neighbours.



### Vion's management approach

#### Our policy, commitment and objectives

Vion's production plants are designed to operate in accordance with national and local environmental regulations, which include the interests of neighbours with regard to nuisances and odours. However, it is obvious that food production companies of this size will have an effect, for example, on traffic. Vion tries to prevent and resolve such nuisances by finding appropriate solutions in dialogue with its neighbours, local communities and the competent authorities. Key words in our approach are transparency and openness. Our objective is to reduce complaints about Vion Boxtel by 15% in 2021 and by over 50% in 2024 compared to 2019. This target is monitored quarterly and reviewed by the executive committee, based on figures from the 'Omgevingsdienst' of the municipality of Boxtel and the internal department handling complaints.

In the communication with neighbours of our Boxtel headquarters, we work intensively together with the Boxtel municipality (major, aldermen and communications officers). Through articles in local newspapers, we keep residents of Boxtel informed of company developments. We are committed to implementing this way of communicating with local residents at all our production facilities in the Netherlands.

#### Activities in 2020

##### Our expansion in Boxtel

One of our strategic goals is to optimise the production chain. At our Boxtel location, we are putting that goal into practice by expanding the site with new buildings where we can pack meat. That way, we can slaughter animals, debone them, process the meat and pack it, as much as possible at one location. This will save over 1,000,000 kilometres of transport to Scherpenzeel annually, as well as saving time. The total refurbishment will be finished in 2021. This investment in a more integrated production is an important step for Vion.

This will improve our competitive position internationally, as well as the quality and freshness of our products.

Thanks to a careful approach and open communication with local authorities and our neighbours, we can limit the inconvenience to local residents to a minimum. Traffic flow to and from the Boxtel production site is designed and regulated as optimally as possible. Additional parking facilities are to be created and additional measures implemented to reduce noise pollution. This investment has no impact on the number of pigs processed in Boxtel; the supply of pigs remains the same.

To involve our neighbours in the building and expanding plans in Boxtel, we inform our neighbours and set up a dialogue about, for example, traffic and workers' housing. They can reach us on a specially installed phone number and e-mail address. This way, we are giving our neighbours a serious chance to let their voice be heard on community issues regarding Vion. And together, we ensure that our neighbours experience the least possible inconvenience from our company.

##### Independent study into sources of smells

The sounding board of neighbours is consulted on developments at Vion and the odour study that we have held in Boxtel. For the study, the independent research firm Witteveen & Bos investigated:

- Where and when do Boxtel residents perceive odour?
- What sources and what smells can be found on our premises? (For example: lorries which transport pigs, odours released when buildings are aired in the evening, the water purification system, or sources other than Vion).

In 2020, we published a report on odour nuisance conducted by Witteveen & Bos. The report concluded that the measured results of the investigation were within legal boundaries. Even so, Vion still announced extra measures to further limit the odour nuisance of its facility in Boxtel. An extra investment of 1.5 million euros was announced for further measures, like the modernisation of installations which affect air-exhaust systems on the roof of our production location.



# Nuisance for neighbours

## Impact on society

By working together with neighbours to reduce odour nuisance, we reduced the negative impact that Vion causes in this area. The positive impact we made is that there is now a better understanding and partnership between all local stakeholders involved.

## Outlook

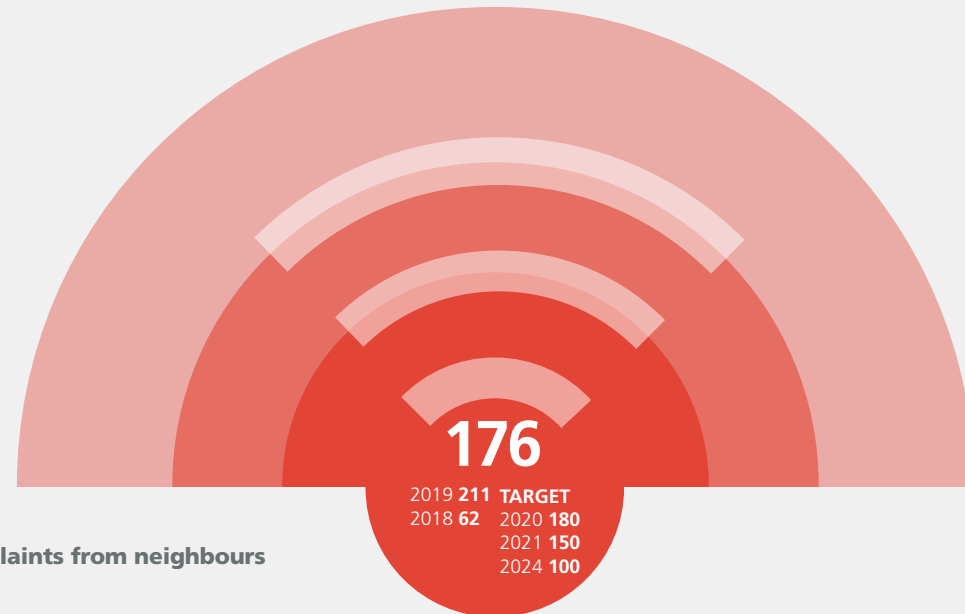
- We will implement a site-communication plan for all Vion production sites in the Netherlands.
- In the coming years, Vion will continue to collaborate with ODBN, the municipality of Boxtel and other agencies to prevent and resolve nuisance.

We have been working together with a sounding board consisting of members of the municipality of Boxtel, specialised authorities (ODBN) and residents. Two meetings took place in 2020. The sounding board will continue to inform each other on topics related to our activities in Boxtel. We are planning to set up these kinds of initiatives with other municipalities for our production locations in the Netherlands and Germany.

### COVID-19

Due to the pandemic, we introduced many initiatives to safeguard our employees on our sites and made special travel arrangements to mitigate any health risks to our communities. During the year, we followed up all requests made by the authorities and worked closely together with the municipalities at all our sites. At the topic 'Employment and working conditions' we explain how we mitigate the risks of COVID-19.

## Results



Number of complaints from neighbours

## Clarification of the results

In 2020, the government agency 'Omgevingsdienst Brabant Noord' (ODBN) received 176 complaints from neighbours about Vion Boxtel, of which 163 were about odour.

The number of complaints was 15% lower than in 2019 and below the target for 2020, but we continue to strive to further reduce the number of complaints to a maximum of 100 in 2024.

# Other relevant CSR topics

## Nutritional value of meat (alternatives) and additives

### Relevance of the topic

Proteins are an important part of our diet. Products of animal origin provide high-quality and well-balanced protein for humans. Plant-based alternatives can substitute meat, but it is important that they are part of a balanced diet. They contain a valuable source of plant proteins for human consumption.

Too much salt, trans fat and sugar can have a negative effect on human health. Consumers have an increasing interest in natural products with good nutritional value.

Public knowledge about the role of nutrients in our diet is important, so that consumers can make well-informed dietary choices. We can have an impact on that by cooperating with scientific institutes and sharing scientifically based information along the food supply chain with all our stakeholders, including the consumer.

### Vion's approach

We chiefly produce fresh, unprocessed meat with its natural nutrient content, and meat alternatives. When we process food, we carefully investigate the possibilities of using as little salt, nitrite and sugar as required by our customers.

We support scientific fact-finding about the role and source of proteins for a healthy diet and we actively work together with independent research institutes. We share this scientifically based information with all our stakeholders along the food supply chain. In 2021, we are planning to carry out a research project in cooperation with the Maastricht University Medical Centre to study the effects of beef, as part of a mixed meal, in stimulating muscle protein-synthesis rates in humans.

### Protein

Meat can be a good source of proteins, minerals and vitamins in a healthy diet. The protein content of fresh meat is around 20% and it is high-quality protein that contains all 8 essential amino acids needed for the growth and maintenance of the human body. Fresh meat contains a large number of important vitamin B types, such as vitamin B1, B6 and B12. Meat is also rich in easily absorbable iron and other minerals. A recent study from the CWZ hospital in Nijmegen shows positive effects on lung recovery after a COVID-19 infection with vitamin K<sup>1</sup>. Meat contains the more bio-active K2 variant. A 100 gram portion of pork already contains 50% of the recommended daily intake of vitamin K2.

The impact of essential amino acids is relevant on muscle protein turnover and muscle strength in humans. Our muscles are continuously under construction and being refreshed by so-called catabolic (breakdown) and anabolic (build up) processes. Basically, we construct a new set of muscles every two months. Public Health authorities advises groups with a high demand on protein, such as the elderly, children and sportsmen, 25 grams of protein per meal<sup>2</sup>.

### References

- 1 Dofferhoff A.S.M et al. (2020). Reduced Vitamin K Status as a Potentially Modifiable Risk Factor of Severe Coronavirus Disease 2019. *Clinical Infectious Diseases*, ciaa1258, <https://doi.org/10.1093/cid/ciaa1258>
- 2 Drs. Irene Linders and Maike Blokhuis, Local Public Health Officials at the GGD Noord- and Oost- Gelderland, Vion Corporate Social Responsibility Report 2018, p.76

## Nutritional value of meat (alternatives) and additives

As we become older, our muscle mass starts to diminish. Muscles represent about 45% of our body weight between the ages of 20 and 30 years, dropping to only 27% by the age of 70. Consuming 1.0g to 1.3g of protein per kg of body weight per day, combined with twice weekly exercise, reduces muscle mass loss. Further studies show that an evenly distributed consumption of protein during the day is very relevant for the elderly to maintain their muscle mass. A protein intake of 20 to 25 grams four times a day is suggested if you want to promote health<sup>3</sup>.

### Additives, salt and nitrite

In limited cases, Vion uses additives to control the wholesomeness and safety of the final product. Wherever we use additives, there is a clear label to inform customers and consumers properly and meaningfully. Vion produces pure, natural products. For processed products, including vegan products, we only use the ingredients necessary to contribute to a safe and stable product. This means only ingredients approved as safe additives according to the European Food Safety authority's legislation for additives and ingredients.

For several years, we have had an ongoing strategy of reducing the salt content and especially nitrite concentration of our meat products and bacon. We have already achieved a lot in the field of salt reduction in our products. We have lowered the salt content in our consumer products, such as cooked ham and bacon, by between 10% and 50% during recent years.

