



Corporate social responsibility report 2019



Food that **Matters**





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Ronald Lotgerink: Providing Food that Matters



CEO Vion Food Group
– Ronald Lotgerink

“The purpose of a company is to engage all its stakeholders in shared and sustained value creation”

These words are written in the new Davos Manifesto 2020 from the annual World Economic Forum. Vion's purpose is to bring people together to build future-proof protein supply chains and provide Food that Matters. This purpose is derived from our new corporate strategy and will help us in providing solutions to the food challenges we are facing as a company in a fast-changing world. Everyone has a right to safe, healthy and sustainable food.

I am aware that Vion and its stakeholders are facing global food challenges. Meat prices are rising all over the world as a result of the global spread of African Swine Fever. Farmers are protesting in many countries, motivated by a feeling of disrespect from several NGOs, governmental bodies and some media. I stand for respectful stakeholder engagement with all parties which trust each other and want to create a sustainable future in a socially coherent society.

The past year showed mixed feelings businesswise. In spring 2019, the pork market developed over a period of a few months into a highly profitable business for pig farmers and Vion. Both have had a tough time over the past five years. In addition, the beef market was difficult as a result of the decreased availability of slaughter animals and low beef prices. The Food Service Business Unit again showed stable and good profitability.

The challenge for future protein consumption

Consumers are making more mindful consumption choices as people become increasingly aware of the environmental and social impact of our agricultural systems. At the brink of a new decade, Vion observed that millennials and Generation Z no longer want to work for, invest in, or buy from companies that lack values such as sustainability, higher animal welfare, fair prices and transparency. I recognize that our long-term success is closely linked to the lifestyles of our (future) customers, employees, and suppliers. It will change our consumption pattern and supply chain.

In Europe, this awareness is reflected in the slow decline of meat consumption, as people exchange animal proteins for plant-based proteins in their diets. As a result, the European meat market is expected to shrink in the next ten years, whilst meat consumption in Asia and Africa will continue to grow.

To adapt to these changes in society, Vion extended its portfolio with plant-based protein products that serve as meat alternatives. In October 2019, we presented five new plant-based products. The plan is to start selling these products from the beginning of 2020 and to further extend our product range. We will produce these products in our production facility in Leeuwarden, which was rebuilt for this purpose in 2019. This Business Unit is one of our strategic priorities for the coming years.

The challenge for animal welfare

Vion is a trustworthy, reliable supplier of proteins. Effective control of animal welfare in the supply chain is one of society's most relevant issues. Vion has a great responsibility in the control and transparency of animal welfare throughout the entire supply chain. Vion is taking its role through a professional animal welfare dialogue with farmers, NGOs, authorities and customers to realise additional value in the market. Additionally, this dialogue gives farmers and transporters the chance to continuously improve animal welfare. This approach has already resulted in successful supply chain concepts such as De Groene Weg (organic) and Good Farming Star. Our approach also resulted in our moving up one level to Tier 2 in the global Business Benchmark on Farm Animal Welfare (BBFAW). With this classification, the BBFAW recognises that Vion has made animal welfare an integral part of its business strategy.

Building Balanced Chains (BBC)

Sustainability, transparency, integrity, safety, animal welfare and quality will be increasingly important differentiators for 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 to match supply and demand on these topics. We call this strategy: Building Balanced Chains. In past years, we were already actively involved in building balanced supply chains, such as Good Farming Balance, Geprüfte Qualität Bayern, Good Farming Star, De Groene Weg (Organic) and we recently announced the plant-based meat alternatives supply chain.

These BBCs must be based on contemporary ICT systems in which all supply chain partners are connected to one another. Data exchange among feed, farm, animal trader, slaughterhouse, meat processor, retail and consumer should be open and transparent. Vion is in dialogue with its supply chain partners to create new standards for data exchange which is open to society. Within the next years, these data systems should provide reliable information to the consumer concerning food safety, animal welfare, sustainability and product integrity. I believe it is the consumer's right to know how food is produced with regard to topics like animal welfare and sustainability. It is Vion's responsibility, together with its supply chain partners, to provide this information.

Ronald Lotgerink
CEO Vion Food Group

“Vion's purpose is to provide Food that Matters by building future-proof protein supply chains”



"The number of Listeria infections in people (Listeriosis) has been relatively small"

Marcus Langen

Veterinary specialist for food and counter-sample expert at Dr. Berns Laboratorium



"Customer requirements are more complex and consumer expectations increase"

Stephan Tromp

Managing director International Featured Standards (IFS)



"Vion takes its responsibility in the chain"

René Coppens

Chairman of CoViVa



"It's important you eat a varied diet, including meat and dairy products"

Stephan Bakker

Internist-nephrologist and professor of internal medicine, UMCG

About Vion



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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 2019) countries worldwide.

Through its three divisions – Pork, Beef and Food Service – the company provides fresh pork and beef, and by-products for the retail, food service and the meat processing industries.

Vion supplies customers in its home markets of the Netherlands and Germany, and in other countries in Europe and the rest of the world. Vion's headquarters are located in Boxtel (the Netherlands).

Vion Holding N.V. is a public limited liability company under Dutch law. Vion generally 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 Vion Food Group. In 2019, there were no acquisitions or divestments within Vion Food Group which affect the scope of this report.



12,445

Employees (FTEs),
including flex workers



4,544

Own employees



7,901

Flex workers



5.1

Revenue for 2019
in billion euros



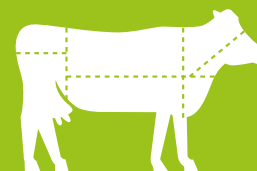
Over 100 million

consumers per day enjoy our meat



15

Production locations



12

Production locations



2

Food Service locations

Overview of 2019



February

- Vion moves up one level to Tier 2 in global Business Benchmark on Farm Animal Welfare.
- With Asia Sliders, SALOMON FoodWorld wins Best Introduction prize for the third year in a row.

March

- Vion organises Farmer Days: inspiration and discussion on the theme 'Working together on a successful pork supply chain'.



April

- The opening of the Meat Master Center at Vion's headquarters in Boxtel. All kinds of stakeholders are welcomed here to get to know more about Vion's supply chains.

May

- Vion introduces new premium barbecue range: BBQ Star for true barbecue lovers. Starting in the first week of May, the BBQ Star range is launched on the international retail market in various European countries.
- Vion's German Group Quality Manager, Veronika Weber, was honoured with the award 'Förderpreis der Fleischwirtschaft'. The award is given every year to three young people for their talent and special motivation.



June

- MT500 publishes annually a list of the 500 companies with the best reputation in the Netherlands. In the category 'Fast Moving Consumer Goods' (suppliers), Vion won first place, meaning it has the best reputation in this category, according to its peers.
- Pork concept with two-star Beter Leven label is introduced at Albert Heijn.



October

- Vion presents ME-AT, a start-up for alternative proteins offering plant-based products to be produced in Leeuwarden.
- Vion starts to replace its beef production for plant-based meat alternatives in a dedicated plant in Leeuwarden.

September

- Vion sets up unique, transparent supply chain in collaboration with PLUS.
- Vion is part of Coalition Vitalization Pig Husbandry which presents their programme for vital pig husbandry in a healthy living environment.



July

- Salomon FoodWorld wins the Out.of.Home Award in the Sports & Leisure segment.



November

- Philippe Thomas appointed as Chief Operating Officer of our new Business Unit Retail.

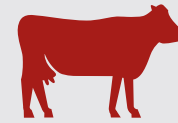
Three divisions

In 2019, Vion had three divisions: Pork, Beef and Food Service, with 29 production sites located in the Netherlands and Germany and 13 sales support offices located in various European countries, China/Hong Kong and Singapore.

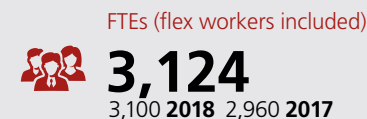
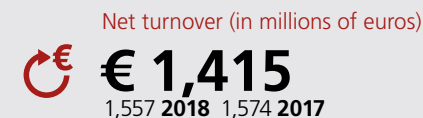
As part of the new strategy, as from 2020 the three Divisions Pork, Beef and Food Service will be changed into four Business Units: Pork, Beef, Food Service, and Retail.



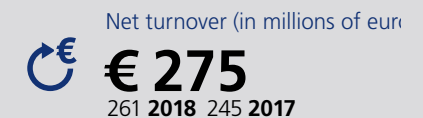
Pork is supplied to national and international retailers, as well as food service and food processing companies. Basic raw materials are delivered to industrial customers who process the pork into a wide range of meat products. Besides this, fresh pork is processed by Vion into semi-finished and finished products for the domestic and export retail markets. Around 15,000,000 pigs are delivered to Vion per year.



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. Around 900,000 cattle are delivered to Vion per year.



The Food Service Division 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.



Production sites



* From 1-9-2019 ME-AT production site
** Closed for pork from March 2020



* Closed for pork from March 2020



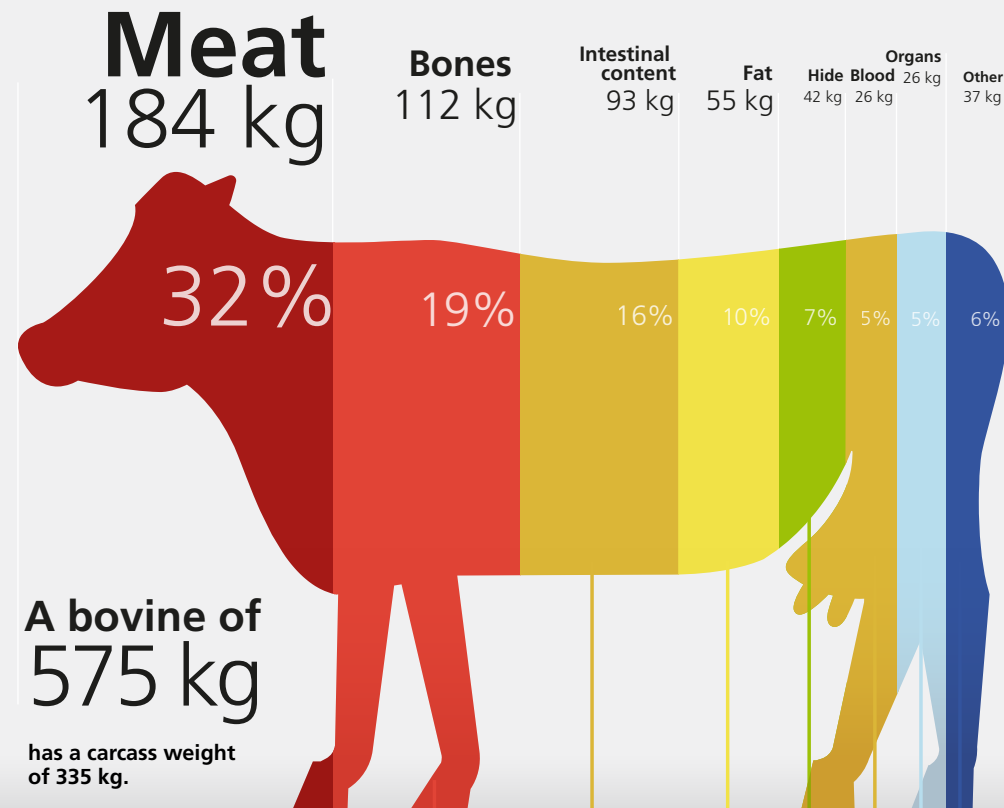
International sales support offices

China/
Hong Kong
Singapore



Our products

Vion valorises 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:

Organs

Skin

Intestines

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

Biogas

Candles
Cosmetics
Detergents

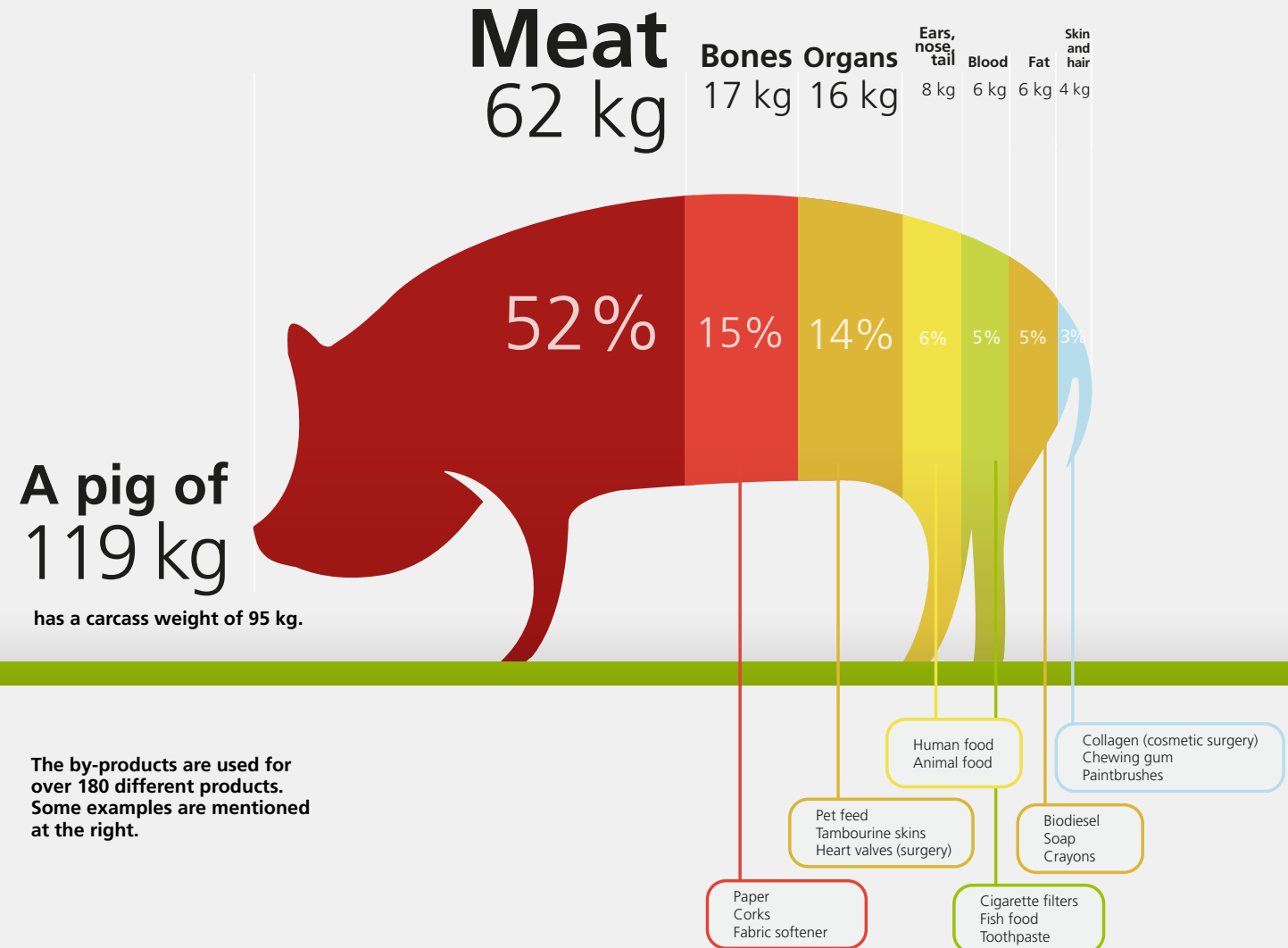
Piano keys
Bandage strips
Cellophane wrap

Dye and ink
Adhesives
Minerals

Shoes
Wallpaper
Flavouring

Vitamins
Medicines
Tennis racquet strings

Fire extinguishing foam
Brushes



Our brands and chain concepts



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 Organic** chain concept 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 are also able to go outdoors. 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 **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.