In a majority of the processed meat products, we add nitrite because of:

- Food safety: nitrite protects against the toxin production of *Clostridium botulinum* bacteria. This is a toxic bacterium causing muscle paralysis in consumers and spoilage of the food.
- Taste: with nitrite you prevent oxidation of the meat, as it slows the process whereby meat becomes rancid.
- Colour: the meat gets and keeps the right colour.

Too much nitrite is not healthy. In combination with proteins, nitrosamines can be formed from nitrite. Nitrosamines are carcinogenic (especially relevant with respect to colorectal cancer) according to the International Agency for Research on Cancer (IARC). The reduction of nitrite use over the past 15 years has significantly reduced the risk of cancer in humans. To increase the likelihood of developing colorectal cancer, you must consume at least 50 grams of meat with nitrite per day. Most people don't do that. A moderate and varied diet is always of great importance to human health.

We are committed to reducing nitrite in our products. With bacon, Vion has achieved a potential nitrite reduction of 60 to 90% without compromising food safety or product quality.

#### References

<sup>3</sup> Drs. Irene Linders and Maïke Blokhuis, Local Public Health Officials at the GGD Noord- and Oost- Gelderland, Vion Corporate Social Responsibility Report 2018, p.76



# Nutritional value of meat (alternatives) and additives

## Fat

There is a growing demand for lean meat (low energy and high protein), which Vion is fulfilling by offering specific low-fat cuts. Vion is actively involved in research to reduce the fat content of meat products without compromising the product's taste. In 2019, new technology was developed to produce a low-fat smoked sausage, which was much better in taste than current low-fat smoked sausages on the market.

There is a shift going on regarding how fat is perceived by many nutritional experts. Traditionally, saturated fat was thought to increase the risk of cardiovascular disease and high cholesterol. However, current research suggests that individual saturated fatty acids have their own important biological functions in the body and may play a role in cancer prevention by stopping the development of cancer cells, as well as being involved in the cell messaging and immune functions<sup>4</sup>. Besides that, there is only a limited amount of saturated fat in meat. Bacon of course contains a lot of saturated fat, but pork fillet contains less than 3% fat, and 60% of that fat is unsaturated. No trans fats are present in meat. Trans fats have a negative effect on humans by increasing the risk of disease in the heart and blood vessels.

## Informing stakeholders

We inform consumers about the nutritional value of our food in order to provide the consumer with the possibility of making well-informed choices. Our employees regularly give lectures in which they talk about fat and nitrite in meat; for example, lectures for master's students of Wageningen University, or for external companies. We also discuss the nutritional value with our customers and suppliers of raw materials when developing new products.

## Plant-based meat alternatives

Meat consumption is in a slight decline in our home markets. Since 2019, Vion is investing substantially in plant-based products. In Leeuwarden, a new team in a dedicated vegan production location (ME-AT) is developing, producing and marketing plant-based products. The products look like meat, taste like meat, and can take the place of meat for consumers who want to balance their total meat consumption, or choose to eat vegetarian or vegan.

To create wholesome meat alternatives, we enrich products with vitamins and minerals, like B12 and iron. 90% of our assortment of plant-based products has a premium nutritional score (A). This means: not too much saturated fat, salt and sugar, and enough fibres and proteins. Our plant-based assortment of burgers, sausages, mince, schnitzels and pieces are an alternative for each consumption moment, as well as for BBQ and gourmet.

## References

<sup>4</sup> Lippi G, Mattiuzzi C, Sanchis-Gomar F. (2015). Red meat consumption and ischemic heart disease. A systematic literature review. *Meat Sci.*; 108:32-36.

# Sustainable packaging



## Relevance of the topic

Fresh meat is a volatile food item which needs cooling and hygienic packaging to ensure a high level of food safety. For our packaging, we use mainly plastic packaging materials. Plastic packaging materials are made with fossil fuels and the plastic does not perish. Therefore, more and more concerns on the use of plastics are being raised in society.

## Vion's approach

Choosing the right packaging materials is an increasingly important matter for Vion. This calls for solutions that satisfy many needs: the consumer's desire for simple handling, economic feasibility of the packaging methods, and protection of resources. To this end, Vion is pursuing innovative ways that include a high sustainability factor.

Where a single-use packaging system cannot be avoided, Vion strives to procure packaging materials that ensure the intended level of protection in the most resource-efficient way.

We are constantly looking for ways to reduce packaging material and to make it more recyclable. We are performing tests with consumer packaging to reduce the amount of material used. To improve recyclability, we are investigating the use of mono material instead of multibarrier packaging. We also follow developments surrounding the use of recycled plastic (r-Pet) in our packaging.

### Reduction of materials

Part of the German retail products like steak is vacuum packed in material made partly of paper instead of plastic, in order to reduce the use of plastic. With steaks, Vion now uses flat skin packaging, which cuts plastic use by 60%. The rear side is made of cardboard. Individual packaging materials can be easily separated from each other and recycled with materials of the same kind.

In February 2020 in Buchloe and Crailsheim, we started the project 'Film Optimisation'. In cooperation with the supplier, we tested new types of film. One type of film resulted in a material reduction of 13% to 16%. In 2021, we will start using this type of film at other locations and/or test other types of film.

Besides product packaging, our procurement department also investigates ways of reducing other materials used by Vion. For example, some sites use municipal water instead of bottled water, and plastic cups have been replaced by recyclable carton cups. Another example is the use of digital brochures and promotion channels and fewer paper brochures.

### Dilemma

Although we aim to reduce packaging, it is still a necessary barrier to ensure food safety and a good shelf life to prevent food wastage. Food wastage has a bigger impact than the packaging with regard to CO<sub>2</sub> emissions, so shelf life is leading in our approach and for our customers.

### Reuse of material

We collaborate with our clients and peers in a system of reusable plastic crates and big boxes. With this system, Vion maintains more than 1.2 million E2 crates and more than 10,000 big boxes in the reuse circle. This effort enormously reduces the need for primary and secondary packaging materials. Broken crates are delivered to recycling companies to make other items from them.

# Sustainable packaging



## Recycled material

For the business unit Retail, we started using trays made of 90% recycled polyethylene terephthalate (rPET). This saves non-renewable fossil fuels and reduces CO<sub>2</sub> emissions by around 70% compared to the usual trays made of polypropylene (PP). Our customers and consumer also benefit. The tray is clear, solid and offers a higher density. For this reason, the protective atmosphere for the meat lasts longer. This improves the shelf life and product safety. 85% of the products we produce for the retail are already packed in rPET trays.

## Renewable material

Our food service department uses a different kind of cooling box for sending samples to customers. We used to use Styrofoam boxes, but now we use a carton box lined with recycled cellulose fibres (paper floc) which isolates the product even better than the Styrofoam box. Only a very thin layer of plastic is needed (less than 5%), which makes it recyclable within the wastepaper stream. By using paper, we use renewable material instead of non-renewable fossil plastic. This new packaging creates a 40% saving on plastic.

In addition, the address labels and tape are made of paper, so the whole packaging can be recycled via the wastepaper stream.

# Other relevant CSR topics

## (Food) waste avoidance



### The topic

The avoidance of food wastage is recognised as a main priority for the food industry. Especially with products of animal origin, we owe it not only to society, but also to animals to make respectful use of all animal products.

According to the Food and Agriculture Organisation (FAO), one third of the food produced in the world is wasted. Food wastage avoidance is a responsibility of the whole supply chain, starting with prevention of losses at harvesting, during processing and storage, and ending with the consumers.

### Vion's approach

We are strongly focused on using the whole animal and on improving the health and efficiency at the farm to prevent any non-usage of animal products as food. This resulted in hardly any wastage of products of animal origin, as all the parts are valorised (whole carcass use).

Food consumption shows a certain seasonality, such as more spareribs' consumption during the barbeque season. We control this seasonal demand with storage of product oversupply in specific seasons. When there is an unforeseen oversupply of consumer products, we also donate our products to a food charity.

Animal by-products that cannot be used for human consumption are used as a feed constituent or for other purposes. Immature manure from the animals' bowels is a valuable ingredient for renewable energy in biogas operations, as they have a strong need for these energy rich substrates.

Within Vion's food safety management, we have a strong focus on minimising microbiological contamination. This supports a longer shelf life and enables our customers to be more flexible in selling meat to their consumers. It also enables the consumer to consume the food item within a longer time frame.

Moreover, within the gastronomy supply chains, we are an advocate of frozen food, as its shelf life results in less wastage. Vion Food Service is a specialist in frozen food, supporting food service professionals in serving a broad range of meals and offering them the flexibility to adjust to the actual number of guests and their preferences. By producing single consumer portions, we help gastronomy to avoid unnecessary leftovers.

To support the consumer in preventing food wastage, we support activities for appropriate package sizes at the end-user level. We offer tailor made packaging for one person households for retail.

Plastic and other technical waste is avoided where possible. When unavoidable, it is separated and disposed of according to the national disposal legislation in our production countries.

# Indirect economic impacts



## The topic

Vion's activities in processing meat on a large scale provide an income and livelihood to many thousands of local farmers, feed producers and sectors of the service industry such as distribution and supervision. Around 35% of dairy farmers in the Netherlands and 30% of dairy farmers in Germany deliver their animals to Vion. For pig farmers, it is around 60% in the Netherlands and around 40% in Germany.

As one of the main players in the meat industry, Vion has a significant impact on the national economy with regard to agriculture and food in both the Netherlands and Germany.

## Vion's approach

The high food safety and animal welfare standards practiced within Vion are a strategic choice, as these provide us with the opportunity to sell products in all relevant global food markets. The local existence of a good-sized meat company which is able to bundle the animals, process the meat and organise the sales and distribution to clients all over the world, is essential for a vital farming industry.

Our management is therefore aimed at continuity and growth in our core production regions. We invest continuously in an efficient production and logistics process. After its introduction in the Netherlands, the German plants started to work according to the lean methodology of the 'Vion Operating System'. Efforts have also been increased to improve operational, commercial and back-office processes and management systems.

# Community involvement



## The topic

We and our stakeholders, including our own employees, value social engagement.