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 Parma and Serrano ham on the Italian and Spanish market, and for bellies on the Korean market.



BBQ Star is a new 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 pork products (spareribs, porchetta, pulled pork) and beef products (flat iron steak, côte de boeuf, ribeye, picanha).



ME-AT produces high-quality plant-based meat alternatives with the taste, texture and eating experience of traditional meat, providing alternative sources of protein for flexitarians, vegetarians and vegans. ME-AT was first introduced at the Anuga trade fair in Cologne (5-9 October 2019). At the fair, a series of five high-quality, meat-like, fully vegan products were presented to international retail and food services. ME-AT products will be available to consumers in March 2020.



Brands in the Netherlands



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 165 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.



Encebe Vleeswaren supplies basic products 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.



De Groene Weg has been the market leader in organic beef and pork in the Netherlands since 1981 and supplies to customers in Europe. The products meet the European standards for organic production and the criteria for Beter Leven Keurmerk 3-star.

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 1st, 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. Examples are:

- Outdoor grazing must be possible for breeding sows.
- The maximum transportation distance of the piglets is 60 km.

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.



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.



Brands Germany



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'.



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



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.



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.



Food Service brands



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.



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 new 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 and Brave' which, step by step, will become part of our company-wide DNA. We raise expectations, while at the same time facilitating and stimulating the employee journey.

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), 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 material CSR topic.

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, Vion sells its 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, 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. Vion is therefore continuously attracting and maintaining young talent drawn to the agri-food industry and our broad food supply chain responsibility.

So, our people can 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

Vion supplies the retail, food service and the meat processing industries in its home markets of the Netherlands and Germany, as well as in other countries in Europe and the rest of the world. Vion's operations have market access to all relevant global food markets.

North America



35,000

36,000 2018 42,000 2017

Asia



759,000

507,000 2018 521,000 2017

Other countries



43,000

35,000 2018 60,000 2017

Net turnover per market in thousands of euros

Europe
4,224,000

4,092,000 2018 4,447,000 2017

Germany

1,866,000

1,809,000 2018 2,051,000 2017

United Kingdom

189,000

179,000 2018 205,000 2017

Netherlands

613,000

616,000 2018 654,000 2017

Greece

186,000

160,000 2018 180,000 2017

Italy

437,000

446,000 2018 466,000 2017

Other European countries

933,000

882,000 2018 891,000 2017

Vion's context

ABOUT
VION

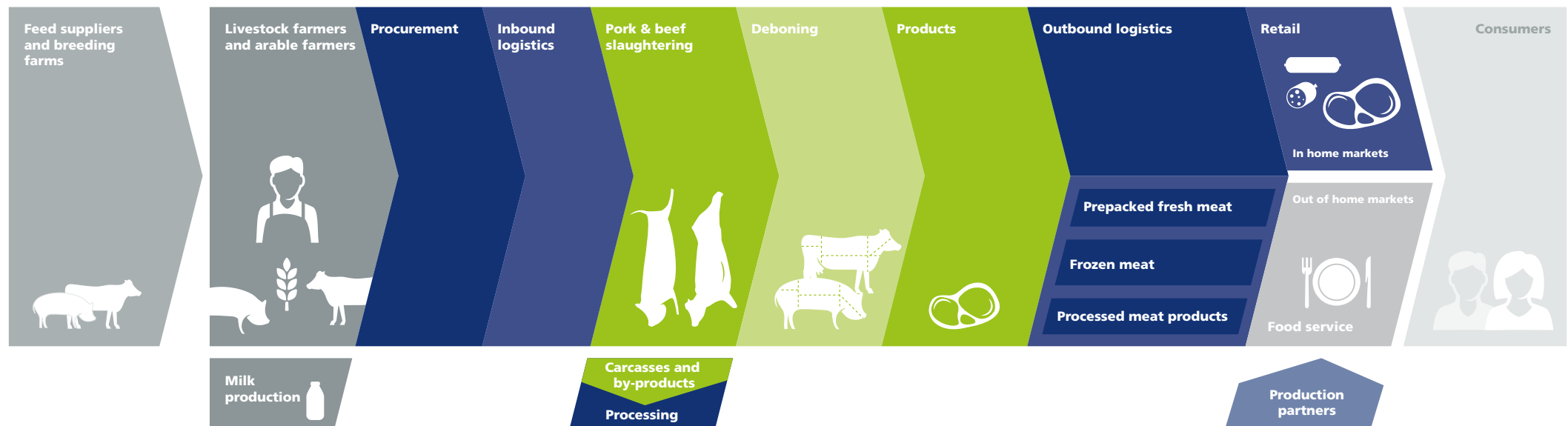
VION'S
CONTEXT

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 contacted arable farmers to set up a supply chain for our new plant-based product line ME-AT.

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 2019, over 9,000 pig farmers and over 48,000 cattle farmers delivered their animals to Vion.

Around 90% of our clients 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

Building Balanced Chains

Meet Burger King, a Food Service chain partner

Every day, more than 11 million guests visit **BURGER KING®** restaurants around the world. Founded in 1954, **BURGER KING®** is the second largest fast food hamburger chain in the world. It is part of **RBI (Restaurant Brands International Inc.)**, a Canadian multinational fast food holding company. **BURGER KING®** is one of Vion Food Service's chain partners.

What is the benefit for working with Vion in a business partnership?

"At RBI, providing our guests with high quality and great-tasting food is the most important priority. We select partners based on shared values and quality and Vion is a European leader and a reliable partner that provides 'Food that Matters'."



"We select partners based
on shared values and quality"

– Silvia Savova

Is there added value for working with a supplier like Vion for a longer period?

"We enjoyed long-lasting partnerships with our suppliers as we have built our respective businesses together and it contributes to create value for our guests and provides us with a competitive advantage."

What is Vion contributing in making the business partnership? What innovations and shared values contribute to your business in this partnership?

"We are a company that focuses on innovation and providing options for our guests. At Burger King, our core message is 'Your Way' so to that end, we're always working to listen to our guests and provide options that meet demand."

"We are committed to providing our guests with a variety of menu choices and continuously improving the nutrient profile of our existing menu options. We value working with Vion on conducting innovative ingredient research and identifying ways to improve the menu options served at our restaurants around the world."

Silvia Savova

Global Procurement

Restaurant Brands International Inc.

BURGER KING®, TIM HORTONS® and POPEYES® Brands

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 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 and public health, 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' on page 118 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 CEO is often involved in these dialogues. On this page are some examples of the 2019 meetings.

Topigs Norsvin annual meeting on 27th May 2019

- Topigs Norsvin is a leading swine genetics company renowned for its innovative genetic solutions for cost-efficient pig production.
- The theme of this annual meeting was: Connecting the links - Creating added value and distributing it fairly. This is closely linked to our strategy Building Balanced Chains for long-term value creation and our material topic fair pricing.
- Ronald Lotgerink was present to share our vision and strategy of building demand-driven concepts for long-term value creation on profitability for all chain partners and to participate in the discussion. He called on the sector to collaborate intensively, to be more transparent and to share information through digitization.
- This meeting was attended by 330 stakeholders from the pork supply chain.

KPMG Agri-Food Tech Traction Tour 2019 on 2nd July 2019

- KPMG and AgFunder Inc. led an Australian, New Zealand, and Irish delegation of 24 agri-food leaders on a 7-day tour through the Netherlands.
- The tour focused on leading edge agri-food technology, internet of things, circular economy initiatives, and on supporting ecosystems in the Netherlands. This is in line with our digitization strategy to share information throughout the supply chain which enables long-term value creation on sustainability, profitability and fair pricing.
- Ronald Lotgerink hosted the meeting at the Vion headquarters in Boxtel and talked with the attendees about this long-term value creation via new business models, as well as creating better income for farmers and other agricultural supply chain partners.

FNLI annual meeting on 10th October 2019

- The Federation of Dutch Food Industry (FNLI) is the umbrella organisation and representative of interests for over 500 processing and importing companies, as well as 20 trade organisations in the Dutch food industry. FNLI is the point of contact for government, politics, trading partners, NGOs and the media. Ronald Lotgerink is a member of the FNLI board.
- During the annual meeting, Ronald Lotgerink and 300 participants from the food industry, politics, and other stakeholders, discussed long-term value creation on topics such as sustainability, the climate agreement and important changes such as the energy transition, the protein transition, and the transition to circular agriculture. These topics are closely linked to our purpose of providing Food that Matters via both animal and plant-based protein, and to our material CSR topics of sustainable farming and the carbon footprint of processing.
- By discussing challenges, we learn from each other and become even more motivated to set and reach ambitious targets to create long-term value on sustainability.

Innofood Event on 17th October 2019

- Innofood represents the interests of companies active in the food processing industry in Eastern Netherlands.
- During the Innofood Event, the Innofood members were inspired by speakers from the sector about the future of food.
- Ronald Lotgerink was one of the keynote speakers of the event and spoke about the need of demand-driven, exclusive supply chain for long-term value creation on topics like sustainability and profitability. These supply chain promote trust and create value for all supply chain partners and consumers. After the presentation, there was time for discussion and questions on these topics.



Trends in the market

There are ten trends that drive change in the global food market and that have an impact on Vion.

In 2019, volatility increased as African swine fever in China created a strong demand for pork from Europe, with higher prices as a result. The impact of African swine fever was strongly felt on the global pork market because of the size of the Chinese market. The world market determines the price of pork. After China, African swine fever also occurred closer to our home countries, in Eastern Europe and Belgium.

In May 2019, the Dutch State Council ended the four-year old Nitrogen Approach Program (PAS). The declaration and the subsequent impasse led to a crisis in the agricultural sector. Impactful measures to reduce nitrogen emissions are required. Proposed solutions such as limiting herd sizes in the Netherlands led to large-scale protests by farmers in October who feel mistreated and threatened in their entrepreneurship.

In Germany at the beginning of September there were farmers-protests against the package of measures proposed by Federal Minister of Agriculture Julia Klöckner (CDU) and Minister of Environment Svenja Schulze (SPD). Farmers fear that the agricultural measures will endanger family businesses and the competitive position of German farmers.

In December a new Corona virus (COVID-19) came up. Governments ordered restrictions for travel and limitation of distribution of goods in the Chinese market. The virus has spread to other parts of the world indicating possible restrictions for other markets.

Source: Trends based on the strategy analysis, Bain & Company 2018

Trends

Implications

1	Growing population and prosperity in emerging markets	Demand shift, changing diets, increasing demand for meat in upcoming markets and decreasing demand in saturated markets
2	Health	Fitness & wellness, low-fat/sugar/sodium, pharma convergence
3	Food safety	Regulation, tracking & tracing, vertical integration
4	Volatility	Volume, quality, prices
5	Production shift	Upcoming processing infrastructure in emerging markets
6	Differentiation	Poor versus rich, premiumisation versus smart shopping, customisation
7	Consumer activism, animal welfare	Fair and sustainable products, transparency
8	Sustainability	Increasing pressure on land and water usage, biodiversity, greenhouse gas emissions, public and political discussion
9	Changing diets	Dispersion of diets as a result of globalisation, migration, and alternative sources of protein
10	Technological developments	Genetics, crop yield, extraction, processing possibilities, meat substitutes

● Opportunity

● Opportunity and risk

● Risk

Building Balanced Chains

Supply chain of the future: ME-AT

Global demand for alternative proteins is growing. People are making more conscious choices in their diet and often choose to eat less meat or none at all. They are also becoming increasingly aware of how their food choices impact the climate and animal welfare. That is why, in 2019, Vion took a remarkable step. In addition to the sustainable production of traditional meat, the company will also market high-quality meat alternatives under the name ME-AT. Willem Cranenbroek, General Manager of ME-AT, talks about the creation of a new, sustainable Vion supply chain.



Willem Cranenbroek
General Manager of ME-AT

Visitors to Cologne's Anuga trade fair in October 2019 were the first to experience it. They got to enjoy burgers, schnitzels, minced meat, fillets and sausages which were 'meatlike', completely vegan and, above all, very tasty. "The first reactions were very positive," says Willem Cranenbroek, "Now we'll continue to develop products and raw materials, and further expand our range."

Flexitarian

ME-AT products are 100% vegetable and have the taste and consistency of meat. A conscious choice, according to Cranenbroek. "Our most important target group is the flexitarian: people who want to eat less meat. They've chosen to adjust their eating habits, but still enjoy meat. We offer them a product that is as close to meat as possible, without it being meat. That way, it becomes easier to eat less meat."

Our own supply chain

Building Balanced Chains' is central to Vion's strategy. For ME-AT, Vion also wants to build its own chain. Cranenbroek explains: "Just as with our animal products, our aim is to develop a chain 'from farm to food'. For that, we need growers for our raw materials, but also partners specialised in the field of breeding, cultivating and processing those raw materials." That will be the challenge for the coming period, he explains. "Soy, wheat and pea protein currently are the basis of the products. We want our raw materials grown locally as much as possible in closed chains. On the one hand, this ensures a sustainable relationship with all partners in the chain and, on the other hand, it reduces our ecological footprint. At present, a crop like soy is difficult to grow on Dutch soil. That's why we are currently not only looking at the possibilities of soy cultivation in the Netherlands, but also at the use of other protein crops."

Dedicated growers

Once the raw materials have been selected, Cranenbroek is looking for growers who want to grow those crops and who will adjust their cultivation plans accordingly. "In an ideal situation, we will have dedicated growers. Then the focus is not on one crop, but on multiple crops. With these growers and the right strategy, we can ensure that we make small improvements every year. Until now, the raw materials we used in our products were not grown specifically for high protein yields and meat alternatives. If we can complete the chain, we can optimise the process together so that the protein yield is higher." The time of 'dedicated growers' may not yet have arrived, but the first careful steps have been taken. "At present, we mainly use raw materials from stock, but we expect to be able to work with our own farmers from 2021 onwards."

"ME-AT products are 100% vegetable and have the taste and consistency of meat"

– Willem Cranenbroek

Challenges

Linking the entire supply chain together will be a nice job, says Cranenbroek. But that is not the only challenge he sees. "We are busy arranging the sale of our products. From the first quarter of 2020, our products will be available in supermarkets in the Netherlands and Germany. Retailers in other countries have also expressed an interest." Price is an important factor in the control of sales, he explains. "We believe that the price of our products should be brought close to the price of meat. That is not easy. Many meat substitutes are more expensive than meat. I think that



general acceptance will come when the price comes close to that of meat. If you, as a flexitarian, find a product good enough to replace meat, then it helps if this product is not much more expensive. If we can solve that problem, we will have a large group of consumers."

Future

Despite all the challenges, Cranenbroek also sees many opportunities for the company. "ME-AT is a start-up within the Vion organisation. We are very happy that we can use Vion's network. Vion has representatives all over the world, which gives us a great platform. We have only just started developing our products, and we can still make great strides in the field of protein development. In addition, we are busy with Research & Development so that we can further expand our range in the coming period. We are very confident about the future."

ME-AT
THE ALTERNATIVE

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. 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.

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: appendix 'Stakeholder engagement' on page 118. The sources used for this analysis are part of our daily business and are used for strategic decision making.

The meat industry has been receiving a lot of attention in recent years, especially on matters related to health, 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.

18 Relevant topics

11 Relevant social topics

1. Food safety
2. Animal welfare
3. Traceability and product integrity
4. Role of protein in a healthy diet
5. Salt, fat and sugar content
6. Additives
7. Working conditions
8. Employment and diversity
9. Training and education of workers
10. Nuisance for neighbours
11. Community involvement

5 Relevant environmental topics

12. Sustainable farming
13. Water usage
14. Carbon footprint of processing
15. (Food) Waste management
16. Sustainable packaging

2 Relevant economic topics

17. Fair pricing
18. Indirect economic impacts

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

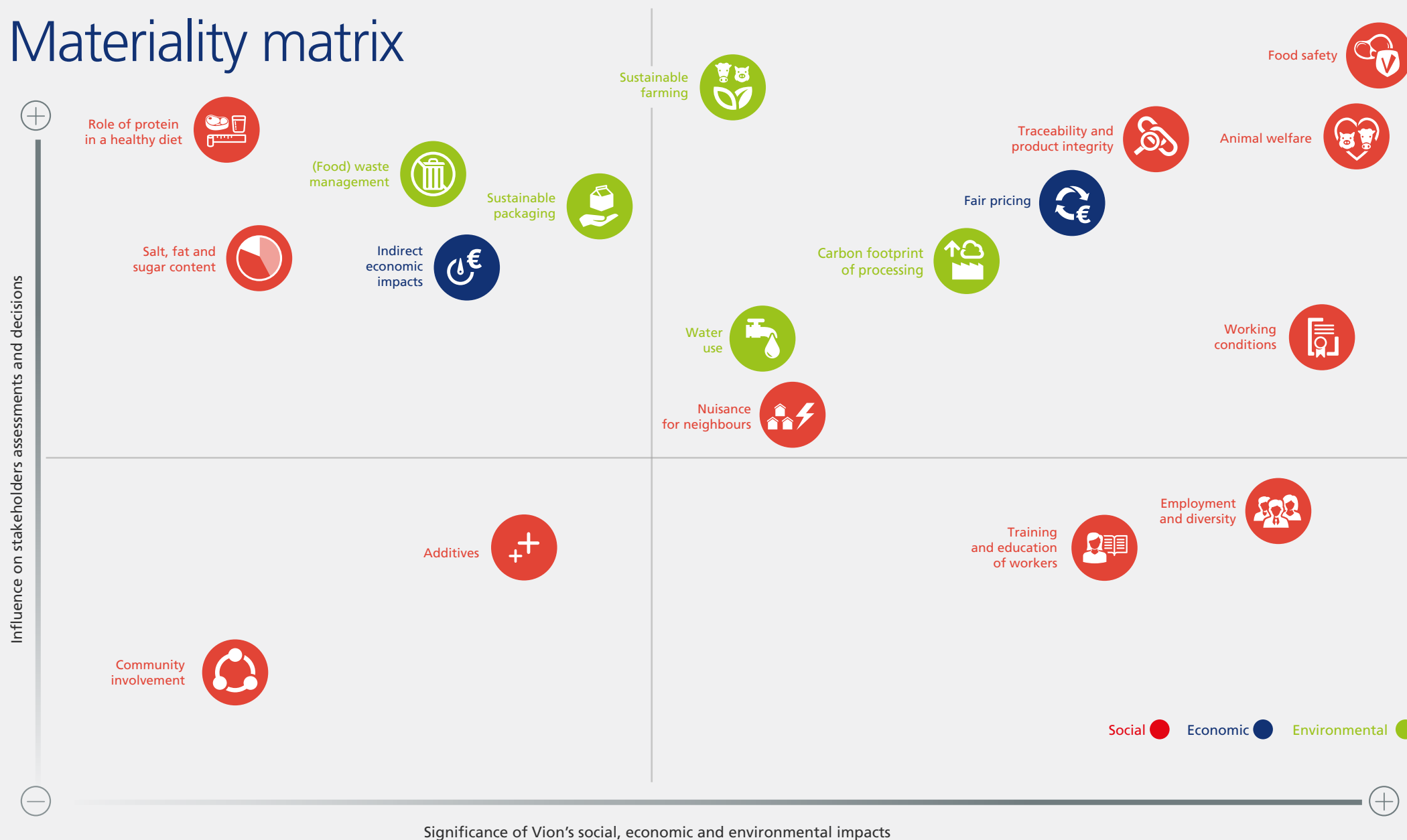
To determine the first dimension, we defined the importance of that topic for each stakeholder group on a scale of one to ten. The most important stakeholder groups were given more weight than other stakeholder groups. The weighted average determined the place of that topic on the y-axis of the materiality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



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.



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



Working conditions: the health and safety of all our workers and working conditions with special attention for third-party labour.



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

Environmental topics



Sustainable farming: the environmental aspects of livestock farming.



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



Water usage: all water used at 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



Strategy development 2020-2024

At the beginning of 2019, Vion began developing a new sustainable corporate strategy in order to realise demand-driven supply chains and produce Food that Matters to help meet the global food demand. This occurred after completing the initiatives from the business plan created in 2016.

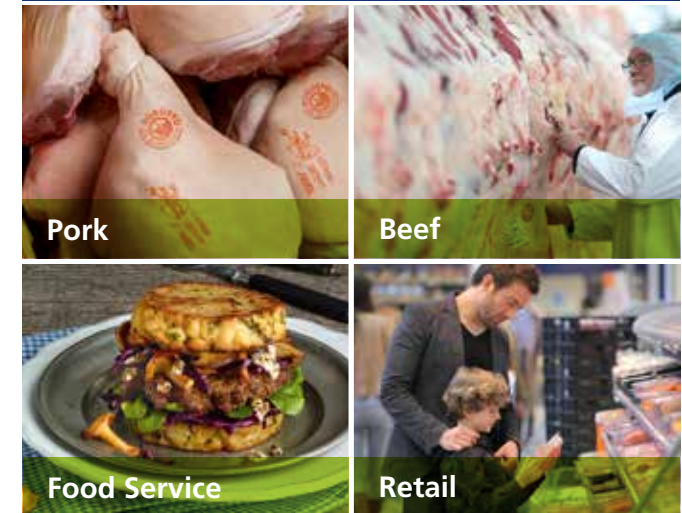
Together with the Executive Committee and other business leaders, colleagues from different divisions and countries formed a dedicated strategic project team which was facilitated and supported by consultancy companies. As part of the preparations, internal and external (stakeholder) analyses were performed and the collected findings and results were translated into specific initiatives for Vion.

During the development process, numerous stakeholders across the organisation were involved, creating a shared understanding of how to move Vion forward in its strategy. At the end of 2019, this resulted in an integral strategic roadmap for the years 2020-2024 called: **Building Balanced Chains (BBC)**. As part of the new strategic plan, a new vision, purpose and positioning of the company were defined to support the creation of demand-driven supply chains and balanced food chains. During the management meeting in November, the outcome and strategic plan was presented and the process of implementation began immediately.

To ensure the success of the strategy's implementation, the implementation process requires a new way of working which is defined by the core values 'Sharp, Connected and Brave'. As part of the new strategy, the three divisions Pork, Beef and Food Service will be changed into four Business Units: 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.

As of 2020, the company will manage its operations based on this structure of four Business Units. Each Business Unit is managed by a dedicated management team responsible for executing the strategic plan and carrying out business activities within the Business Unit. The new structure will contribute to a further focus on the company's direction, while improving collaboration and utilising synergy between the Business Units.

Four Business Units as of 2020



Vision, purpose and positioning

Our Vision

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

Our Purpose

By bringing people together to build future proof protein chains, we provide Food that Matters

Our Positioning

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

Strategic focal point: Building Balanced Chains

We implement Building Balanced Chains to give farmers a future and customers a difference

**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

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.

Balanced chains are demand driven food chains with:

- **Farm management optimisation:** making relevant data available to farmers for optimising their management and improving animal welfare, efficiency and environmental effects.
- **Protein valorisation.**
- **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 in the best possible way.

As a trusted market maker at the midpoint of supply chains, we connect a group of farmers to a group of customers. That way, 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 CO₂ footprint.

We are committed to setting the standard for hygiene measures in the chain. We also intend to set the standard with regard to integrity, transparency and data-sharing, to improve consumer trust in our industry. 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.

It takes time to match supply and demand. We believe there is space for 6 or 7 chains in the Netherlands and up to 10 in Germany, with Vion focusing on optimal valorisation of the meat. The rest, approximately 30% of the offer, remains free market.

Examples of balanced chains we built

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 pig supply chain, with an integrated approach from pig breeder to 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. The 95 farmers who supply pigs to De Groene Weg are members of a suppliers' association, all certified with the European Organic, 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 page 16.

Good Farming Star (GFS)

Within our GFS concept certified with Beter Leven 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 ham 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 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.

Building Balanced Chains

Meet our Geprüfte Qualität Bayern beef chain partners

For several years now, there has been a well-established example of a functioning meat production chain in Bavaria, Germany. Regarding the 'Simmental Fleckvieh' cattle breed, Vion Waldkraiburg cooperates with two regional producers' associations, whose farmers deliver their animals to the cattle farm in Waldkraiburg. All animals have the Bavarian 'Geprüfte Qualität Bayern' certification (GQ-Bayern). Through a regional quality and traceability program, Vion has managed to form a closed chain, from the farmer and the meat trade to retail and the consumer, based on the principles of animal welfare, sustainability and regionality.



Hubert Mayer
Farmer in Bavaria



Willi Habres
Meat manager at Vion



Horst Mayr
Chief buyer at Rewe

Under the "SIMMENTAL PUR" brand, supermarket chain Rewe Süd in Bavaria has been marketing high-quality beef at the fresh food counter and as self-service products since 2015. The three partners - agriculture, Vion, Rewe Süd - have been awarded the "Regional Star" prize for this successful, sustainable and regional concept.

The farmer

On the approach to Hubert Mayer's rural property above Lake Chiemsee, the sight of the well-tended ensemble of residential buildings, stables and haystacks is impressive. In an idyllic location in the south of Bavaria, he and his family run a cattle farm and offer holiday accommodation on their farm. The 230 young bulls and heifers at the farm are fattened in spacious pens up to the age of 18 to 20 months. At 90 to 100 kilos, the calves are housed, after which they gain a little over 1200 grams per day in the fattening. That may not be the biggest increase, but Hubert Mayer knows why it is so and what the result will be. Excellent meat.

"The meat has a lower fat content and optimal meat quality"

– Hubert Mayer

What is this farmer's philosophy? He produces in an animal friendly and sustainable manner. In 1989 Hubert Mayer already decided to switch from keeping cattle on grated floors to a sloped floor system, i.e. the lying areas are scattered with fresh straw on a daily basis. In addition to the fact that his bulls feel more comfortable on the soft surface, there is an additional, not insignificant advantage: "The meat has a lower fat content and optimal meat quality," says Mayer. "The soft layer for the animals, which is regularly replaced, comes from our own fields."

"We are the pioneers of sustainable cattle production," says Mayer, who is also chairman of the board of the marketing cooperative VVG Oberbayern, which has 15,000 members. "There is no landscape conservation without cattle farming", he is convinced. "And we mainly take care of the landscape on our land." The fodder for the animals also comes from our own land, the cattle are each given half grass silage and half maize silage. Mayer obtains the necessary additional protein from the oil mill in the neighborhood. His Simmentaler eat rapeseed cakes from Upper Bavaria.

The meat manager

At Vion, Willi Habres is 'meat manager' and he is always trying to come up with new things. As a down-to-earth Bavarian who loves his country and nature, he obviously knows what's going on in agriculture. And thanks to his constant contact with retailers, he knows very precisely what consumers want and what is in demand at an early stage. He helped establish some of the trends in beef marketing in Germany, for example Dry Aged Beef. The basis for Habres' work lies in the meat of the Simmental Fleckvieh, which is supplied by producers mainly to the Bavarian slaughterhouses Waldkraiburg and Buchloe. Vion has managed to make Simmental a well-known brand of premium beef from Bavaria. Habres' share in this is clear, he marketed it in retail and the food service industry.

"With our GQ-Bayern chain for the regional product SIMMENTAL PUR, we create reliability for everyone involved"

– Willi Habres

Reliability in production is important for Habres. This is how the idea arose, to create a link from farmer to consumer. "With our GQ-Bayern chain for the regional product SIMMENTAL PUR, we create reliability for everyone involved,"

says Habres. "We managed to bring agriculture, food retail and Vion together on an equal footing. Being able to meet the trend for regional products with a Bavarian breed, has really helped us."

Habres has recently observed that retail is no longer just about prices and the need to be cheaper, and that pleases a meat manager. "Where retailers used to build on quantity, they are now much more sensitive to what the customer wants." Chain production, as offered by Vion with SIMMENTAL PUR, is the ideal route for this development. Habres: "In this regard meat companies play a new role, we are now intermediaries between agriculture and trade."

The retailer

Rewe's fresh food warehouse in southern Germany is strategically located between the airport and highways on the outskirts of Munich. At night and early in the morning, it really gets busy in the municipality of Eitting. Transporters come to load fruit and vegetables, cheese, meat, sausages and milk products, but we are interested in fresh meat and especially Bavarian beef. In the southern region of the Rewe Group, Horst Mayr knows that product best.

Chief buyer Mayr has been using the GQ-Bayern certificate for ten years at Rewe. "Regional products are on trend, animal welfare is gaining power and we want to offer that to our customers too," says Mayr. "We try to source all our fresh meat from Bavaria." That's – can you believe it – 94 percent of the total of beef sold in 520 Rewe and 100 Nahkauf supermarkets.

Rewe has been working with Vion in the SIMMENTAL PUR production chain since 2015. "At the beginning, we had a 50 percent increase in beef sales," Mayr recalls. In the following years, the strong growth for this high quality Bavarian product has not changed. "Sales of SIMMENTAL PUR products are well above the market development, depending on the season we see growth of between 12 and 20 percent," says Mayr.

"Regional products are on trend, animal welfare is gaining power and we want to offer that to our customers too"

– Horst Mayr










Over 70 percent of the beef coming from the Vion chain is sold at the meat counters at Rewe. Mayr is convinced that consumers are willing to pay ten percent more, if that would benefit animal welfare. "But we don't sell on price. For us, the story of trust is much more important: providence is key, the customer knows where the meat comes from and can rely on the good quality." Rewe also builds trust using leaflets, which not only advertise a product that is good value, but also give information on the breeding of the animals and the 'Geprüfte Qualität Bayern' certification.

Looking to the future, Mayr is pretty certain that livestock farming and animal welfare will play an increasingly important role. He can even imagine that the organic beef industry might achieve a market share of 30 to 40 percent. The trend shows it. "We have to keep developing, just to say that we are regional, is no longer sufficient. The consumer demands to know everything about the meat product." With SIMMENTAL PUR chain production, this easily can be made possible.