## Vion's approach

In the year 2020, our company, our employees and society at large were challenged with extraordinary circumstances due to the global COVID-19 pandemic. At the beginning of the pandemic, we donated face masks and safety clothing to several hospitals and health institutions in the Netherlands and Germany.

Our normal community activities continued. We deliver animal organs for medical research when needed by universities and hospitals. We also donate our products to food banks, supporting them if and when we can. Due to the pandemic and its restrictions, this presented a bigger challenge for Vion in 2020.

In Boxtel, as one of the largest employers in the village, we work closely with the municipality. In 2020, although faced with many challenges, we have concluded on a long-term social agreement.

Together, we have set goals on various topics:

- Participation on the labour market (for example, we help status holders to find jobs within Vion).
- Financial/debt assistance.
- Eliminate language deficiencies; for example, by offering language courses not only for our workers, but also for other citizens.
- Labour migrants and their housing in Boxtel (in partnership with flex organisations).
- Social projects (for example, sponsoring meat for social events, and providing safety clothing and masks during the year 2020 to health institutions in the village).

Employees at five Dutch plants spend their spare time helping others, e.g. through various foundations. Examples are the Salvation Army, Duchenne Heroes and the Alpe d'Huzes project.

In Germany and the Netherlands, most Vion plants are socially active in their communities and donate money to social establishments (e.g. hospices, handicapped persons and retirement homes), as well as sponsoring local sport activities.

# Appendices



# About this report

**This report has been prepared in accordance with the GRI Standards Core option. The content of the report was defined by giving the most attention to the material CSR topics. We will now explain how we implemented the four reporting principles for defining the content of the report.**

## Stakeholder inclusiveness

In defining the material topics and the content of the report, we considered the interests of our stakeholders. These interests are well known to us through the stakeholder engagement that occurs as part of our regular activities. One of the key elements is the monitoring of consumers' preferences, behaviour and/or attitudes. Besides this, we monitor the media and engage with the scientific community. To open a dialogue and to learn from each other, Vion participates in round table meetings. In addition, Vion provides specific stakeholders with the opportunity to raise topics in interviews that are included in our quarterly German farmers' magazine proAgrar. See the chapter 'Our stakeholders' and the appendix 'Stakeholder engagement' for more information about our stakeholder engagement.

## Sustainability context

In cases where the information was available at Vion, we have presented our performance in the wider context of sustainability. We did this for the social, environmental and economic topics. Some examples are:

- We calculated the footprint of meat for other parts of the supply chain and compared the footprint of meat with other food products
- We explained the role of protein in a healthy diet.

- We showed our part of the renewable energy in relation to the countries' averages.
- For our indirect economic impacts, we showed our animal suppliers as a percentage of the total pig and cattle farmers in our producing countries.

## Materiality

With regard to the impacts resulting from our business activities, or those we are linked to through the supply chain, we have developed a list of the relevant CSR topics for Vion. To define the material topics out of all the relevant topics, we performed a materiality analysis with representatives of the different departments. The influence of a CSR topic on the decisions and opinions of the stakeholders was assessed based on the existing stakeholder information. The impact Vion has on a particular topic was based on the actual or potential impact Vion can make and how much influence Vion has on that topic. See chapter 'Materiality analysis' for more information about our materiality analysis and its outcome.

## Completeness

Our policy, management approach and our performance with regard to the material topics has received the most attention in this report, as these reflect Vion's significant impacts. Besides this, we have also included a short summary of our approach to the less material topics, because we realise that for some stakeholders a topic that is defined as less material can nonetheless be important. We invite our stakeholders to react to our report and to share their expectations with us via their regular contact person or at [csr@vionfood.com](mailto:csr@vionfood.com). In describing the impacts, we have considered not only the impacts occurring during the reporting period but also the possible future impacts. We defined the boundaries for each topic by the entities where the impact occurs and where Vion can report upon them.

## How we organise CSR

We have established a CSR steerco and a CSR core team consisting of managers from Communication, Quality Assurance, and an external consultant. The CSR strategy proposals, including the materiality matrix and the approach on these topics, made by the CSR core team were approved by the executive committee and supervised by the supervisory board. The supervisory board had no substantive comments. The CEO has the final responsibility for the CSR strategy and its results.

For reporting the results on our material topics, we developed a KPI (Key Performance Indicator) dashboard. This dashboard contains all of the CSR KPIs. For some of the KPIs, we have set ourselves targets. The setting of these targets was done in cooperation with the responsible departments, the CSR core team and the executive committee. To monitor our progress on these targets, we report on the results at least each quarter to the executive committee. In cases where the results are falling behind the target, the executive committee will decide if they need to make more resources available to reach the objectives, or if we need to adjust the objectives.

The published data on the material topics in this report are compiled by the responsible departments. They are responsible for the management approach, including the concrete actions that have been or shall be taken, and the results on these topics. The controlling department performed a check on these data. The CSR core team has managed the process and the compilation of this report. This final report has been positively received by the supervisory board and approved by the executive committee.



# Financial information

## Key figures

Amounts in millions of euros

	2020	2019	2018	2017
<b>Results</b>				
Revenue	<b>4,901.9</b>	5,060.1	4,670.2	5,070.0
Normalised EBITDA <sup>1</sup>	<b>122.3</b>	113.2	60.5	64.0
Earnings before interest and taxes	<b>52.6</b>	36.4	16.8	23.5
Profit for the year	<b>52.9</b>	26.6	10.2	21.8
<b>Cash flow</b>				
Net cash flow from operating activities	<b>271.7</b>	-30.1	90.0	39.1
Net cash flow from investment activities	<b>-73.5</b>	-51.8	-58.5	-61.5
<b>Balance sheet</b>				
Group equity	<b>493.1</b>	453.2	448.2	446.1
Balance sheet total	<b>1,071.6</b>	1,190.6	987.7	1,007.9
Net debt <sup>2</sup>	<b>6.9</b>	178.7	35.1	50.0

## General information

The financial information as presented in this CSR report, consisting of the key figures, the consolidated statement of profit and loss, the consolidated statement of financial position, the consolidated statement of total comprehensive income and the consolidated statement of cash flows is derived from the annual report 2020 of Vion Holding N.V.

Vion Holding N.V. prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The financial information in this report should be read in conjunction with the annual report 2020 of the company.

The consolidated financial statements of Vion Holding N.V. and its subsidiaries for the year ended on 31 December 2020 were authorised for publication by the management board following the approval by the supervisory board on 17 March 2021. The financial statements will be submitted to the general meeting of shareholders for adoption.

	2020	2019	2018	2017
<b>Ratios</b>				
Added value as % of revenue <sup>3</sup>	<b>26.7%</b>	24.4%	24.6%	21.6%
Staff costs as % of revenue	<b>12.6%</b>	11.6%	12.3%	10.9%
Normalised EBITDA <sup>1</sup> as % of revenue	<b>2.5%</b>	2.2%	1.3%	1.3%
Normalised EBITDA <sup>1</sup> as % of added value	<b>9.4%</b>	9.2%	5.3%	5.9%
Solvency	<b>46.0%</b>	38.1%	45.4%	44.3%
Return on average capital employed <sup>4</sup>	<b>8.9%</b>	8.4%	3.2%	4.8%
<b>Employees</b>				
Number of employees (FTEs) at year-end	<b>4,673</b>	4,544	4,558	4,386
Number of employees (FTEs) including flex workers at year-end	<b>12,124</b>	12,445	11,929	11,925
Average number of employees (FTEs)	<b>4,454</b>	4,539	4,497	4,310
Average number of employees (FTEs) including flex workers	<b>11,984</b>	11,969	11,876	11,839

<sup>1</sup> Excluding impairments, restructuring costs, acquisition costs, results from disposals and divestments of group companies.

<sup>2</sup> Total long term and current interest bearing loans and borrowings and other non-current financial liabilities less cash and cash equivalents.

<sup>3</sup> Revenue less raw materials and consumables as percentage of revenue.

<sup>4</sup> Normalised earnings before interest and taxes divided by average capital employed (intangible assets, property plant & equipment, investment properties, right of use assets, working capital excluding interest bearing loans and borrowings).

## Consolidated statement of profit and loss

(in thousands of euros)

		2020	2019
<b>Continuing operations</b>			
Sale of goods		4,861,496	5,026,309
Rendering of services		40,360	33,831
<b>Revenue from contracts with customers</b>	<b>5</b>	<b>4,901,856</b>	<b>5,060,140</b>
Other operating income	6	8,576	8,342
Raw materials and consumables used		3,594,791	3,824,202
Subcontracted work and external costs		570,909	540,754
Employee benefits expenses	7	616,868	587,765
Depreciation and amortisation	8	62,444	59,354
Impairment of non-current assets	9	4,920	12,554
Other operating expenses	10	7,947	7,473
<b>Total operating expenses</b>		<b>4,857,879</b>	<b>5,032,102</b>
<b>Earnings before interest and taxes</b>		<b>52,553</b>	<b>36,380</b>
Finance costs		-4,509	-7,404
Finance income		45	99
Share of profit of associates and joint ventures		1,648	784
<b>Profit before tax from continuing operations</b>		<b>49,737</b>	<b>29,859</b>
Income tax income/(expense)		3,211	-3,226
<b>Profit for the year</b>		<b>52,948</b>	<b>26,633</b>
<b>Attributable to:</b>			
Equity holders of the parent		51,727	25,372
Non-controlling interests		1,221	1,261
<b>Total</b>		<b>52,948</b>	<b>26,633</b>

## Consolidated statement of total comprehensive income

(in thousands of euros)

	2020	2019
<b>Profit for the year</b>	<b>52,948</b>	<b>26,633</b>
<b>Other comprehensive income</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	52	-78
Gross (loss)/gain on cash flow hedges	-333	2,210
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>	<b>-281</b>	<b>2,132</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gains/(losses) on defined benefit plans	1,976	-13,150
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>1,976</b>	<b>-13,150</b>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>1,695</b>	<b>-11,018</b>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>54,643</b>	<b>15,615</b>
<b>Attributable to:</b>		
Equity holders of the parent	53,422	14,354
Non-controlling interest	1,221	1,261
<b>Total</b>	<b>54,643</b>	<b>15,615</b>