CSR strategy

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 2019 Trend versus 2018 ▲ Better performance ▼ Lower performance ● Stable performance	Target for 2020	Contributing to SDG target	External trends	Risk/opportunity for Vion
Social Topics						
 Food safety	% compliance to Vion's internal - beyond legal – microbiological standards for product hygiene	▼ 87.8%	90%	2.1	Growing demand for safe food	- Opportunity: food safety is a key attribute for Vions customers. Food safety is embedded in the codes of practice at all Vion production sites
 Traceability and product integrity	% of the sales volume originated from plants certified according to a specific product integrity standard	● 82%	85%		Growing demand for traceability	- Opportunity as Vion sources locally and is building balanced chains
 Animal welfare	% of the animals for which no restunning was needed. All of the animals were stunned before slaughtering	● 99.8%	99.9%		Growing attention for animal welfare	- Risk for overall meat demand - Opportunity as we are a frontrunner on animal welfare and will also offer plant-based products as alternative
 Working conditions	% absentee rate Vion total	▲ 4.3%	<4.5%	8.8	Shortage of potential workers	- Risk of shortage of operational personnel, potential problems with operational planning
 Nuisance for neighbours	Number of complaints about Vion in the municipality of Boxtel	▼ 211	<180			- Risk: licence to operate in the local community
Environmental topics						
 Sustainable farming	Number of farms on which the GHG emissions are assessed	▲ 5	20	13.3	Growing attention for environmental aspects of livestock farming	- Risk for overall meat demand - Opportunity as GHG emissions of North-Western European livestock farming are relatively low compared to other regions in the world
 Carbon footprint of processing	Non-renewable energy consumption per tonne sold	▼ 803 MJ	<800 MJ	12.2		
 Water usage	Usage of municipal water per tonne sold	▼ 1.62 m³	<1.55 m³	1.4		
Economic topics						
 Fair pricing	% of the delivered pigs in the Netherlands from farmers participating in Good Farming Balance	▲ 74%	80%	15.6	Price volatility	- Risk and opportunity for margins
	% of the delivered pigs in Germany from farmers participating in Good Farming Balance	▲ 10%	25%			

Our strategic priorities within the CSR topics

5

Strategic CSR priorities

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

**Traceability
and
product integrity**

**Sustainable
farming**

Food safety

Animal welfare

Fair pricing

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 on these topics, such as food safety standards, integrity standards, animal welfare standards, and CO₂ footprint calculations.

Due diligence

Vion takes 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 all 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, Vion's experts in health and safety review annually the RIE (Risk Assessment and Evaluation) of the working conditions within Vion. Concerning working conditions in the supply chain, Vion participates in the food industry IMVO programme. Concerning environmental impacts, an active 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 right.

Activities taken to prevent, stop or mitigate possible abuses

Compliance to standards prevents, stops or mitigate possible abuses in the supply chain. Therefore, Vion cooperates with supply chain partners and other relevant stakeholders to set and execute private standards. Vion is 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 Vion is also an active partner. With respect to environmental impacts, like greenhouse gas emissions, Vion cooperates with the European Commission and other stakeholders to set the PEFcr standard. Together with several animal welfare charities in Europe, Germany and the Netherlands, Vion evaluates a common strategy to improve on sustainability topics.

Monitoring of activities' implementation and results

Within Vion's organisational structure, KPI results on all material CSR topics that might have a negative impact, are reported to the executive committee on at least a quarterly basis. Within the executive committee also the mitigation actions to control non-compliances are evaluated.

Informing stakeholders of activities and results

Vion publishes audit and inspection results on its dedicated transparency websites, which are accessible to the public. Vion assesses the compliance with food safety, 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 control the situation.

Remediation procedures

In case of any non-compliances (e.g. antibiotic use) Vion gets into discussion with the supplier to remediate any negative effect of this non-compliance in the supply chain. 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

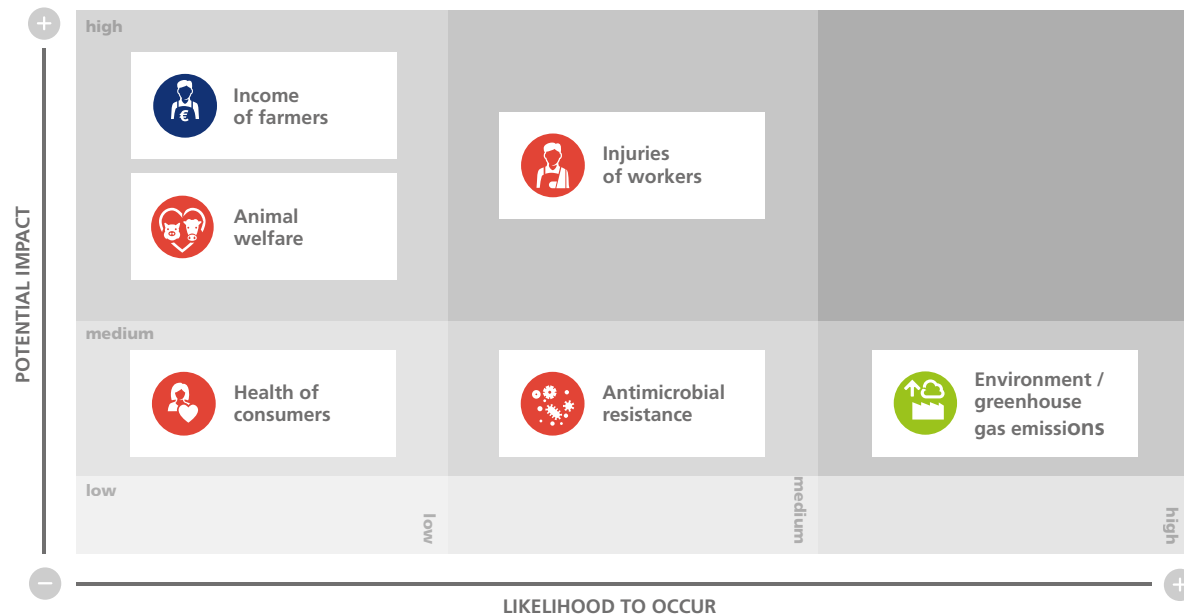
In case of a food safety non-compliance, Vion has the following procedure:







- Risk identification: when a non-compliance occurs, Vion immediately starts 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.

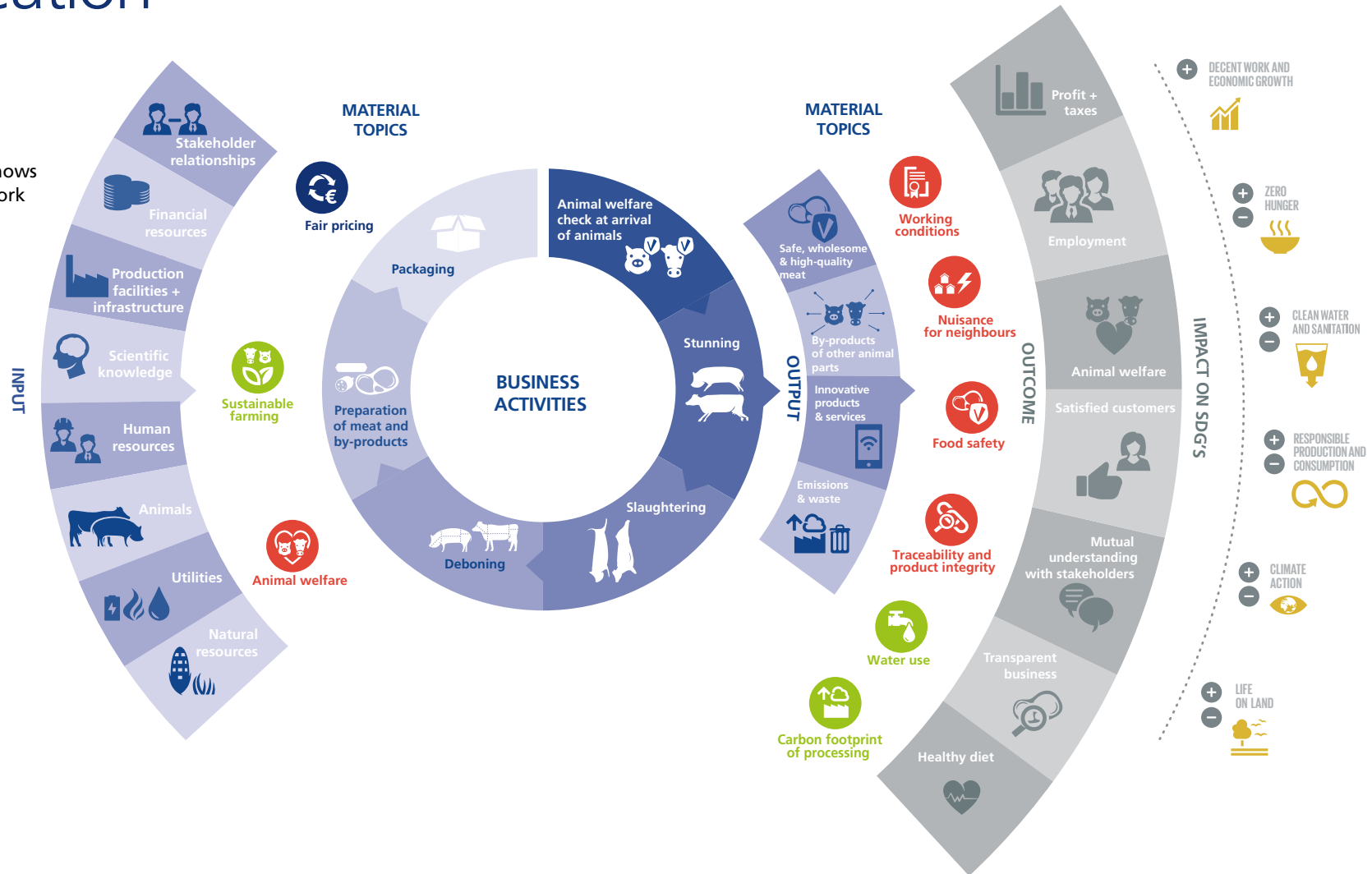
The organisation of supply chain management, minimising negative impact, and the monitoring systems are part of Vion's strategy and approach on each material CSR topic. More detailed information is in the section on the respective material topics.



Risks (potential negative impact)	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 on page 57.
 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' on page 75 and 'Carbon footprint of processing' on page 90.
 Income of farmers	Vion, customers, consumers	The number of farmers is declining, for reasons such as bankruptcy. 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' on page 80.
 Health of consumers	Vion, customers, consumers	Food safety is our top priority. Read more about our approach in the material topic 'Food safety' on page 47.
 Antimicrobial resistance	Farmers	See our approach on minimising the risk on antimicrobial resistance in the material topic 'Animal welfare' on page 57.
 Injuries of workers	Vion's workers	We continuously work on improving the safety of our workers. Read more about our approach in the material topic 'Working conditions' on page 83.

Value creation model

Our value creation model shows how we create value and work on a sustainable future.



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 Vion's 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). Vion's 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). Vion's 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). Vion's 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). Vion's 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 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). Vions targets on fair pricing contribute to this specific SDG target.

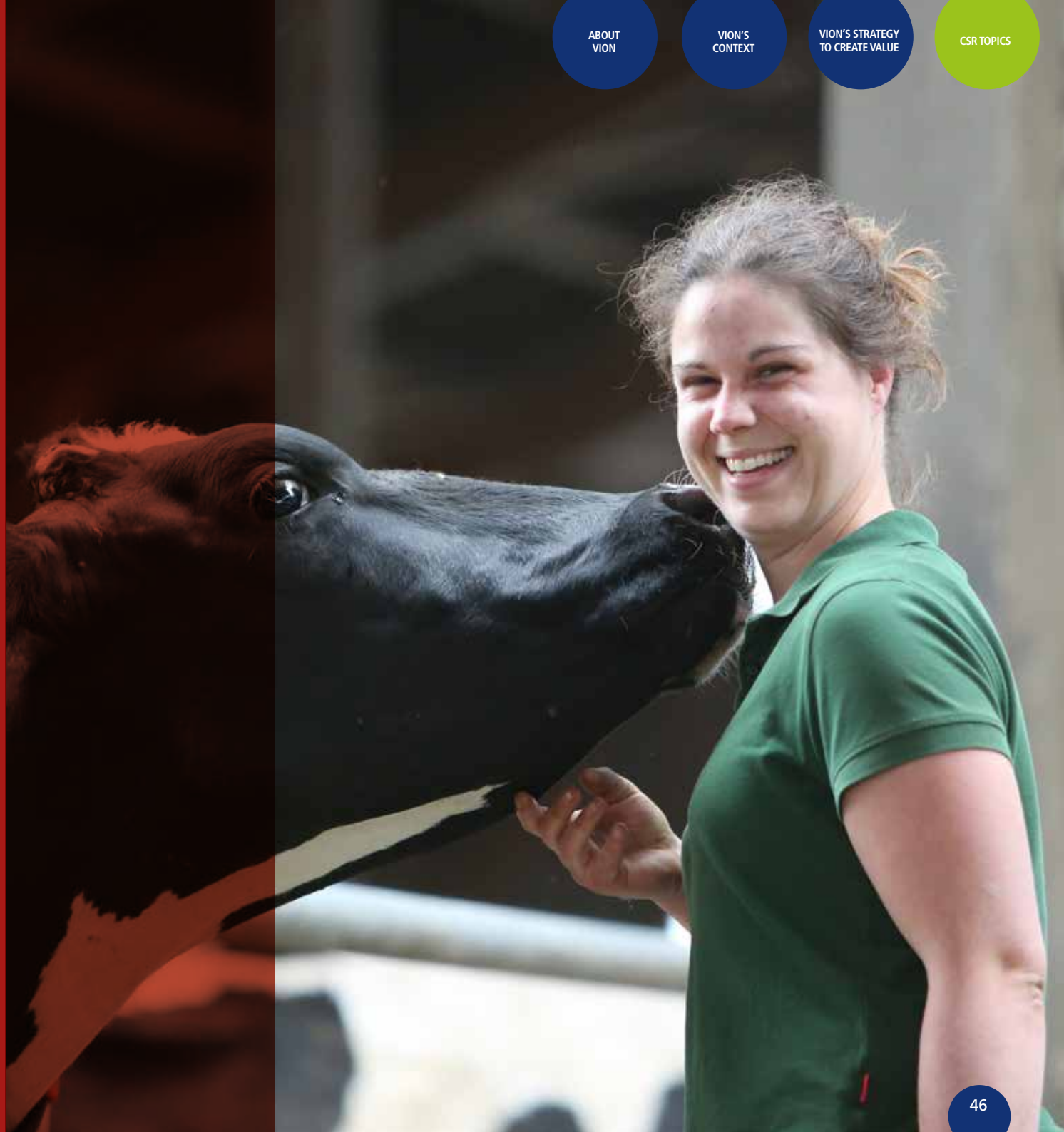
CSR topics

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS





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 objective

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.

Vion's 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 Vion 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: Vion 'samples to find' because that provides valuable information to act upon. For instance, Vion takes 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 standards used by Vion fundamental to the food safety system are the International Featured Standards Food (IFS Food) and the British Retail Consortium (BRC) standard. By meeting the requirements of these standards, Vion shows that it complies with a high level of food safety. Vion is committed to be audited by third parties to show conformance to the highest food safety standards. Vion publishes these and other audit reports, as well as quarterly inspection results, on its Dutch and German public websites www.vion-transparantie.nl and 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, but it is part of nature. However, monitoring the number of micro-organisms does provide a useful indication of hygienic working practices. Vion bases its 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 2020, we aim for compliance to the Vion internal standard of 90% for pork and beef and to increase this to 92% in 2022.

To control risks in the supply chain, Vion requires its 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 2019 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 2019

Research into the potential of modern technologies in microbiology

Vion cooperates with several academia and other scientific groups, e.g. with Freie Universität Berlin, Wageningen University (WUR), Utrecht University, Bundesinstitut für Risikobewertung (BfR) and IBM. For example, we work with IBM and WUR on the topic of whole genome sequencing (WGS) and microbiome analyses. This project offers insight into how groups of bacteria live together in biofilms, and whether they form or prevent an ideal environment for harmful bacteria such as Listeria or Salmonella. All sampling occurred at Vion Boxtel during 2018 and 2019. Analyses were carried out with so-called next-generation sequencing techniques. Statistical analyses were done by IBM in early 2019. We expect to finish the project in 2021.

Listeria

Vion recognises Listeria 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 from a Listeria infection. 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, Vion has cooperated with Wageningen University and the Dutch National Institute for Public Health and the Environment (RIVM) on toxoplasma. The project is entering its final stage. The research 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. The final results of this research are expected sometime during 2020.

Hepatitis E virus

A few years ago, Vion and other meat industry partners showed how to control hepatitis E virus in meat products with the aim to reduce foodborne risks. Not processing pork liver into raw fermented products was shown to substantially effect humans' exposure to hepatitis E. However, the domestic pig was not focused on as the source of the virus. In January 2019, Vion began 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 virus on pig farms, with the aim of reducing the infectivity of pigs at slaughter and to reduce the associated public health risks. By taking control measures at the farm, we also tackle other transmission routes, including direct contact with pigs and environmental transmission. The results of this project are expected in 2022.

Recalls

There were two public recalls carried out by Vion during 2019. Both products were externally sourced:

- A veggie burger that was contaminated with plastic.
- A microbiological contamination of meatballs.

? Dilemma

Consumers increasingly prefer meat from animals that have had free access to an outdoors environment. However, direct contact with a natural external environment is not always favourable from a biosecurity point of view – there can be an increased risk of infectious organisms, such as parasites, bacteria and viruses. Vion monitors pigs with a higher biosecurity risk more extensively in the blood monitoring programme. Every time this programme reports non-conformances, a follow-up programme is initiated at the farm and scientific researchers are regularly involved in advising the farm in resolving the issues.



Food safety

▶ Outlook

- In 2020, Vion's product range will be expanded with plant-based products. The relevant hazards associated with these products will be further integrated into Vion's HACCP system.
- In 2021, we will complete our research on whole genome sequence (WGS). We will then share what we learned from our research on the prevention of toxoplasmosis infection on farms.



Salt and nitrate reduction

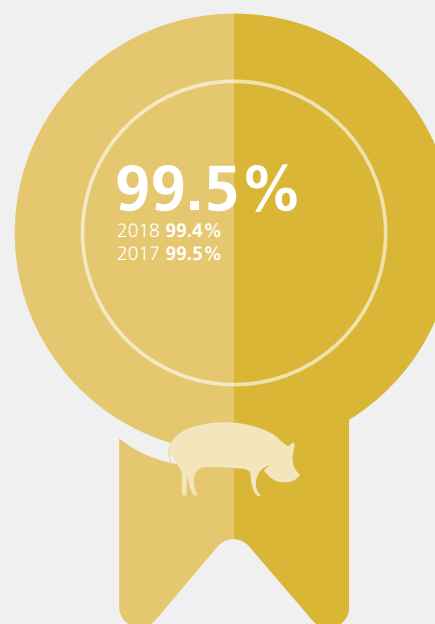
For several years, Vion has had an ongoing strategy to reduce the salt content and especially the nitrite concentration of its meat products and bacon. Vion lowered the salt content in its consumer products, such as cooked ham and bacon, by between 10% and 50% during recent years. Concerning bacon, Vion is participating in a project which aims to reduce the added nitrate content from 150 particles per million (ppm) to 15 ppm, without compromising food safety.

Results

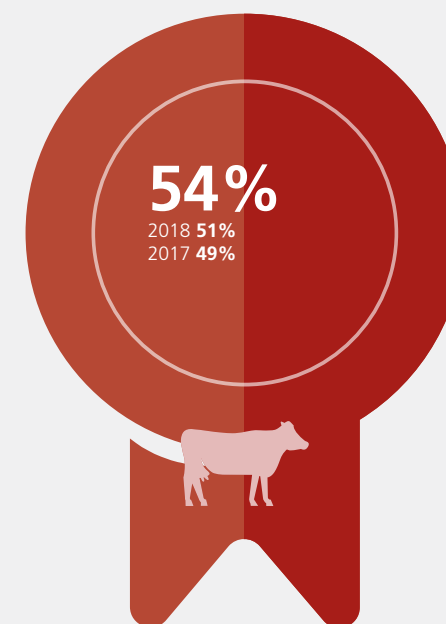
% sales volume from GFSI approved plants (IFS or BRC)



% 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)



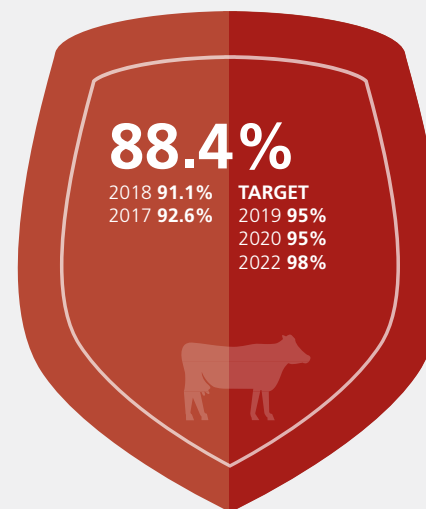
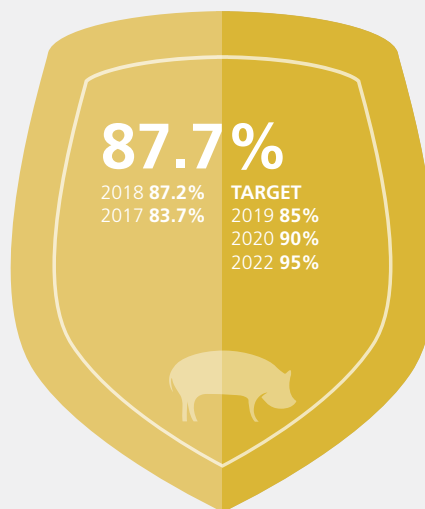


Food safety



Results

% compliance with internal Vion microbiological standards for product hygiene



Clarification of results versus targets

The 2019 targets on Vion's internal microbiological standards were 85% and 95%, for pork and beef respectively. For pork this target has been achieved, for beef it has not. This is due to the fact that in 2019, one slaughterhouse experienced a larger-than-normal personnel change. Corrective measures were undertaken effectively and the microbiological KPI-monitoring reflects the uprise.

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. The norms applied within the Vion internal standards are stricter than those in legislation. Legal compliance is guaranteed at all times.



The view of...

Dr. Marcus Langen

Veterinary specialist for food and counter-sample expert at Dr. Berns Laboratorium

"The number of Listeria infections in people (Listeriosis) has been relatively small"

Listeria monocytogenes – (No) new danger for consumers!?

"Looking at the number of news articles, especially in the last year, might lead to the assumption that Listeria monocytogenes (L. m.) is a recently emerging infectious agent in food, that is spreading uncontrollably. However, Listeria is a pathogenic bacterium that has been known since the beginning of the twentieth century. Compared to other food-associated bacterial diseases that have been reported at the Robert Koch Institute, the number of Listeria infections in people (Listeriosis) has been relatively small (minimum since 2010: 326 cases in 2011, maximum 769 cases in 2017). Listeriosis can cause gastric and intestinal inflammation, brain infection or meningitis, but also lead to premature or still births. Of notifiable diseases Listeriosis has one of the highest mortality rates. Listeria is therefore not a new threat, but one increasingly dangerous for consumers."

Why has Listeria only recently become the focus of public interest?

"Listeria and its health risks for consumers have long been known. What has changed in recent years is the availability of analytical methods for explaining outbreaks of infection and also identifying epidemiological relationships. Nowadays, 'Whole Genome Sequencing' (WGS) enables us to decode the entire genome of bacterial isolates from sick patients, from food and from the production environment. In databases these genome sequences can be compared with other genome sequences. A decoded genome of a bacterial isolate is almost like a fingerprint; the more similar the genomes of two bacterial isolates are, the closer they are related. Isolates with an identical or nearly identical genome certainly, or with a probability bordering on certainty, originate from a common source. So these days it is possible to quickly identify outbreaks and compare patient isolates with, for example,

bacterial isolates from food or from the production environment of food companies, revealing epidemiological relationships that previously could not be found or only to a limited extent."

Where does Listeria actually come from and how does it get into food?

"Listeria exist widespread in the environment, in water, in the ground, on or in plants, in silage as well as manure. These are cold-tolerant bacteria that can multiply even at temperatures as low as -1.5° C. Listeria can be introduced into the food chain through various primary products such as fruit, vegetables, milk, as well as in or on animals and thus also with fresh meat. If during food production a process step to kill Listeria in raw materials is missing, expect to find Listeria in those products, even under optimum hygienic conditions. Listeria gets stuck and multiplies, especially in hard to reach

areas in the production facility. From these areas, foods can be recontaminated, even after having been subjected to heating or another Listeria-reduction process previously. A direct health risk from Listeria for the consumer exists in ready-to-eat foods. Depending on the chemical-physical properties of such foods, any contamination with Listeria can lead to germ levels that are harmful when consumed. How much germ levels increase depends on the shelf life and storage conditions of the product."

Has the Listeria risk been underestimated in the past?

"Obviously the Listeria risk has not always been assessed correctly in the past. Epidemiological connections between outbreaks of listeriosis and isolates of Listeria from food or food manufacturers uncovered using WGS, show there have been food manufacturers dealing with Listeria who have put contaminated food on the market. In these cases, the company's self-control concepts, the review of the companies with regard to food safety standards and official food monitoring were not functioning effectively. In this regard, all stakeholders are now sensitive to the situation and are trying to take the correct measures from the knowledge gained. These measures have to be reasonable, proportionate and compatible with food law. Not every presence of Listeria must automatically lead to product recalls, quick warnings or plant closings. Rather, every Listeria case requires a specific assessment. Unfortunately, in the heat of the moment, occasionally this has been forgotten in recent months."

What can be done to control the danger posed by Listeria in food?

"There is quite a number of effective preventive measures. To list them all here would be too much. In principle everyone should take care, within their own responsibility, to prevent avoidable Listeria contamination of food and to counteract the uncontrolled increase in Listeria in food. All stakeholders "from farm to fork" are required to play their part. For example, consumers should strictly adhere to the instructions for storage and use specified by the manufacturer. Food manufacturers themselves must, among other things, control the flow of personnel and goods in a risk-oriented manner, continuously maintain operational infrastructures and ensure that there is sufficient time for effective cleaning and disinfection measures. Machines and work spaces should be designed so that they are easy to clean. Bear in mind that effective Listeria prevention measures and political or social demands can actually be conflicting. For example, it would make sense to give ready-to-eat foods susceptible to Listeria

multiplication a consumption date instead of a minimum shelf-life date and dispose of said food after this date, even if this is not in line with sustainability concepts or government campaigns against food waste. The 'clean label' principle should also be avoided in certain situations. Additives can prevent or slow down the multiplication of Listeria in food. The use of additives can therefore help to increase the level of food safety. Incidentally, this applies also for salt and sugar, which act as microbiological hurdles in food, influencing the multiplication behavior of Listeria. This should be taken into consideration when reformulating based on the reduction strategy. The health hazard for consumers posed from Listeria in food is manageable, as long as the right preventive measures are taken."

"There is quite a number of effective preventive measures"



Traceability and product integrity



Why is this topic material?

Consumer trust can only be gained when the consumer can retrieve relevant information about a food item. 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 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, Vion works 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). Vion's targets are based on our own processing facilities, but we also consider the full supply chain, especially for products sold with additional attributes.

Vion's management approach



Our policy, commitment and objective

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 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.

Vion 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 Vion can immediately trace, on a daily basis, the product back to the group of farms which delivered the animals. Consumer products which contain several parts can be traced back to several slaughter days in our supply chain.

For customers such as retailers, Vion 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.

Vion's quality standard includes a description of our physical and administrative processes. Vion makes 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, Vion recognises that product integrity is primarily the responsibility of all supply chain partners. Based on this, Vion 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 Association and several certifying bodies. Since 2017, IFS (International Featured Standards, Berlin) joined this initiative



Traceability and product integrity

Impact on society

With our traceability and product integrity, we don't make a negative impact on society. During 2019, 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.



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, Vion and its relevant stakeholders took their control of process and product integrity to the next level.

Vion's 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. Vion's objective for 2020 is that 85% of its sales volume originates from plants which are certified according to a specific product integrity standard.

In organising product integrity and traceability, Vion works 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 2019

During 2019, Vion has installed modernised software systems 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. Vion makes sure that these individual supply chains are dedicated to one customer. Vion's 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 Vion's ambition to develop demand-driven, sustainable, transparent supply chains: Building Balanced Chains.

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, Vion successfully passed the first IFS Product Integrity Assessment at their largest pig slaughter facility in Boxtel. Vion is the first food company in the world to be successfully IFS PIA assessed.



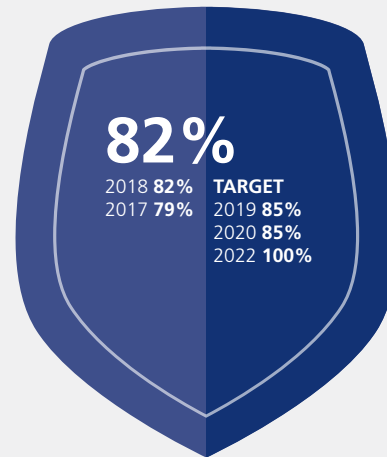
Traceability and product integrity

▶ Outlook

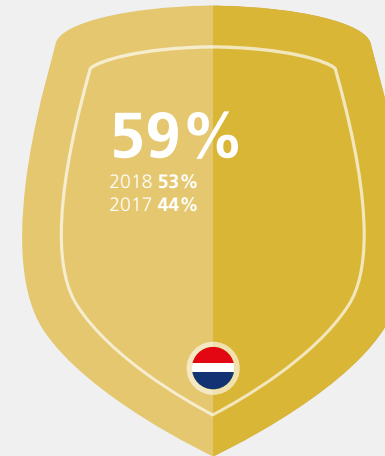
- In the Netherlands, all production locations will be assessed according to IFS PIA in 2020. German production sites will begin in 2020, and all of them are to be assessed by the end of 2022.
- In the coming years, Vion expects strong developments in the area of data use in the supply chain. It is important 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, Vion is 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.

Results

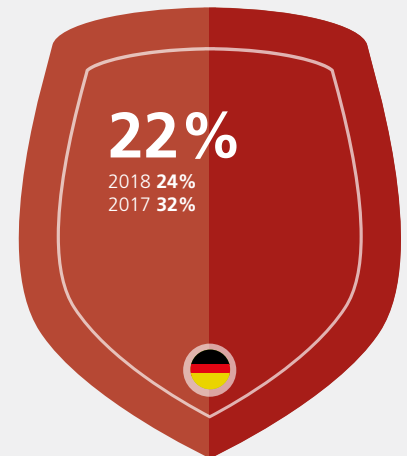
% external sold volume with a specific integrity standard



% external sold volume from plants with Dutch CBL product integrity standard or IFS PIA



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



Clarification of the results

The 2019 target was to have 85% of our external sold volume certified under a specific integrity standard. We reached 82%. We improved on the percentage external sold volume from plants with Dutch CBL product integrity standard or IFS PIA, but the percentage external sold volume from plants with German Orgainvent or LQB-Herkunft integrity standard declined. This is 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.