## Appendices

### Consolidated statement of financial position

(in thousands of euros)

Assets	2020	2019
<b>Non-current assets</b>		
Property, plant and equipment	321,922	303,575
Investment properties	961	1,124
Intangible assets	59,260	53,008
Right of use assets	37,394	40,912
Investment in associates and joint ventures	9,101	7,197
Other non-current financial assets	4,005	3,781
Deferred tax assets	36,833	29,025
<b>Total non-current assets</b>	<b>469,476</b>	<b>438,622</b>
<b>Current assets</b>		
Inventories	188,122	221,364
Trade and other receivables	348,176	511,189
Prepayments	10,093	9,430
Other current financial assets	5,603	3,834
Income tax receivable	1,116	556
Cash and cash equivalent	49,058	4,368
Assets held for sale	–	1,200
<b>Total current assets</b>	<b>602,168</b>	<b>751,941</b>
<b>Total assets</b>	<b>1,071,644</b>	<b>1,190,563</b>

Equity and liabilities	2020	2019
<b>Equity</b>		
Issued capital	2,285	2,285
Share premium	372,716	372,716
Legal reserves	22,143	21,319
Retained earnings	31,076	18,833
Result for the year	51,727	25,372
<b>Equity attributable to equity holders of the parent</b>	<b>479,947</b>	<b>440,525</b>
Non-controlling interests	13,141	12,630
<b>Total equity</b>	<b>493,088</b>	<b>453,155</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	36,817	40,255
Other non-current financial liabilities	5,799	7,120
Provisions	737	1,559
Net employee defined benefit liabilities	127,410	135,714
Deferred tax liabilities	137	17
<b>Total non-current liabilities</b>	<b>170,900</b>	<b>184,665</b>
<b>Current liabilities</b>		
Trade and other payables	368,289	399,415
Interest-bearing loans and borrowings	13,350	135,729
Other current financial liabilities	5,842	5,793
Contract Liability	2,879	2,368
Income tax payable	6,409	2,475
Provisions	10,887	6,963
<b>Total current liabilities</b>	<b>407,656</b>	<b>552,743</b>
<b>Total liabilities</b>	<b>578,556</b>	<b>737,408</b>
<b>Total equity and liabilities</b>	<b>1,071,644</b>	<b>1,190,563</b>

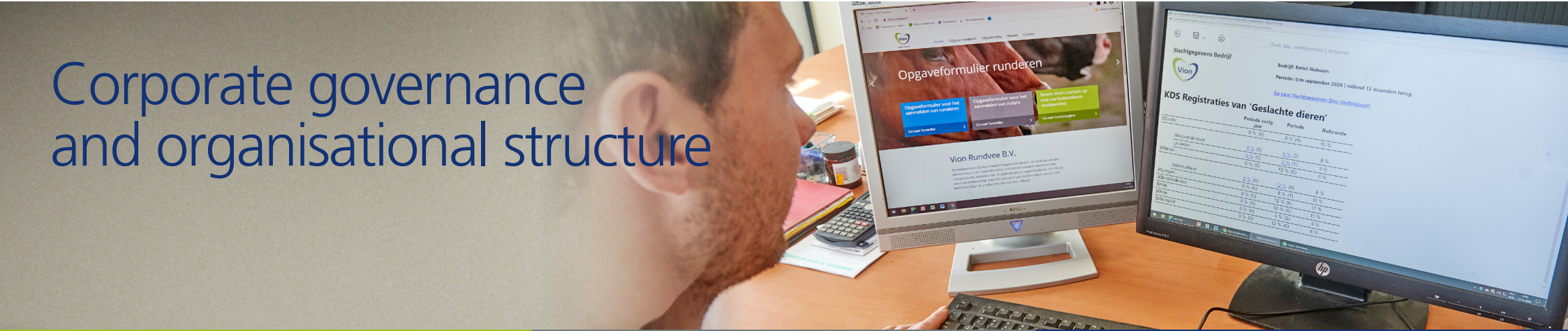
## Consolidated statement of cash flows

(in thousands of euros)

	note	2020	2019
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>49,737</b>	<b>29,859</b>
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	13	42,086	44,852
Depreciation and impairment of right-of-use-assets		16,708	16,044
Depreciation and impairment of investment properties	14	163	163
Amortisation and impairment of intangible assets	15	8,407	10,849
Gain on disposal of property, plant and equipment	6	-268	-3,729
Finance income	11	-45	-99
Finance costs	11	5,993	7,244
Net foreign exchange differences	11	-1,484	160
Share of profit of associates and joint ventures	16	-895	-206
Movement in provisions, pensions and government grants	27, 28	-7,532	-1,420
Working capital adjustment		-3,443	
(Increase)/decrease in trade and other receivables and prepayments	21	165,103	-119,891
(Increase)/decrease in inventories	20	38,480	-47,955
Increase/(decrease) in trade and other payables	29	-36,365	42,380
		<b>276,645</b>	<b>-21,749</b>
Interest received		606	99
Interest paid		-4,606	-7,015
Income tax received (paid)		-949	-1,390
<b>Net cash flow from operating activities</b>		<b>271,696</b>	<b>-30,055</b>

	note	2020	2019
<b>Cash flow from investment activities</b>			
Proceeds from sale of property, plant and equipment	13	979	2,554
Purchase of property, plant and equipment	13	-58,864	-48,261
Proceeds from sale of intangible assets		27	-
Purchase of intangible assets	14	-8,924	-2,209
Development expenditures	14	-5,022	-4,200
Proceeds from sale of financial fixed assets		26	-
Purchase of subsidiaries		-1,432	-
Dividends received from subsidiaries, associates and joint ventures		45	322
Proceeds from sale of associates		-300	-
<b>Net cash flow from investment activities</b>		<b>-73,465</b>	<b>-51,794</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		-122,987	101,225
Payment of principal portion of lease liabilities		-16,293	-14,860
Proceeds from non-bank debts		1,311	545
Dividend paid to equity holders of the parent	24	-14,000	-3,970
Dividend paid to non-controlling interests	26	-1,879	-2,509
<b>Net cash flow from financing activities</b>		<b>-153,849</b>	<b>80,431</b>
Net increase/(decrease) in cash and cash equivalents		44,382	-1,418
Net foreign exchange difference		308	-353
Cash and cash equivalents at 1 January		4,368	6,139
<b>Cash and cash equivalents at 31 December</b>		<b>49,058</b>	<b>4,368</b>

# Corporate governance and organisational structure



## Ownership

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued the depositary receipts for its shares to NCB-Ontwikkeling, which acts as the investment fund of ZLTO. ZLTO is an association for entrepreneurs working in the agricultural sector and has approximately 13,000 members in Noord-Brabant, Zeeland and the southern part of Gelderland.

## Organisational structure

There were no significant changes to the organisation's ownership in 2020. The management board of Vion consists of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The management board is supported by an executive committee. The executive committee consists of the CEO, CFO, CHRO, the Chief Operating Officers (COOs) of the Business Units Pork, Beef, Retail and Food Service. The executive committee is led by the CEO. The management board is ultimately responsible for the actions and decisions of the executive committee and the overall management of Vion, including the decisions on all CSR topics. The management board is supervised and advised by a supervisory board, including on the CSR topics. The management board and the supervisory board are accountable to Vion's General Meeting of Shareholders.

## Our employees

In 2020, Vion had 5,265 own employees and 7,284 third-party labourers working to build on Vion's success. The number of flex workers is quite high and is mainly due to the need for flexibility in the company's operations. Our third-party labour workers mostly work in the production, e.g. slaughtering, deboning, packaging and cleaning processes. Around a quarter of our employees work part-time. Due to the nature of our production processes, most of the workers are male. Around a quarter of our employees are women. For more details, see appendix 'Employees and third-party workers'.

## Legal form and corporate governance

Vion Holding N.V. is a public limited liability company under Dutch law with a two-tier board. Because Vion is not listed on a stock exchange, the Dutch Corporate Governance Code does not apply to Vion. Nevertheless, Vion has chosen to voluntarily apply the principles and best practice provisions of the Dutch Corporate Governance Code.

# Management board and executive committee

The management board of the company is comprised of Ronald Lotgerink (CEO) and John Morssink (CFO). The executive committee further includes John de Jonge (COO Pork), Philippe Thomas (COO Retail), David De Camp (COO Beef), Simon Morris (COO Food Service) and Binne Visser (CHRO).



From left to right: John Morssink (CFO), John de Jonge (COO Pork), Simon Morris (COO Food Service), Ronald Lotgerink (CEO), David De Camp (COO Beef), Philippe Thomas (COO Retail), Binne Visser (CHRO).

# The way we do business

## Our core values



Vion's Way of Working is based on three core values, which we regard as part of our DNA. These values are Sharp, Connected & Brave.



### Sharp

**We want to be at the forefront of the industry.**

Leading the way in how products are made in the future. We are clever and alert in order to thrive in volatile and unexpected market circumstances. And we shape markets by anticipating needs and driving demand. Together with our suppliers, customers and other key partners, we create the unseen.



### Connected

**Being in the middle of vital food chains.**

We believe that at the core of our success lies a deep understanding that everything is related. From the (eco) system that we are part of to the personal relationships which are the foundations to strong partnerships and food chains. We all feel we are a part of something bigger.



### Brave

**At Vion, we do things which have never been done before.**

We challenge the status quo in order to achieve the progress needed in our company and our industry. Together we want to be a gamechanger and a beacon for others, developing the protein chains of the future and introducing propositions revolutionary to our industry.



# The way we do business

## Our business principles

**When doing business, we are guided by the following six business principles, which all of our employees are asked to put in practice.**



### Economic fundamentals

Profitability is essential to fulfil all the responsibilities and to safeguard the continuity of our business. Vion competes on an international scale and intends to take up leading and/or unique market positions. Entrepreneurship, a market-oriented approach, efficiency and effectiveness are essential to our success.

### Integrity

Correct ethical behaviour, sincerity, reliability and integrity are the guiding principles for us in all aspects of our dealings. We also expect these values from all our relationships. All transactions must be accurately and properly justified in accordance with prescribed procedures and be fully available for external audits.