The view of...

Stephan Tromp

Managing director
International Featured Standards (IFS)



“Customer requirements are more complex and consumer expectations increase”

IFS for Food is highly acclaimed in the food industry. What aspects do you think contribute to their success?

“IFS determines whether food producers can produce safe food according to customers’ rules and specifications. IFS use a risk-based approach, which means that food producing companies can develop their own procedures specifically for their processes. This approach results in differentiated relevant control measures depending on the food produced. IFS combines food safety criteria with quality control criteria, based on customer demands and consumer expectations.”

“Another strong point of IFS is that its governance is based on stakeholder consensus. IFS is owned by French and German retail organisations, with its board and Technical Working Groups comprised of retailers and producers from all over Europe. US partners also participate in the stakeholder dialogue and most of the participating retailers have global businesses. This provides IFS with a strong position in the supply chains, from food producer to consumer. A third strong point that distinguishes IFS from other food safety standards is the enormous investment in the competences of the auditors, both in their training and assessment.

Furthermore, the IFS organisation runs an integrity programme and performs unannounced audits, which provides a good overview of the performance of the standards.”

IFS recently developed a product integrity assessment (IFS PIA). What will this new assessment methodology offer?

“In modern society, legislation becomes intensified, customer requirements are more complex and consumer expectations increase. This demands more explicit, transparent controls regarding the integrity of products, processes, raw materials and control of the supply chain. At this moment, several retailers have implemented their own specific integrity control programmes. Together with retailers and food producers, IFS developed the IFS Product Integrity Assessment. This assessment tool started with the model of the Dutch CBL Chain of Custody standard. The IFS PIA was developed for different product categories. The IFS PIA focuses on risks to the integrity of the food producer’s product category within the whole supply chain. This includes the physical process flow and administrative processes. Transparency in the supply chain is instrumental to control integrity. The IFS PIA auditor determines whether the food producer delivers what is promised and checks all communication channels, from labels

to internet communication. The IFS PIA also introduces a new instrument which enables the auditor to voice his professional opinion by means of awarding a 10% bonus, 10% malus or neutral score.”

What are the key elements in the development of Integrity programmes?

“What struck me first during the process of IFS PIA development was that processors also pushed this integrity standard. They said that protecting the level playing field with strict standards was very valuable in regaining consumer trust and protecting their own business. I expect that international retailers will begin by getting the vulnerable supplier to become IFS PIA assessed. Transparency in communication and working processes is key to a food business operator who is in control of integrity. This control is strengthened by short, tight supply chains with reliable (transparent) partners. Additional attributes, such as sustainability and animal welfare, are important values for both the consumer and retail. This means that these attributes must be fact-based and reliably communicated through the whole supply chain. The IFS PIA helps supply chain partners to ensure that all communications concerning the food item can be trusted.”



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 cattle and pigs, organic farming, and the use of antibiotics for the meat they consume. Vion, as a link between farmers and customers, has an influence on the improvement of animal welfare during husbandry, transportation and slaughtering.



Boundaries

Animal-friendly husbandry, organic husbandry, and the 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 have an impact on the welfare of animals. Husbandry, external 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 objective

Control and transparency of animal welfare is a key issue in Vion's strategy to create trust in the products and supply chain. Vion wants to take the lead in welfare discussions and to perform its role in controlling the welfare status in the supply chain. Vion's 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.

Vion has animal welfare KPIs on transportation, handling and stunning of animals, and monitors these on a daily basis. Every month, we report to the executive committee. With regard to the slaughtering process, our target for 2020 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. Vion will first discuss its 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. Vion is working closely with its stakeholders in the supply chain to further elaborate and strengthen the relevant programmes for Good Agricultural Practice, especially IKB, QS and GlobalGAP.

Vion cooperates with farmers, customers, and other stakeholders to stimulate and match the increasing demand for more animal-friendly meat in the market. Vion is 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 the Vion 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 European Organic and certified with the Beter Leven Keurmerk 3-star label. For more information on these concepts, see page 62.

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. From the beginning of 2019, this EKO-code is actively communicated in the twelve De Groene Weg butcheries in the Netherlands to stimulate responsible consumption. This will be done by, for example, specifying the label on the packaging and other types of instore communication to consumers.



Animal welfare

Impact on society

Vion has 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, Vion supports 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.

Vion can 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. Vion is committed to developing 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 initiative is that, since 2006, it is forbidden to use antibiotics as a growth promotor. This intervention 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, can the use of these 'last-resort' antibiotics be 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 registration of antibiotic use in a central database is mandatory and any use close to the time of slaughter must be declared at the slaughterhouse. 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

Vion takes its responsibility with regards to food safety and human health very serious. With respect to the use of antibiotics, there is a clear dilemma between animal welfare and antibiotic use. In order to prevent the transmission of relevant antibiotic resistance to humans, Vion has banned antibiotics which are critical for humans in all pork supply chain programmes. Vion participates in several projects with stakeholders like universities, customers, and ZLTO to keep our policy up to date. To assure that our suppliers working according Vion's policy, we have, in addition to the governmental monitoring programme, our own monitoring programme on residues of veterinary drugs. This is a risk-based programme and this way Vion ensures that the supply chain respects the withdrawal period and that no substances are used which are not permitted by Vion's policy.

Compared to global pork production, the pig farmers who deliver their pigs to Vion are way ahead in the reduction of antibiotic use. Reduction began in 2008 and the use of antibiotics has already dropped considerably.

Transportation policy

The transportation process is critical in relation to animal welfare. Animals are handled and placed in unfamiliar settings. Vion has strict guidelines to minimise the stress of animals and ensure animal welfare. During transportation, there are two important aspects: the transport distance and the circumstances under which an animal is transported. It is Vion's goal for the transport distance to be as short as possible. Vion has a decentralised network of appropriately sized locations in relation to the livestock density of any given region. This means that the maximum transport distance of most animals is 200 km or around 4 hours of transport time. In addition, the transport time of the remaining transports are all below the legally required 8 hours. Vion publishes data on the origin of livestock for each plant on its transparency websites.



Animal welfare

▶ Outlook

Husbandry

- Vion 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. Vion will start to measure the tail length of pigs using an intelligent camera on two slaughter lines.
- Vion 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

- Vion will implement an updated warm weather protocol for all locations in the summer of 2020.
- Vion continues to develop a smart CCTV standard for the unloading area of the lairage. With this standard, Vion has a contemporary instrument to monitor and continuously improve the welfare of animals that are delivered to slaughter. This instrument will be installed in at least one pig slaughterhouse during 2020. The other slaughterhouses will follow.

Vion takes its responsibility with respect to the welfare of animals delivered to us. In addition to the live animal inspection of the official external veterinarian, Vion conducts 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 and www.vion-transparantie.nl).

Our policy during extreme temperatures

Vion acknowledges 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, Vion is working to a protocol to prevent heat stress during transport. This protocol takes effect when a temperature above 27°C is forecast.

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 at slaughter

To secure animal welfare and avoid pain and minimise distress, Vion employees assure that live animals under its care are treated according to 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. Vion works to a large extent in accordance with the criteria mentioned in this handbook. Examples of the Vion 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

Slaughtering

- During 2020, Vion will communicate and apply stricter requirements to determine if animals are fit for transportation and slaughter, and also for the number of emergency-slaughtered animals delivered per farm to Vion.
- Unborn animals in the last trimester of gestation are aware of pain and/or stress. It is not common practice for animals to be slaughtered in late gestation. In order to further reduce the number of animals slaughtered in the last trimester of gestation, Vion will officially communicate and apply its policy from January 2020 to not slaughter animals in the last trimester of gestation. This means that cows longer than 6 months in gestation and sows longer than 3 months in gestation cannot be delivered for slaughtering.
- Vion and ZLTO will further develop the OptiCow database system. With OptiCow, a farm can benchmark its own performance with other dairy farms. Basically, OptiCow can support the dairy farm to produce more sustainably. Also, with respect to meat quality, the dashboard can help the farm to deliver the animal to the slaughterhouse at the right moment. A pilot phase will be finalised in the second quarter of 2020, in which a number of dairy farms will participate.
- In the south of Germany, Vion uses the information system Qualifood for cattle which will also be implemented in the north of Germany during 2020.
- Vion continues to participate in two scientific research projects on pig stunning: one with the Friedrich-Loeffler-Institut (FLI) and the other with Wageningen University.
- At the Vion cattle slaughterhouse in Bad Bramstedt, there will be a research project on the effectiveness of captive bolt stunning for cattle.

All animals within Vion's care are always stunned before slaughtering. All stunning methods used at Vion 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 CO₂. When using CO₂, 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. Vion's basic standard for the stunning of pigs is:

- CO₂ backloader with a minimum of 4 and a maximum of 8 animals per gondola.
- CO₂ concentration above 90% so that the pigs are quickly unconscious. This is above the minimum requirement of 80% which is stated in legislation.

The Vion 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.

This Vion 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 (AWF) 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.

The German Vion 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.

Vion controls 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 Vion's production sites.
- Consolidating and reporting animal welfare KPIs and additional relevant observations to the executive committee.



Animal welfare



- Vion's 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.

Vion has organised a layered and independent approach for supervising animal welfare. This is implemented in four stages:

- First party supervision: Vion's 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 Vion standards.
- Second party supervision: compliance with customer animal welfare standards (e.g. McDonalds, Tesco, Edeka) are assessed by auditors who liaise with Vion's 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 2019

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 2019 showed that Vion was a stable performer on Tier 2 of the Benchmark. With this ranking, Vion is one of the two best European meat processing companies in this analysis.

BigIdee

Vion launched the 'BigIdee' 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 'BigIdee' 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. Vion is 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

animal welfare, and its nitrogen and greenhouse gas footprint. 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, Vion 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

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

- Loading density during transportation 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 2019, 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

Vion participates in both Germany and the Netherlands in the African swine fever prevention team. 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 Vion's DNA. This is also true of improvements in animal welfare. The following initiatives have been taken:

- Vion carried out an investigation on improving the design and layout of the lairages and passageway to stunning.
- Vion participates 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 CO₂ stunning. Both projects will continue during 2020.
- The stunning area in the pig slaughterhouse at Perleberg has been altered to allow for current state-of-art stunning equipment.
- At four pork slaughterhouses, Vion has 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, Vion has implemented a continuous education programme to keep all individuals up to date with the scientific standards concerning animal welfare.



Animal welfare



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

Compliance with animal welfare regulations

In the Netherlands, Vion got three fines in 2019 for non-compliance with animal welfare regulations. One case was regarding a sow which was not suitable for transport. At the moment of unloading, Vion directly euthanised the sow. Afterwards, Vion informed both the transporter and the farmer of this incident, with instructions to prevent it happening again. We also received a fine for not supplying enough bedding material for pigs which were in the lairage for one night. We have given the staff members involved renewed instructions. The third fine was for the bleeding of an insufficiently stunned pig. After this incident, an extra position was created in the shagging and hoisting area to check on signs of insufficient stunning.

In Germany, we got two warnings. In summer, the temperature in the stable at the Bad Bramstedt slaughterhouse was above 32 degrees Celsius. We installed a new ventilation system. Also, from then onwards, we reduced the number of animals in the stable during hot temperatures. In Emstek, due to a technical defect in the slaughter line, animals had to wait too long in front of the slaughterhouse.

Smart CCTV monitoring

For many years, Vion has already had CCTV in the lairage of slaughterhouses. All CCTV recordings could be relevant in the improvement of animal welfare in the lairage. Together with relevant stakeholders, such as animal welfare NGOs, an accountancy firm, and a retailer, Vion started to develop the next generation of CCTV for the lairage. Algorithms were developed to assess CCTV recordings, especially for during the unloading and assessment of the state of individual animals. Using this method, Vion can select only the relevant views of the system and to use these immediately to improve the welfare of the animals. During 2019, the proof of principle was shown for these algorithms. The project will continue in 2020.



Animal welfare



Results

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

Absolute amount
Vion total

3,568,000

2018 2,580,000
2017 2,340,000

22%

2018 16%
2017 14%

% of slaughtered
animals Vion total



Absolute amount
The Netherlands

2,021,000

2018 1,366,000
2017 1,526,000

27%

2018 18%
2017 21%



Absolute amount
Germany

1,547,000

2018 1,213,000
2017 814,000

18%

2018 14%
2017 9%

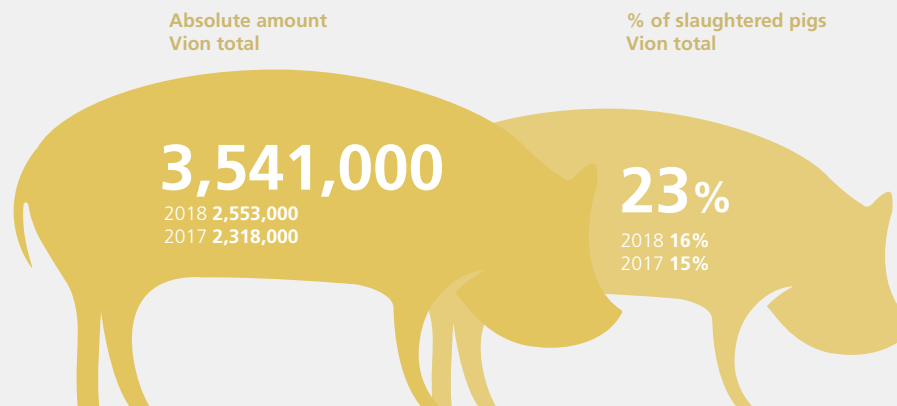


Animal welfare

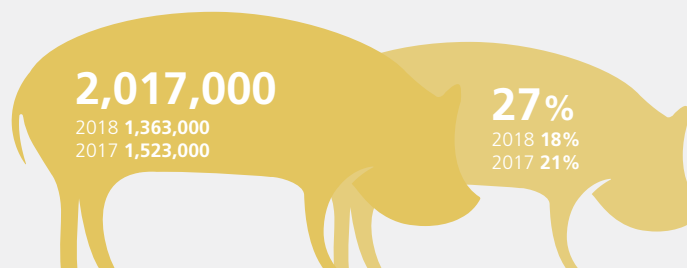



Results

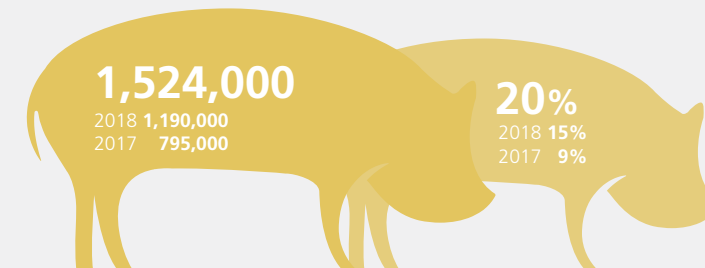
**Pigs raised under certified higher animal welfare requirements
(EU Organic, Beter Leven, Für Mehr Tierschutz or Initiative Tierwohl)**