### Social commitment

We contribute to the improvement of the quality of life and behave as a good citizen of the communities in which we are active.

### Animal welfare and animal health

Wholesome and safe animal products can only be derived from healthy livestock. The well-being and health of livestock are strongly linked to each other, and in addition, Vion also values the integrity of the animals. For this reason, Vion encourages measures that are aimed at enhancing animal welfare. Vion is committed to the ethically responsible treatment of animals, based on scientifically sound guidelines. This is also expected from the livestock farmers, intermediaries and the hauliers in the company's supply chain.

### Human capital

We are fully aware that success is largely dependent upon the dedication and welfare of our employees. They are considered as the most important asset of the business. We offer our employees good and competitive working conditions, encourages their development and enables them to deploy their talents. We invest in the education and training of our employees and offers a working environment in which the conditions are safe and healthy.

### Compliance

We endeavour to comply with all internal standards, legislation, and regulations in every country where we operate, as well as UN Guiding Principles on Business and Human Rights and OECD guidelines.

# The way we do business

## Our Good Business Practice Guide

**In 2020, we updated our Good Business Practice Guide. This guide has three sections:**

- **The Vion Code of Conduct: our standards and values to be upheld by everyone working at Vion.**
- **Our Whistleblower policy, which makes it possible to report suspected irregularities.**
- **Our approach on information security and fraud prevention.**

**In October 2020, we distributed the updated Good Business Practice Guide to all employees (including flex workers and no-contract workers). It is available in 12 languages: English, German, Dutch, Bulgarian, Czech, Hungarian, Latvian, Lithuanian, Polish, Romanian, Slovak and Turkish.**



### Code of conduct

Vion's business principles and core values are laid down in the Code of Conduct, which covers topics like legislation, compliance, animal welfare, food safety, product integrity, conflict of interest, receiving and offering gifts, contribution to political parties, and bribery/corruption.



### Information security and fraud prevention

In this section, our Good Business Practice Guide describes cyber and information security rules, examples of fraud and cybercrime, actions taken to prevent it, and do's and don'ts when dealing with fraud.



### Whistleblower procedure

Since November 2020, we have a new whistleblower call line with new freephone numbers and a new website for confidential reporting. We informed employees of this internally via mail and posters in 12 languages (English, German, Dutch, Bulgarian, Czech, Hungarian, Latvian, Lithuanian, Polish, Romanian, Slovak and Turkish).


Vion is committed to always conducting business in compliance with laws and regulations, with integrity in financial management, in a healthy and safe work environment, and with effective corporate governance, our Code of Conduct and all other company policies. It is therefore important that Vion is made aware of any possible violations. We want to ensure that any worker at Vion can make a report without the risk of


retaliation, and with the assurance that all reports are treated confidentially and are promptly investigated. In addition to reporting directly to management, human resources or the management board, employees can contact the whistleblower line, which is operated by an external service provider. This allows employees to report issues anonymously.

In 2020, we received in total seven reports under the whistleblower policy. These reports were all related to human resources. In all cases, the reports were followed up and corrections were made where necessary.

In 2020, we again received no notifications of corruption nor bribery. Our policy is that, in a case of proven corruption or bribery, the respective employee will be fired immediately.

## Employees and third-party workers (headcounts)

Vion	2018	2019	2020
Total number of workers own + flex	12,705	13,723	12,548
Total number of own employees	5,218	5,159	5,265
Total number of Vion's own employees with a permanent employment contract	4,565	4,557	4,536
• Male	3,427	3,385	3,379
• Female	1,138	1,172	1,156
Total number of Vion's own employees with a temporary employment contract	653	602	729
• Male	423	402	468
• Female	230	200	261
Total number of full-time employees	4,114	4,057	3,956
• Male	3,351	3,289	3,206
• Female	763	768	749
Total number of part-time employees	1,104	1,102	1,276
• Male	498	500	641
• Female	606	602	635
% of total employees covered by collective bargaining agreements	90.8%	86.5%	80.5%
# of employees covered by collective bargaining agreements	4,736	4,460	4,237
Total number of third-party labour workers	7,487	8,564	7,284
• Male	N.A.	N.A.	N.A.
• Female	N.A.	N.A.	N.A.
% of total third-party labour workers covered by collective bargaining agreements	47.4%	44.2%	51.9%
# of third-party labour workers covered by collective bargaining agreements	3,550	3,782	3,783
 Vion Netherlands	2018	2019	2020
Total number of workers own + flex	5,536	5,735	5,867
Total number of own employees	2,185	2,239	2,257
Total number of Vion Netherlands's own employees with a permanent employment contract	1,929	2,026	1,969
• Male	1,452	1,510	1,474
• Female	477	516	495
Total number of Vion Netherlands's own employees with a temporary employment contract	256	213	288
• Male	143	111	151
• Female	113	102	137
Total number of full-time employees	1,569	1,604	1,585
• Male	1,321	1,328	1,308
• Female	248	276	277
Total number of part-time employees	616	635	672
• Male	273	295	317
• Female	343	340	355
% of total employees covered by collective bargaining agreements	96.1%	92.0%	95.4%
• # of employees covered by collective bargaining agreements	2,100	2,060	2,154
Total number of third-party labour workers	3,351	3,496	3,523
• Male	N.A.	N.A.	N.A.
• Female	N.A.	N.A.	N.A.

 Vion Netherlands	2018	2019	2020
% of total third-party labour workers covered by collective bargaining agreements	98.5%	100.0%	97.7%
# of third-party labour workers covered by collective bargaining agreements	3,301	3,496	3,528

 Vion Germany	2018	2019	2020
Total number of workers own + flex	7,169	7,988	6,681
Total number of own employees	3,033	2,920	3,008
Total number of Vion Germany's own employees with a permanent employment contract	2,636	2,531	2,567
• Male	1,975	1,875	1,905
• Female	661	656	661
Total number of Vion Germany's own employees with a temporary employment contract	397	389	441
• Male	280	291	317
• Female	117	98	124
Total number of full-time employees	2,545	2,453	2,371
• Male	2,030	1,961	1,898
• Female	515	492	472
Total number of part-time employees	488	467	604
• Male	225	205	324
• Female	263	262	280
% of total employees covered by collective bargaining agreements	86.9%	82.2%	69.3%
# of employees covered by collective bargaining agreements	2,636	2,400	2,083
Total number of third-party labour workers	4,136	5,068	3,674
• Male	N.A.	N.A.	N.A.
• Female	N.A.	N.A.	N.A.
% of total third-party labour workers covered by collective bargaining agreements	6.0%	5.6%	6.9%
# of third-party labour workers covered by collective bargaining agreements	249	286	255

In 2020, we had 99 extra employees in our sales support offices outside the Netherlands and Germany.

The workers from our 3<sup>rd</sup> party labour providers are mostly working in the production, e.g. slaughtering, deboning, packaging and cleaning processes. The number of flex workers is quite high and has to do with the need for flexibility in the operations.

Due to the nature of our production processes, the majority of the workers are male. In the Netherlands, all operational employees and third-party labour workers are covered by collective bargaining agreements. In Germany we also work with collective bargaining agreements for different locations. Most workers not covered by collective bargaining agreements in the Netherlands are corporate staff.

# Stakeholder engagement

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs.	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
<b>Consumers</b>	<ul style="list-style-type: none"> <li>Consumers in our home markets of the Netherlands and Germany</li> <li>Consumers around the world</li> <li>Consumentenbond</li> <li>Foodwatch</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Traceability and product integrity</li> <li>Sustainable farming</li> <li>Fair pricing</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> </ul>	<ul style="list-style-type: none"> <li>Yearly Food Service Consumer Trend Analysis</li> <li>Questions and remarks from consumers; each remark from a consumer is answered personally</li> </ul>	<ul style="list-style-type: none"> <li>Marketing</li> <li>Group Communication</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Retail outlets</li> <li>Industry (manufacturers)</li> <li>Food services</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Food safety</li> <li>Animal welfare</li> <li>Traceability and product integrity</li> <li>Working conditions</li> <li>Sustainable farming</li> <li>Fair pricing</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc direct talks by the Sales and Quality Assurance Departments</li> <li>Biennial Client Satisfaction Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Sales</li> <li>Marketing</li> <li>Quality Assurance Departments</li> <li>CEO</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Animal suppliers: Farmers, De Groene Weg, Waddenvleesgroep</li> <li>Food suppliers</li> <li>Non-food suppliers</li> </ul>	<p><b>Purpose and strategy</b></p> <p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Traceability and product integrity</li> <li>Sustainable farming</li> <li>Fair pricing</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> <li>Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc dialogues by the Purchasing and Quality Assurance Departments</li> <li>Workshops</li> <li>Annual meetings of farmer's associations</li> <li>Events for suppliers</li> <li>Lectures at producer meetings</li> <li>Guided plant tours for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Public Affairs</li> <li>Farming Department</li> <li>Purchasing</li> <li>Quality Assurance</li> <li>CEO</li> </ul>
<b>Farmer associations</b>	<ul style="list-style-type: none"> <li>LTO (Landen Tuinbouworganisatie)</li> <li>ZLTO (Zuidelijke Landen Tuinbouworganisatie)</li> <li>NVV (Nederlandse Vakbond Varkenshouders)</li> <li>POV (Procentenorganisatie varkenshouderij)</li> <li>Regional farmers' associations</li> <li>StarFarmers</li> <li>De Groene Weg suppliers' association</li> <li>DBV (Deutscher Bauernverband)</li> <li>ISN (Interessengemeinschaft der Schweinehalter Deutschlands)</li> <li>ZDS (Zentralverband der Deutschen Schweineproduktion)</li> <li>Breeding farm associations</li> <li>NAJK (Young Farmers Association)</li> <li>Bayerischer Bauernverband</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Traceability and product integrity</li> <li>Sustainable farming</li> <li>Fair pricing</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> <li>Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc bilateral meetings</li> <li>Yearly sector meetings</li> <li>Yearly farmers' association supervisory boards</li> <li>Presentations at annual meetings</li> </ul>	<ul style="list-style-type: none"> <li>Public Affairs</li> <li>COOs</li> <li>Purchasing Departments</li> <li>CEO</li> </ul>

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs.	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
<b>Financial stakeholders</b>	<ul style="list-style-type: none"> <li>Shareholder ZLTO</li> <li>Banks</li> <li>Shareholders of parts of Vion's subsidiary companies</li> </ul>	<p><b>Purpose and strategy</b>  <b>Material topics and targets</b></p> <ul style="list-style-type: none"> <li>Fair pricing</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> <li>Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc direct talks by the board</li> <li>Quarterly supervisory board meetings</li> </ul>	<ul style="list-style-type: none"> <li>CFO</li> <li>CEO</li> <li>Public Affairs Department</li> <li>Treasury-Insurance</li> <li>Group Communication</li> </ul>
<b>Public authorities</b>	<ul style="list-style-type: none"> <li>National, regional (provincial) and local governments</li> <li>Public auditors like NVWA</li> <li>Transparency Benchmark</li> <li>GGD</li> <li>RIVM</li> <li>Veiligheidsregio's /Kreize</li> <li>Ministry of Agriculture, Nature and Food Quality</li> <li>Ministry of Public Health and Sports</li> <li>Federaal Agentschap voor de Veiligheid van de Voedselketen (FAVV)</li> </ul>	<p><b>Material topics and targets</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Sustainable farming</li> <li>Fair pricing</li> <li>Nuisance for neighbours</li> <li>Employment and working conditions</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Zero hunger</li> <li>Responsible production and consumption</li> <li>Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc direct talks by the Public Affairs and Quality Assurance Departments and the Line Management</li> <li>Engagement in Topsector Agri &amp; Food, as well as round table discussions on other specific projects and dialogues</li> <li>Yearly benchmark on the CSR in the Netherlands</li> </ul>	<ul style="list-style-type: none"> <li>CEO</li> <li>Public Affairs</li> <li>Group Communication</li> <li>Quality Assurance Departments</li> <li>Line Management</li> <li>HR</li> </ul>
<b>Round table groups</b>	<ul style="list-style-type: none"> <li>RTRS: Round Table Responsible Soy</li> <li>National technical workgroup</li> <li>Varken van Morgen</li> <li>Topsector Agrifood</li> <li>SAI Beef Working Group (SAI Platform)</li> <li>Runde Tische Tierschutz</li> <li>Initiative Tierwohl</li> <li>Koordinierungsplattform Ferkelkastration</li> <li>SPA = Sozialpolitischer Ausschuss der Fleischindustrie</li> <li>CoViVa (Coalition Vitalisering Varkenshouderij)</li> <li>Boehringer Ingelheim Pork Sustainability Platform</li> <li>Boars 2018</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Sustainable farming</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> </ul>	<ul style="list-style-type: none"> <li>Round table meetings and technical advisory group meetings</li> <li>Member of the Steering Committees</li> </ul>	<ul style="list-style-type: none"> <li>Public Affairs</li> <li>Quality Assurance</li> <li>Human Resources</li> <li>Purchase Departments</li> </ul>
<b>NGOs</b>	<ul style="list-style-type: none"> <li>Animal welfare NGOs: Dierenbescherming, Eyes on Animals, Wakker Dier, Compassion in World Farming, Deutscher Tierschutzbund, Pro Vieh</li> <li>Environmental NGOs: Stichting Natuur &amp; Milieu, WWF, Milieudefensie, BUND</li> <li>Consumer protection NGOs: Consumentenbond, Voedingscentrum, Foodwatch, Verbraucherzentrale Bundesverband</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Sustainable farming</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>Responsible production and consumption</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc direct talks, council or round table discussions with some NGOs</li> <li>Collaboration in the European Animal Welfare Platform</li> <li>Collaboration in animal welfare projects</li> </ul>	<ul style="list-style-type: none"> <li>Public Affairs</li> <li>Quality Assurance</li> <li>Farming Departments</li> <li>Group Communication</li> </ul>

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs.	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
<b>Workers and works councils</b>	<ul style="list-style-type: none"> <li>• Own employees</li> <li>• Flex employees</li> <li>• Corporate works council</li> <li>• Local works councils</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Food safety</li> <li>• Animal welfare</li> <li>• Traceability and product integrity</li> <li>• Working conditions</li> <li>• Carbon footprint of processing</li> <li>• Water use</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>• Zero hunger (safe food)</li> <li>• Responsible production and consumption</li> <li>• Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Frequent (at least) monthly informal meetings</li> <li>• Annual performance planning and review meetings</li> <li>• Town hall meetings</li> <li>• Annual Top 150 management meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Department including CHRO</li> </ul>
<b>Trade unions</b>	<ul style="list-style-type: none"> <li>• Corporate and local works councils</li> <li>• Trade Unions: FNV, CNV, de Unie, NGG</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Working conditions</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>• Responsible production and consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Frequent (at least monthly) informal meetings</li> <li>• Quarterly formal meetings</li> <li>• Collective bargaining agreements</li> <li>• FNLI Taskforce Human Capital Agenda Food</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources Department including CHRO</li> </ul>
<b>Trade organisations</b>	<ul style="list-style-type: none"> <li>• COV (Centrale Organisatie voor de Vleessector)</li> <li>• VNV (Vereniging van Slachterijen en Vleesverwerkende bedrijven)</li> <li>• CBL (Centraal Bureau Levensmiddelenhandel)</li> <li>• FNLI (Federatie Nederlandse Levensmiddelenindustrie)</li> <li>• VDF (Verband der Fleischwirtschaft)</li> <li>• German Meat</li> <li>• GS1 Working Group</li> <li>• European Meat Network</li> <li>• VNO-NCW</li> <li>• BGN (Berufsgenossenschaft Nahrungsmittel und Gastgewerbe)</li> <li>• CoViVa (Coalition Vitalisering Varkenshouderij)</li> </ul>	<p><b>Purpose</b></p> <p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• Sustainable farming</li> <li>• Fair pricing</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>• Zero hunger (safe food)</li> <li>• Responsible production and consumption</li> <li>• Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Membership on the Board of COV, VDF and BGN</li> <li>• Membership on the Board of FNLI and Innofood Twente</li> <li>• Member of CoViVa</li> </ul>	<ul style="list-style-type: none"> <li>• CEO</li> <li>• CHRO</li> <li>• COOs</li> <li>• Group Communication</li> </ul>
<b>Competitors</b>	<ul style="list-style-type: none"> <li>• Tönnies</li> <li>• Danish Crown</li> <li>• Westfleisch</li> <li>• Westfort</li> <li>• VanDrie</li> <li>• Müller</li> <li>• Gosschalk</li> <li>• Compaxo</li> <li>• Van Rooij</li> <li>• Food service competitors</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Animal welfare</li> <li>• Sustainable farming</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>• Responsible production and consumption</li> <li>• Decent work and economic growth</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc or in trade organisations</li> <li>• SAI Platform</li> </ul>	<ul style="list-style-type: none"> <li>• CEO</li> <li>• COO's</li> <li>• Sales</li> <li>• Marketing</li> <li>• Public Affairs Departments</li> <li>• Group Communication</li> </ul>

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs.	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
<b>Certifications schemes</b>	<ul style="list-style-type: none"> <li>IFS International Featured Standards</li> <li>GlobalGAP</li> <li>BRC Global Standards</li> <li>ISO (International Organisation for Standardisation)</li> <li>Stichting Beter Leven Keurmerk</li> <li>IKB (Integraal Ketenbeheer)</li> <li>QS (Quality Scheme)</li> <li>Skal</li> <li>Tierschutzlabel</li> <li>Initiative Tierwohl</li> <li>Regionalfenster</li> <li>Geprüfte Qualität Bayern</li> <li>Orgainvent</li> <li>NEN-ISO Dutch mirror group for Animal Welfare</li> <li>NEN-ISO Dutch mirror group for the Chain of Custody</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Food safety</li> <li>Animal welfare</li> <li>Traceability and product integrity</li> <li>Sustainable farming</li> </ul>	<ul style="list-style-type: none"> <li>Yearly audits</li> <li>Direct membership in the governing bodies or technical advisory groups of a number of certification schemes</li> <li>Chair of the Dutch mirror group NEN-ISO for Animal Welfare</li> <li>Member of the Board of GlobalGAP and IFS</li> </ul>	<ul style="list-style-type: none"> <li>Quality Assurance</li> <li>Purchase Departments</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Communication Committee VNO-NCW</li> <li>European Association of Communication Directors EACD</li> <li>Media in the Netherlands, Germany and Belgium</li> <li>Trade media in the Netherlands, Germany and Belgium</li> <li>Global trade media</li> <li>SAN</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Animal welfare</li> <li>Sustainable farming</li> <li>Fair pricing</li> </ul>	<ul style="list-style-type: none"> <li>Yearly congress and workshops</li> <li>Regular meetings and open communication</li> <li>Proactive dialogues and messaging</li> <li>Daily answering of media requests</li> <li>Member of the jury</li> </ul>	<ul style="list-style-type: none"> <li>Group Communication</li> </ul>
<b>Neighbours</b>	<ul style="list-style-type: none"> <li>Sounding board of neighbours</li> </ul>	<ul style="list-style-type: none"> <li>Nuisance for neighbours</li> </ul>	<ul style="list-style-type: none"> <li>Open days in the case of (re)new(ed) production sites</li> <li>Formal dialogues in the case of specific enlargement approval procedures</li> <li>Meetings with sounding board of neighbours</li> </ul>	<ul style="list-style-type: none"> <li>COOs</li> <li>Local Line Management</li> <li>Group Communication</li> </ul>