 **Absolute amount the Netherlands**



 **Absolute amount Germany**





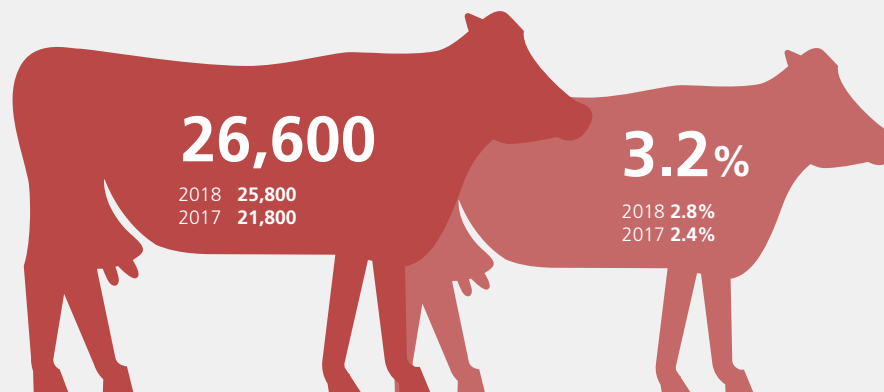
Animal welfare



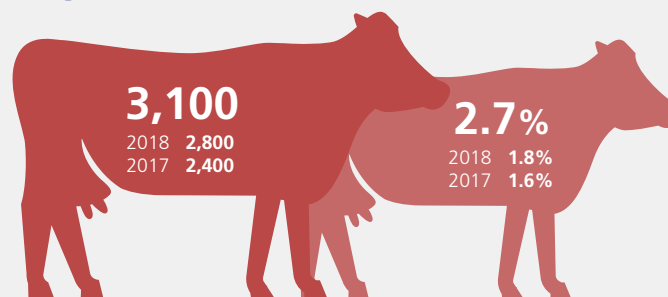
Results


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

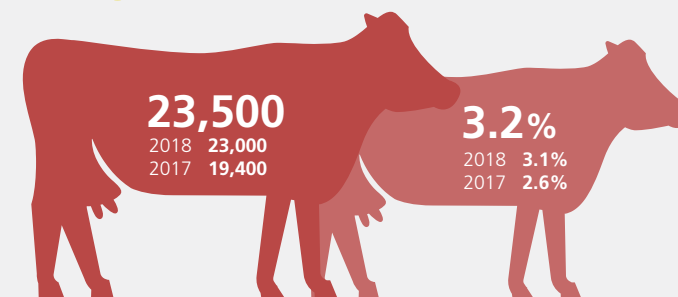
Vion total



 Absolute amount the Netherlands



 Absolute amount Germany



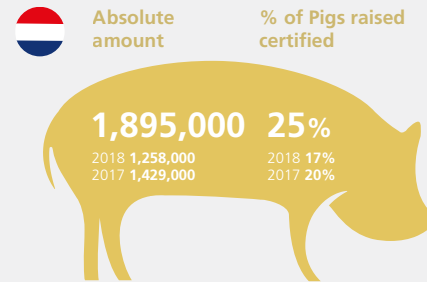


Animal welfare

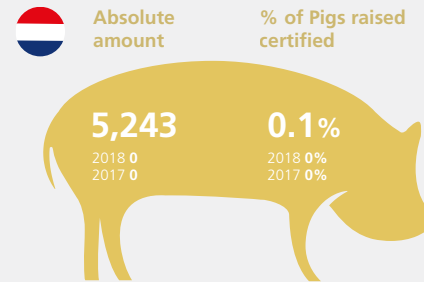


Results

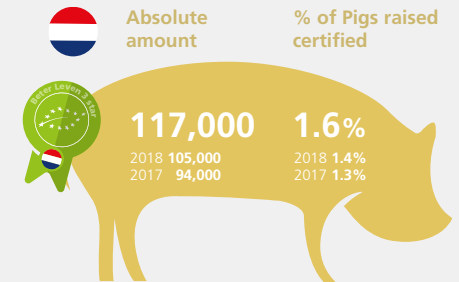
The Netherlands: Beter Leven 1 star



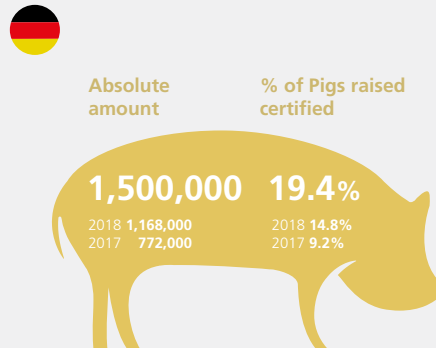
The Netherlands: Beter Leven 2 star



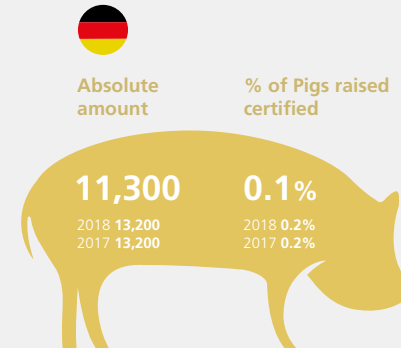
The Netherlands: Beter Leven 3 stars / EU Organic



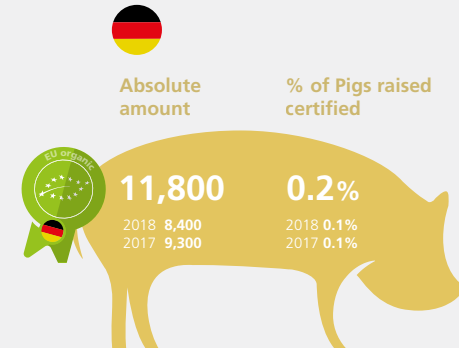
Germany: Initiative Tierwohl



Germany: Für Mehr Tierschutz 'Einstiegsstufe'



Germany: EU Organic



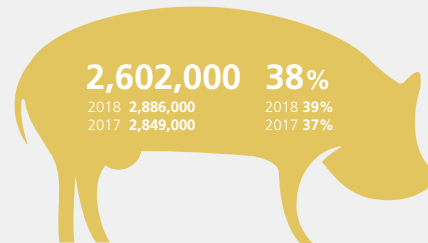


Animal welfare

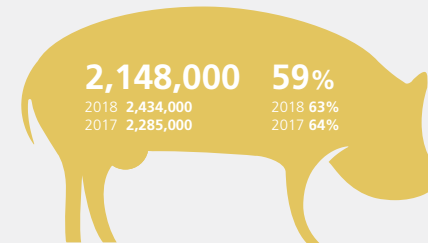
Results

Entire boars (not castrated) of total male pigs slaughtered

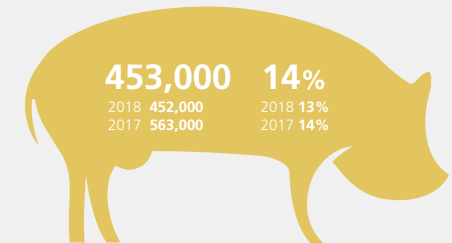
Vion total



The Netherlands



Germany

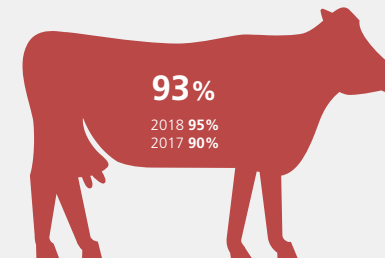


Female cattle breed types and average age of slaughter (Vion total)

Average age at slaughter



Slaughtered female cattle of milk or dual purpose breed



Clarification of the results

The percentage animals raised under certified higher animal welfare requirements has increased.

Some farmers choose not to castrate their boars. We noticed that the percentage uncastrated boars has decreased in the Netherlands and increased in Germany.

The percentage slaughtered female cattle of a milk or dual-purpose breed decreased a bit compared to 2018. In 2018 we received many dairy cows in the Netherlands because of new regulations for the dairy cow industry. In the Netherlands, we only slaughter Holstein Frisian dairy cattle.

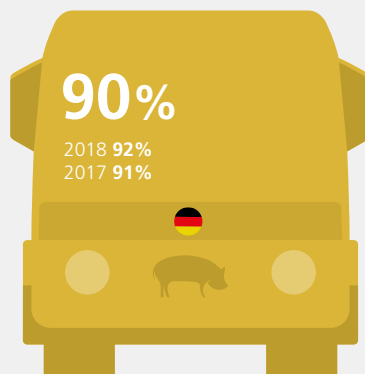


Animal welfare

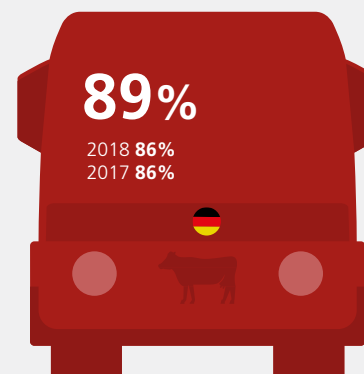


Results

% pigs transported \leq 200 km
(radius from farmer to meat processing plant)



% cattle transported \leq 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.

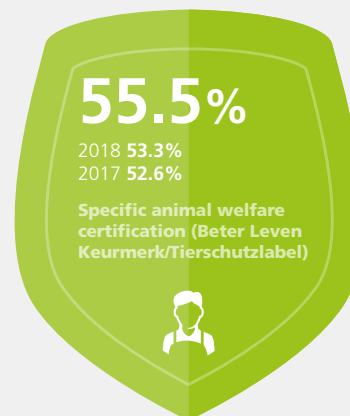


Animal welfare



Results

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



Pigs: no restun needed



Cattle: no restun needed



Clarification of the results

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 2019 target was 99.97% for pigs and 99.78% for cattle. With the result of 99.86%, respectively 99.4% we did not reach the target. We notice that the more attention we give to effective stunning, the better restuns are reported. This brings down the percentage of no restun needed. The aim is for better and stricter monitoring and documentation of carcasses that show signs which could be interpreted as being related to consciousness despite effective stunning.



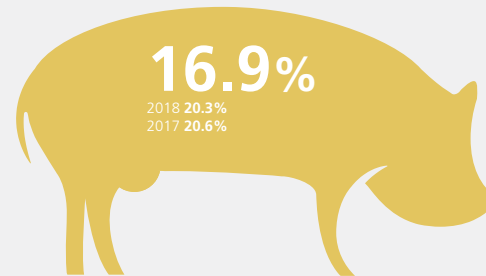
Animal welfare



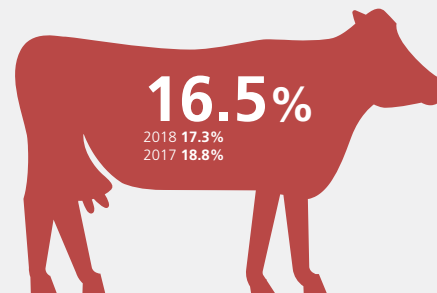
Results

% Slaughtered pigs/cattle in independently certified regionality programmes
(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. This percentage has declined because the number of pigs delivered to us not from these regionality programs has increased.



Animal welfare

Results

Pigs found with antibiotics residue above maximum residue limit

Pigs found with antibiotics residue above maximum residue limit

12

2018 19
2017 11

0.03%

2018 0.04%
2017 0.02%

Tested pigs

46,500

2018 47,400
2017 46,500

% of pigs tested

0.31%

2018 0.31%
2017 0.30%

Cattle found with antibiotics residue above maximum residue limit

Cattle found with antibiotics residue above maximum residue limit

5

2018 1
2017 5

0.14%

2018 0.03%
2017 0.19%

Tested cattle

3,600

2018 4,000
2017 2,600

% of cattle tested

0.43%

2018 0.44%
2017 0.29%



Clarification of the results

When monitoring antimicrobial residue levels, not all animals can be sampled from a logistical point of view. Therefore, around 0.3% of the slaughtered animals are tested. The animals are selected through a risk-based approach using the historical carcass inspection data with respect to health. Farms exceeding (a) benchmark(s) are amongst the others selected for sampling. The percentage of pigs found with antibiotics residue above

maximum residue limit is stable over the last three years. The percentage of cattle found with antibiotics residue above maximum residue limit in 2018 was lower than in 2017 and 2019. However, the percentages cattle found with antibiotics residue above maximum residue limit are so low each year, that this variation is not significant.

Building Balanced Chains

The chain which started it all: De Groene Weg

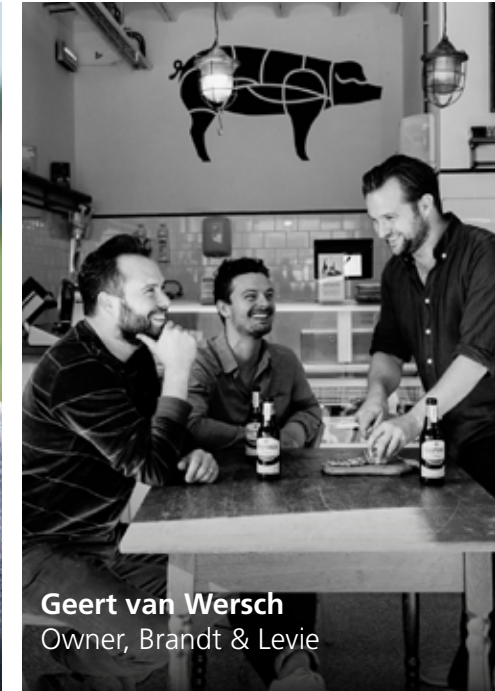
De Groene Weg is the Vion subsidiary which focuses exclusively on the purchase, production and exploitation of organic meat. For almost forty years, the company has worked in the field of pork from a demand-driven, closed chain. Three links in the chain tell their story: pig farmer Johan Walvoort, De Groene Weg Livestock Manager Jan Leeijen, and Geert van Wersch from sausage maker Brandt & Levie.



Johan Walvoort
Pig farmer in Loerbeek



Jan Leeijen
Livestock Manager, De Groene Weg



Geert van Wersch
Owner, Brandt & Levie

Johan Walvoort, pig farmer in Loerbeek

Number of pigs: 75 (Topigs 50) sows, 570 meat pigs

"Organic farming works well with the way we live and think. For me, it's not about getting maximum results and returns, but about optimum production. I don't make choices based on what would make for the highest growth, but on what's good for the sows' health and our way of working. The pig is central to the organic approach. You adapt your system to the pig, not the other way around. This way of working is very different. We often 'bounce' from one stall to another. You stand among the pigs every day, you watch carefully and you learn from the animals."

"In July 2018, I completed my switch to organic farming. Since then, I have only supplied pigs to De Groene Weg. The choice for De Groene Weg was quick to make. You always run risks when you're self-employed, but you still want to cover them as much as possible. De Groene Weg is well organised and

stable. By taking part in the Groene Weg chain, we have a steady market and a good organisation behind us – an organisation which knows how to tell its story, which has money for innovations, and which puts new products on the market. As farmers, we benefit from this."

"I have absolutely no regrets about switching, even though it wasn't easy at the beginning. Starting out as a self-employed organic farmer, the costs are somewhat on the high side. The price I get for my pigs is now at the lower limit, but I expect to be better able to manage costs in the coming period. I will also look further into the EKO code in the coming year. I want to focus on field perimeter management and the care of barn owls and kestrels which live around our farm. Keeping an open day is also on the agenda, although I don't yet know how I'll manage that. What I do know is that De Groene Weg supports me, and that's a nice thought."