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs.	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
<b>Science</b>	<ul style="list-style-type: none"> <li>• Governmental research agencies like RIVM (Rijksinstituut voor Volksgezondheid en Milieu)</li> <li>• University research agencies like Wageningen University and Research Centre, University Utrecht, Uni Kiel, Uni Göttingen, Uni Bonn, Uni Witzenhausen, LMU München, Uni Hohenheim, FH Weihenstephan, FH Neubrandenburg, and TiHo (Tierärztliche Hochschule) Hannover</li> <li>• Veterinary University Utrecht</li> <li>• IRAS (Institute for Risk Assessment, Utrecht University)</li> <li>• TNO</li> <li>• BFR (Bundesinstitut für Risikobewertung)</li> <li>• FLI (Friedrich-Loeffler-Institut, Federal Research Institute for Animal Health)</li> <li>• MRI (Max-Rubner-Institut)</li> <li>• GIQS (Grenzüberschreitende Integrierte Qualitätssicherung)</li> <li>• DIL (Deutsches Institut für Lebensmitteltechnik)</li> <li>• EU project Cybelle</li> <li>• ECVPH (European College of Veterinary Public Health)</li> <li>• SVEPM (Society for Veterinary Epidemiology and Preventive Medicine)</li> <li>• VMT / Food Safety</li> <li>• Society for Risk Analysis (US)</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>• Food safety</li> <li>• Animal welfare</li> <li>• Carbon footprint of processing</li> <li>• Sustainable farming</li> </ul> <p><b>SDGs</b></p> <ul style="list-style-type: none"> <li>• Responsible production and consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc direct talks</li> <li>• Joint research projects</li> <li>• Scientific publications</li> <li>• Diplomats and residents of ECVPH</li> <li>• Member of the Editorial Board VMT / Food Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Research</li> <li>• Quality Assurance</li> <li>• Public Affairs</li> <li>• Purchase Departments</li> </ul>



## Relevance of the CSR topics to our stakeholders

RELEVANT SOCIAL TOPICS	STAKEHOLDER GROUPS THAT RAISE THESE TOPICS																	
	Consumers	Customers	Suppliers	Farmer's associations	Financial stakeholders	Public authorities	Round table groups	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Food safety	•	•	•		•	•				•	•		•		•	•	•	
Traceability and product integrity	•	•	•		•	•	•	•	•	•	•		•		•	•	•	
Animal welfare	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	
Nutritional value of meat (alternatives) and additives	•	•	•	•	•	•				•	•		•	•		•	•	
Employment and working conditions	•	•	•		•	•					•	•	•	•	•		•	•
Nuisance for neighbours						•												•
Community involvement	•										•							•
RELEVANT ENVIRONMENTAL TOPICS	STAKEHOLDER GROUPS THAT RAISE THESE TOPICS																	
	Consumers	Customers	Suppliers	Farmer's associations	Financial stakeholders	Public authorities	Round table groups	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Carbon footprint of processing	•	•			•	•							•	•	•	•		
Water usage of processing	•	•			•	•									•			
Sustainable farming	•	•	•	•	•	•	•	•	•	•			•	•	•	•	•	
Sustainable packaging	•	•			•	•				•								
(Food) waste management	•	•	•		•	•	•	•	•		•			•	•	•	•	
RELEVANT ECONOMIC TOPICS	STAKEHOLDER GROUPS THAT RAISE THESE TOPICS																	
	Consumers	Customers	Suppliers	Farmer's associations	Financial stakeholders	Public authorities	Round table groups	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Indirect economic impacts		•	•	•	•	•												
Fair pricing	•	•	•	•	•	•	•	•					•	•				•

GRI Standard	Disclosure	Page	Remarks/reason for omission
<b>GENERAL DISCLOSURES</b>			
<b>Organisational profile</b>			
GRI 102: General disclosures 2016	102-1 Name of the organisation	1	
	102-2 Activities, brands, products, and services	11-18	<ul style="list-style-type: none"> <li>Due to its high sensitivity in the areas of food safety and animal health, the international meat trade is regulated by bilateral and multilateral trade agreements. Vion has gained export access to all the destination countries where pork and beef exports from the Netherlands and Germany are possible.</li> </ul>
	102-3 Location of the headquarters	8	
	102-4 Location of the operations	12-13	
	102-5 Ownership and legal form	110	
	102-6 Markets served	20	
	102-7 Scale of the organisation	105	
	102-8 Information on the employees and other workers	115	
	102-9 Supply chain	22	
	102-10 Significant changes to the organisation and its supply chain	11	
	102-11 Precautionary principles or approach	40-41	<ul style="list-style-type: none"> <li>Based on precautionary principles, we always check that we do not harm the environment with Vion's operations. In case we identify a possible risk, we take a precautionary approach. In 2020, there were no special measures necessary.</li> </ul>
	102-12 External initiatives	116-120	
	102-13 Membership of associations	116-120	
<b>Strategy</b>			
GRI 102: General disclosures 2016	102-14 Statement from the senior decision-maker	4-6	
<b>Ethics &amp; integrity</b>			
GRI 102: General disclosures 2016	102-16 Values, principles, standards, and norms of behaviour	112-114	
<b>Governance</b>			
GRI 102: General disclosures 2016	102-18 Governance structure	110	
<b>Stakeholder engagement</b>			
GRI 102: General disclosures 2016	102-40 List of the stakeholder groups	23	
	102-41 Collective bargaining agreements	115	
	102-42 Identifying and selecting the stakeholders	23	
	102-43 Approach to stakeholder engagement	23, 104	
	102-44 Key topics and concerns raised	121	

GRI Standard	Disclosure	Page	Remarks/reason for omission	
<b>GENERAL DISCLOSURES</b>				
<b>Reporting practice</b>				
GRI 102: General disclosures 2016	102-45	Entities included in the consolidated financial statements	109	• All activities of Vion Food Group are included in the consolidated financial statements.
	102-46	Defining the content of the report and the topic boundaries	104	
	102-47	List of the material topics	31	• Since 2020, we also take into account the energy use of Distrifresh and BestHides as these are also part of the Vion Food Group.
	102-48	Restatement of the information		
	102-49	Changes in the reporting	28-31	
	102-50	Reporting period	1	• The report covers the calendar year 2020.
	102-51	Date of the most recent report		• Our previous CSR report, covering the year 2019, was published in March 2020.
	102-52	Reporting cycle		• We have an annual reporting cycle.
	102-53	Contact point for questions regarding the report and its contents	104	
	102-54	Claims of reporting in accordance with the GRI Standards	104	
	102-55	GRI content index	122-125	
	102-56	External assurance		• Our policy is to have no external assurance of the report.

GRI Standard	Disclosure	Page	Remarks/reason for omission
<b>MATERIAL TOPICS</b>			
<b>GRI 200 Economic topics 2016</b>			
<b>Fair pricing</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	84
	103-2	Management approach	84-86

GRI Standard	Disclosure	Page	Remarks/reason for omission
<b>GRI 300 Environmental topics 2016</b>			
<b>Carbon footprint of processing</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	86
	103-2	Management approach	87-90
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	89
	302-3	Energy intensity	89
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	90
	305-2	Energy indirect (Scope 2) GHG emissions	90
	305-4	GHG emissions intensity	90
<b>Water usage of processing</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	91
	103-2	Management approach	91-92
GRI 303: Water 2016	303-1	Water withdrawal by source	92
<b>Sustainable farming</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	80
	103-2	Management approach	80-83

GRI Standard	Disclosure	Page	Remarks/reason for omission
<b>GRI 400 Social topics 2016</b>			
<b>Employment and working conditions</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	47
	103-2	Management approach	47-55
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	52
GRI 403: Occupational Health and Safety 2016	403-1	Explanation of the material topic and its boundary	52
	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and the number of work-related fatalities	54-55
<ul style="list-style-type: none"> <li>We cannot report on previous years due to the use of different software system.</li> <li>We do not register incidents by gender, as we do not experience that this is a dominant factor in the amount or types of incidents.</li> <li>Injuries with no absence are not monitored, so we can only report on the lost day rate and not the injury rate.</li> <li>Occupational disease rate: it is not monitored whether diseases are occupational or not.</li> </ul>			
<b>Traceability and product integrity</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	60
	103-2	Management approach	60-63
GRI 417: Marketing and labelling	417-1	Requirements for product information and labelling	61
<b>Food safety</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	56
	103-2	Management approach	56-59
GRI G4: Sector disclosures for food processing	FP5	Percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	
<b>Animal welfare</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	
	103-2	Management approach	
GRI G4: Sector disclosures for food processing	FP11	Percentage and total of the animals raised and/or processed, by species and breed type, per housing type	71-74
GRI G4: Sector disclosures for food processing	FP12	Policies and practices in antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	65, 79
GRI G4: Sector disclosures for food processing	FP13	Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	77, 78
<b>Nuisance for neighbours</b>			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	93
	103-2	Management approach	93-94

### Employment and working conditions

*Total number and rate of new employee hires during the reporting period, by age group, gender and country:*

Absolute number (headcounts) of new employees in the reporting period. To calculate the rate of new employee hires, we use the total employee numbers at the end of the reporting period.

*Total number and rate of employee turnover during the reporting period, by age group, gender and country:*

Absolute number of employees (headcounts) that left Vion in the reporting period voluntarily or due to dismissal, retirement, or death. To calculate the rate of employee turnover, we use the total employee numbers at the end of the reporting period.

*Externally sold volume produced by production plants with independent supplier workplace certification:*

Externally sold volume from our plants certified by an independent supplier workplace certification as a percentage of the total externally sold volume from all our plants.

*Safety Culture ladder:*

Each plant scores on a scale of 1 to 5 on 6 subjects. For each plant, the average score for each of these 6 subjects is calculated. The final Vion score is the average score (on scale of 1 to 5) of all Vion plants.

*1,000-man quote:*

The number of work accidents resulting in more than three calendar days of absenteeism or death, based on 1,000 fulltime workers.

*Absentee rate:*

The percentage of absentee days during continued remuneration (the first six weeks of each sickness), based on own employees.

*Lost time injuries:*

Injuries with an absence of at least one scheduled workday.

*Lost day rate:*

The number of LTIs (lost time injuries with an absence of at least one scheduled workday) at all production sites divided by the total number of employees (own and flex).

### Food Safety

*% sales volume from GFSI approved plants:*

Externally sold volume from our plants that are IFS or BRC certified as a percentage of the total externally sold volume.

*% of slaughtered pigs from a third-party Good Agricultural Practice Scheme:*

Slaughtered pigs raised and certified to conform to IKB, QS, GlobalGAP or organic as a percentage of all slaughtered pigs at Vion.

*% of slaughtered cattle from a third-party Good Agricultural Practice Scheme:*

Slaughtered cattle raised and certified to conform to QS or organic as a percentage of all slaughtered cattle at Vion.

*% compliance with Vion internal microbiological standards for product hygiene:*

The number of days, per production site, on which the day-average Enterobacteriaceae-count on trimmings exceeds the internal Vion-threshold, divided by the total number of days on which trimming-samples are examined for Enterobacteriaceae.

### Traceability and product integrity

*% externally sold volume with a specific integrity standard:*

Externally sold volume from plants certified to conform to IFS Product Integrity Assessment, German Orgainvent or LQB-Herkunft integrity standard as a percentage of total externally sold volume.

*% externally sold volume from plants with IFS PIA:*

Externally sold volume from plants certified to conform to IFS Product Integrity Assessment as a percentage of total externally sold volume.

*% externally sold volume from plants with German Orgainvent or LQB-Herkunft integrity standard:*  
Externally sold volume from plants certified to conform to German Orgainvent or LQB-Herkunft integrity standard as a percentage of total externally sold volume.

### Animal welfare

*Animals/pigs/cattle raised under certified higher animal welfare requirements:*

The number of animals/pigs/cattle raised and certified to conform to EU Organic, Beter Leven, Für Mehr Tierschutz or Initiative Tierwohl slaughtered at Vion as a percentage of the total number of pigs/cattle slaughtered at Vion. The same calculation is used for pigs to calculate all the separate quality marks, like Beter Leven 1 star, etc.

*Entire boars (not castrated) of total male pigs slaughtered:*  
Number of not castrated boars as a percentage of the total number of male pigs slaughtered at Vion.

*Slaughtered female cattle of milk or dual-purpose breed:*  
Number of female cattle from a milk (Holstein Frisian, Brown Swiss) or dual-purpose breed (Simmental, Red Holstein, crossing beef/dairy cattle) as a percentage of the total number of female cattle slaughtered at Vion.

*Average age of female cattle at slaughter:*  
Average of all female cattle slaughtered at Vion. Vion receives the data on age from the animal suppliers.

*% pigs/cattle transported ≤ 200 km:*  
Number of pigs/cattle originating from a farm within a radius of 200 km from the slaughterhouse as a percentage of the total number of slaughtered pigs/cattle at Vion.

*% animals slaughtered in meat processing plants with specific animal welfare standards:*

Number of animals slaughtered in plants certified to conform to specific animal welfare standards (third-party standard that include animal welfare aspects (QS/IKB), Beter Leven or Für mehr Tierschutz, or customers' private animal welfare standards) as a percentage of the total number of animals slaughtered at Vion.

## Calculation of KPIs

### *No restun needed:*

The number of animals for which the first stun succeeded as a percentage of the total slaughtered animals at Vion.

### *% Slaughtered pigs/cattle in independently certified regional programmes:*

Number of pigs/cattle raised and certified to conform to Geprüfte Qualität Bayern, Regionalfenster Niedersachsen, Bayerisches Rindfleisch g.g.A. or Regionalfenster Württemberg as a percentage of the total number of slaughtered pigs/cattle at Vion.

### *Pigs/cattle tested for antibiotics:*

The absolute number of pigs/cattle which had samples taken for antibiotic testing.

### *% of pigs/cattle tested for antibiotics:*

Number of pigs/cattle which had samples taken for antibiotic testing as a percentage of total number of pigs/cattle slaughtered at Vion.

### *Pigs/cattle found with antibiotic residue above maximum residue limit (absolute and percentage):*

Number of pigs/cattle found with antibiotic residue above maximum residue limit as a percentage of the total number of pigs/cattle of which samples were taken for antibiotic testing. The maximum residue level is the maximum concentration of residue accepted within the legislation.

### *Animals tested where antibiotics were absent*

Number of animals which had samples taken for antibiotic testing and where antibiotic residue was absent or below maximum residue limit.

### *% Animals tested where antibiotics were absent*

Number of animals which had samples taken for antibiotic testing and where antibiotic residue was absent or below maximum residue limit as a percentage of total number of animals tested.

### *Reference:*

<sup>1</sup> Poore J, Nemecek T. 2018. Reducing food's environmental impacts through producers and consumers. *Science* 360 987-92.

### **Sustainable farming**

*Contribution to CO<sub>2</sub>-eq. emissions throughout the pork supply chain:*

These data are an average from calculations made for five pig farms in 2019 and include the pre-fattening, fattening phase and slaughter phase. Greenhouse gases other than CO<sub>2</sub> which are measured (methane and nitrous oxide) are recalculated based on global warming potential in kg CO<sub>2</sub>-equivalents per 100g of protein.

### *Variability in CO<sub>2</sub> emissions for different foods:*

The category 'Pig meat (NL/DE)' represents the estimates based on actual data from five participating pig farmers in the Netherlands and Germany. The kg CO<sub>2</sub>-equivalents emissions per 100g protein are recalculated from the carcass weight, with an estimated 65% meat on a carcass and 16% protein content. Estimates of global pig meat, grains and tofu originate from the scientific paper by Poore<sup>1</sup>.

### **Fair pricing**

*% of the pigs delivered from farmers participating in Good Farming Balance:*

Number of pigs purchased by Vion from suppliers who have a Good Farming Balance contract with Vion as a percentage of the total number of pigs purchased by Vion in that year.

### **Nuisance for neighbours**

*Number of complaints from neighbours:*

The number of complaints about the Boxtel location received by the municipality of Boxtel.

### **Carbon footprint of processing**

*Energy efficiency:*

Absolute energy consumption in MJ divided by volume in tonnes sold.

### *Non-renewable energy efficiency:*

Energy purchased for consumption and self-generated energy consumption in MJ originating from non-renewable energy sources divided by volume in tonnes sold.

### *Total energy consumption:*

Energy purchased for consumption + self-generated energy consumption in GJ.

### *Absolute direct GHG emissions (scope 1):*

GHG emissions from sources that are owned or controlled by Vion (own generation of electricity, heating, cooling, and steam, transportation, and fugitive emissions) in tonnes CO<sub>2</sub>-eq.

### *Absolute indirect GHG emissions (scope 2):*

GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by Vion in tonnes CO<sub>2</sub>-eq.

### *GHG emissions intensity scope 1 + 2:*

Absolute direct and indirect GHG emissions in kg CO<sub>2</sub>-eq divided by volume per tonne sold.

### **Water usage**

*Total volume of water used:*

Volume of water use withdrawn from municipal water supplies + water use from own ground water wells in hm<sup>3</sup>.

### *Water intensity:*

Total volume of water used in m<sup>3</sup> divided by the volume in tonnes sold.

### *Usage of municipal water per tonne sold:*

Volume of water use withdrawn from municipal water supplies in m<sup>3</sup> divided by the volume in tonnes sold.

## Definitions

### 1,000-man quote (TMQ)

The number of work accidents resulting in more than three calendar days of absenteeism or death, based on 1,000 fulltime workers.

### Absentee rate

The actual absenteeism days during continued remuneration (the first six weeks of each sickness), expressed as a percentage of the total days scheduled to be worked by these workers in the same period. In the calculation we only take into account our own employees, not third-party workers.

### Amino acids

A large proportion of our cells, muscles and tissue is made up of amino acids. Amino acids are used in your body to build proteins. Amino acids bond together to make long chains. Those long chains of amino acids are called proteins.

### Boundary

Description of where the impacts occur for a material topic, and the organisation's involvement with those impacts.

### Direct (Scope 1) GHG emissions

GHG emissions from sources that are owned or controlled by an organisation.

### Employee

An individual who is in an employment relationship with the organisation, according to the national law or its application.

### Employee turnover

Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service

### Energy efficiency

Absolute energy consumption divided by the volume in tonnes sold.

### Energy indirect (Scope 2) GHG emissions

GHG emissions that result from the generation of the purchased or acquired electricity, heating, cooling and steam consumed by an organisation.

### Energy reduction

Amount of energy no longer used or needed to carry out the same processes or tasks.

### External sold volume

The total volume of meat and by-products that are sold to external customers. Internal sales within divisions are excluded.

### Financial control consolidation approach

The financial control approach means that the entity that is receiving the financial benefit from the operation of the building is, alone, responsible for the emissions from the operation of the building.

### Greenhouse gas (GHG)

Gas that contributes to the greenhouse effect by absorbing infrared radiation.

### Injury

Non-fatal or fatal injury arising out of, or in the course of, work activities.

### Lost day rate

The number of LTIs at all production sites divided by the total number of employees (own and flex).

### Lost time injuries (LTIs)

Injuries with an absence of at least one scheduled work day.

### KPI / Key Performance Indicator

A quantifiable measure used to evaluate our performance.

### Location-based method

For the CO<sub>2</sub> emissions, we use the average grid emission factors for the country in which the energy is purchased/ produced.

### Management approach

Narrative description about of how Vion manages its material topics and their related impacts.

### Material topic

Topic that reflects Vion's significant economic, environmental and social impacts; and that substantively influences the assessments and decisions of our stakeholders

### Maximum Residue Limit (MRL)

The maximum concentration of residue accepted within the legislation. This can be the residue of an environmental contaminant, such as lead, or the residue of a crop protection or animal protection agent.

### Non-renewable energy source

An energy source that cannot be replenished, reproduced, grown or generated in a short time period through ecological cycles or agricultural processes.

### Renewable energy source

Energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes.

### Scope of the GHG emissions

Classification of the operational boundaries where the GHG emissions occur.

### Slaughter weight

The weight of a carcass after slaughtering, without the blood and skin.

### Stakeholder

An entity or individual that can reasonably be expected to be significantly affected by Vion's activities, products and services; or whose actions can reasonably be expected to affect the ability of Vion to successfully implement its strategies and achieve its objectives.

### Sustainable development/sustainability

Development that meets the present needs without compromising the ability of future generations to meet their own needs.

### Third-party worker

Flex workers hired via temporary employment agencies.



ABOUT  
VION

VION'S  
CONTEXT

VION'S STRATEGY  
TO CREATE VALUE

CSR TOPICS

## Vion

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# Corporate social responsibility report 2020



Food that **Matters**