"I don't make choices based on what would make for the highest growth, but on what's good for the sows"

– Johan Walvoort

Jan Leeijen

Livestock Manager, De Groene Weg

"We see in De Groene Weg a forerunner of the other Vion chains. We have almost forty years of experience working in a demand-driven chain. From farm to food, that is where the strength of De Groene Weg lies. Because the chain is small, we have a broad picture of both supply and demand. As a chain director, we bring all parties in the chain together every week to discuss supply, sales and finance. All our suppliers understand what our customers want. They also understand that the strength of the chain lies in working together. At this moment, De Groene Weg has a waiting list of suppliers. There is also an application procedure. Not every farmer suits us. Conversely, we don't suit every farmer; it's just how you look at it. If you want to switch from conventional to organic, you have to be a bit stubborn. You're doing something most people don't do. I'm always looking at a pig farmer's motives. Are they switching purely for economic reasons or do they want to make a change? We are looking for motivated people who are as involved in the chain as we are. For people with passion and ambition. In our system, the pig comes first and you have to be able to handle that."

"Our farmers are affiliated with a supplier association. That's how we can guarantee high-quality, tasty organic meat. Transparency is very important within the supplier association. Farmers can exchange experiences and together help De Groene Weg operate at a higher level."

"As a chain director, it's our job to provide solicited and unsolicited advice which strengthens the chain. We encourage our chain partners to hold a multidisciplinary consultation at their company at least once a year: with the feed supplier, the bank, the vet and the breeding organisation. Together we can make a plan and set a course: on how to achieve the best results. The chain's work is never finished. You have move constantly, accept challenges. As a chain, you must be unique. At De Groene Weg, we want to move forward together. That is where our strength lies."

"From farm to food, that is where the strength of De Groene Weg lies"

– Jan Leeijen

Geert van Wersch

Owner, Brandt & Levie

"Together with two fellow chefs, Jiri and Samuel, I began the Brandt & Levie sausage factory in 2011. Our mission: to inspire people to eat better meat. Our love for sausage began in the kitchens of the Amsterdam hospitality industry, where we ground our first sausages. To learn how to make the best dry sausage, we travelled to Italy where we copied the art of sausage-making from its most renowned butchers. In Italy, we learned about the importance of really good meat, but we also saw that a lot of sausage is made from pigs who have had bad lives. We wanted to do it differently. If a pig has a good life, it ensures good quality meat."

"If a pig has a good life, it ensures good quality meat"

– Geert van Wersch

"That is why everything in our sausage factory is made from well-kept pigs. These consist of our own pigs which live with friendly farmers and organic pigs of Dutch origin. The meat we get from organic pigs is through De Groene Weg. They make things easier for us by providing the meat already cut. We believe that working within chains is essential. If you want something from each other, then working together is the key to success. That's why we have our own small chain, and we also work together with De Groene Weg. This leads to responsibly produced high-quality, good tasting meat."

"Transparency is an essential part of the chain; you must be able to explain why you do what you do. We want to strengthen the Brandt & Levie brand in the coming years. We are also looking for ways to broaden distribution, so that we can further spread our story of 'well-kept meat'. Our message is: If you choose to eat meat, choose for a responsibly produced piece of meat, the origin of which you know. Expansion is only possible with strong, reliable partners."

"We hope to further intensify our cooperation with De Groene Weg, so that together we can take even further steps forwards in the field of sustainability, adding value and animal welfare. That way, our working together creates an even stronger, more responsible chain."



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 gases, 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, Vion has 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 Vion's own operations are described in separate topics.

Vion's management approach

Our policy, commitment and objective

The topic 'Sustainable Farming' is part of our strengthened sustainability strategy, containing topics and targets which are important for sustainable food production and consumption. Vion intends 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. Vion 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, the consumption of pork and poultry originating from the Netherlands and Germany is the most climate-friendly way to meet consumer's protein needs. This meat has a similar CO₂ footprint to tofu, 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 tripe 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 CO₂ footprint substantially lower than that of beef from North and South America which comes 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 can buy. Consumers should be able to make informed choices based on scientifically justifiable and internationally accepted data. To achieve this, Vion will develop a CO₂ label for our products based on the actual data from the supply chain. This label will allow people to see the CO₂-equivalent footprint of a certain product. Our objective

is to have the first products with CO₂ 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 2019, we measured the GHG emissions at five farms. The objective for 2020 is to measure the emissions at 20 farms.

Use of land, water and sustainable feed

Vion is committed to an effective use of resources, such as the land to produce food. Vion sources its 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 low water footprint. 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, Vion advocates 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 Vion's Good Farming Star programme participate in the RTRS certified soy programme.

Vion participates 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.



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 its transparency concerning the carbon footprint calculation, Vion will be able to provide our supply chain partners with more information. This will stimulate the whole chain in making more sustainable choices and having a positive impact on CO₂ 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 CO₂ 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 CO₂ 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).

Besides that, the food industry in our region produces a lot of by-products, such as bakery by-products, brewers' spent grain 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 the dairy farming industry, 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, Vion is 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 Vion makes it clear to the market that these specific beef concepts originate from these biodiverse regions.

Activities in 2019

Determining the best method of calculating the carbon footprint of meat

In 2019, Vion was strongly focused on determining a suitable method of calculating their operations' carbon footprint. In this carbon footprint, all relevant greenhouse gas emissions are calculated and converted into CO₂-equivalents.

Vion is committed to the use of a scientific, objective and accurate approach in calculating the footprint of its food items. A methodology is considered suitable when it is:

- 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.

This methodology should comply with EU and international standards (such as ISO, PEFcr and FAOs LEAP). It should also align with methodologies already implemented – or to be implemented at some future time – in the food industry.

The practical implementation of food print calculations requires raw data from suppliers 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.

These data 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.



Sustainable farming

▶ Outlook

- In 2020, Vion will start a pilot on data collection for calculating the CO₂ footprint. The pilot will start in the first quarter of 2020. We aim to involve at least 20 pig farms during 2020. In 2021, we also aim to involve all Good Farming Star farms. Vion intends to motivate as many farms as possible in collecting their data for CO₂ calculations through JoinData. Vion 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, Vion will support farmers in using by-products from the food industry.



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 participates in the workgroup on 'Climate-Friendly Consumption' as part of the climate round table initiatives of the Dutch government. 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.

Vion is partner of the 'Coalitie Vitale Varkenshouderij' (CoViVa, Coalition Vitalization Pig Husbandry) and participates in the implementation of the 'Programma vitale varkenshouderij' (Vital Pig Farming Programme). This pork supply chain programme aims to achieve five ambitions:

- Good care to minimise nuisance for local residents close to pig farms.
- Central position of pigs in the circular economy of food production.
- Relevant contribution to climate and energy transition.
- Robust and healthy pigs in animal-friendly farming.
- Global leader in market orientation and pork supply chain cooperation.

In addition to the financial contribution of the Dutch Ministry of Agriculture, Nature and Food Quality, the partners represented in CoViVa will invest 40 million euros in the development and implementation of the programme within the next four years.

? 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 sectors. 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.

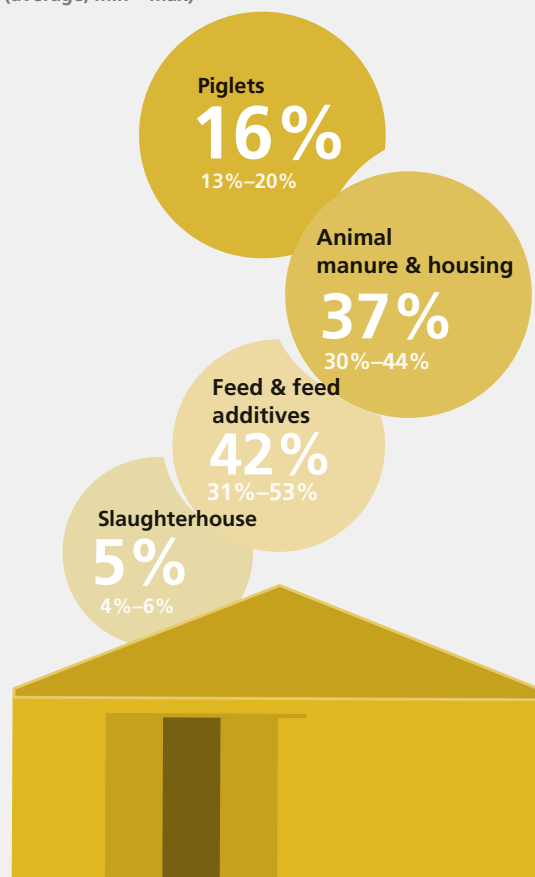


Sustainable farming

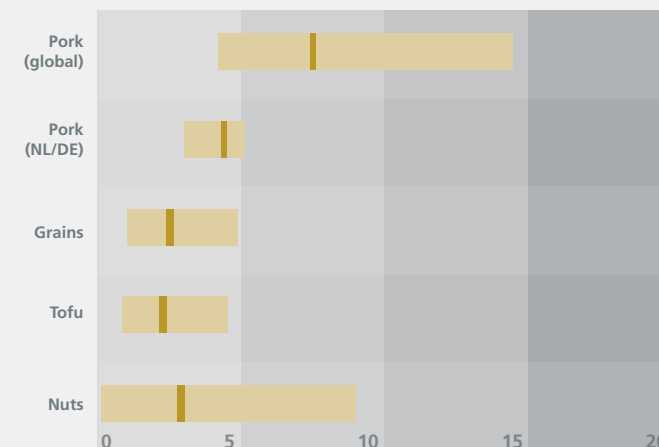


Results

Contribution to CO₂-eq. emissions throughout the pork supply chain
(average, min – max)



Variability in CO₂ emissions for different foods
(in kg CO₂-eq. per 100 g protein) | average



Clarification of results versus targets

Vion realised its 2019 goal of fully calculating the GHG emissions of five farms. The results are based on the figures of these five farms.



The view of...

René Coppens

Chairman of CoViVa



"Vion takes its responsibility in the supply chain"

The CoViVa (Coalition Vitalization Pig Husbandry) is a supply chain-wide collaboration between parties throughout the pig supply chain in the Netherlands which aims to create future-proof pig farming. René Coppens, chairman of CoViVa, talks about the importance of supply chain cooperation and the role that Vion plays within the coalition.

What does future-proof pig farming look like according to CoViVa?

"Future-proof pig farming delivers sufficient returns, not only for farmers, but also for the periphery. It is a sector legitimized by society to develop itself, which knows what society demands of it and takes that into account. It is a sector which communicates. Our sector is much much less unpleasant than many people think, and we have to show that."

How important is supply chain cooperation in achieving your ambitions?

"Cooperation in the supply chain is essential, because you are stronger as part of a supply chain than alone. Of course,

individual parties can insert themselves into the sector, but you achieve more if you join forces. I am very proud that we have been able to achieve this joining of forces."

What steps have you already taken?

"The Dutch government is currently working on the 'Subsidised restructuring for pig farms' scheme. This restructuring is part of our programme. It works successfully and there is a lot of interest among pig farmers. What is unfortunate is that this restructuring is now linked to the nitrogen problem in our country. Reducing nitrogen was never an objective in the first place. With the subsidised restructuring programme, we mainly wanted to move nuisance-causing operations away from village centres. Reducing the number of pigs was never the intention. We also spoke with the minister recently about the long licensing process that farmers have to go through. It sometimes takes years for a farmer to establish a new pig farm, which hinders innovations. The minister has promised to set up a task force to examine ways in which the process can be speeded up."

You mention it yourself: the nitrogen problem. What do pig farmers do to reduce nitrogen emissions?

"We must not forget that our sector has achieved a huge reduction in recent years. But, of course, we continue to work on developing new stalling concepts, for new and existing stalls. We try to get innovations off the ground which are designed to reduce emissions. There is also a commitment from the government to invest heavily in this type of innovation, providing the sector does too. We are now working on that."

What is Vion's contribution to CoViVa?

"Vion is an important party within CoViVa. It is a driving force on our way to becoming a global leader in market orientation and supply chain cooperation – it offers real direction to the supply chain. Vion accepts its responsibility, which is good to see. It helps to establish direction and get more slaughterhouses involved in CoViVa. I very much appreciate the active role they're playing."



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 objective

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 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 production 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, together with 'De Groene Weg' association of suppliers, 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 three 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.
- The Vion long-term price (LTP), whereby the price of pork is fixed for a longer period.

Objectives

The latter two systems offer more stability in the supply chain for all parties involved. Our objective for the Netherlands is that in 2020, 80% 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: (i) larger selection of types of pigs, (ii) contribution margin and (iii) continuity. The German market structure with pig traders is completely different to that of the Netherlands. In 2019, 10% of the delivered pigs are from farmers who participate in Good Farming Balance. We aim to reach 25% in 2020. Our mid-term objective for Germany is that in 2022, 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 2019

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. 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. We have selected some farmers who participate in the programme. If it is successful, other farmers can join it.

Good Farming Balance

At the end of 2019, 74% of our Dutch suppliers were participating in the Good Farming Balance concept. The vast majority of these suppliers chose the PIG pricing system. In January 2019, 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.

? Dilemma

The LTP pilot was evaluated in 2019. We learned that LTP functions better in a more stable market or when market prices are low. Entrepreneurs such as pig farmers do not feel bound to long-term agreements if market circumstances change quickly. Long-term thinking is not common practice in this sector. The culture within pig farming is different from cattle and there is no big cooperative such as exists in dairy farming. As a result, not many pig farmers choose the LTP price system, although ultimately this is the most secure and stable system. We have decided to work on ways on getting closer to the market's wishes, but in such a way that it remains a stable system.



Fair pricing

▶ Outlook

- We evaluate the LTP system once every quarter 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 will continue the roll-out of the Good Farming Balance concept in Germany.



☰ Results

Delivered pigs from farmers participating in Good Farming Balance



🌀 Clarification of the results

Our 2019 target for the percentage of delivered pigs coming from farmers who participate in Good Farming Balance was 70% for the Netherlands and 5% for Germany. The targets for the Netherlands and Germany have been achieved.



Working conditions



Why is this topic material?

The health and safety of our employees is important, especially due to their intensive work and the equipment they use. It is not only important to them and us, but more and more customers are also requiring workplace accountability assessments to ensure a safe workplace.

Approximately 60% of the workers at Vion are hired via third-party labour providers. Especially in Germany, the working conditions of third-party labour is a topic of public debate.



Boundaries

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

Vion's management approach

Our policy, commitment and objective

The employees in our Vion manufacturing facilities are our most important asset in producing the high-quality food our customers demand. For this reason, maintaining and promoting the health and safety of the people working at Vion is an important goal. Several procedures, directions, general instructions and regulations apply to create a safe working environment and thus to prevent accidents. Internal occupational safety audits are systematically carried out. The plant managers regularly review the occupational safety management system as part of their management review. At every Vion location, attention is paid to working conditions through the improvement cycle. The improvement cycle is based on the Plan-Do-Check-Act cycle.

Good working conditions are aimed at preventing accidents and occupational diseases among employees, and at limiting their negative consequences. Thanks to good working conditions, there will be:

- Fewer accidents at work.
- Less occupational diseases.
- Less work-related stress.
- Less absenteeism.
- Less failure costs.
- Less disruption of production.

Our objective is to have an absentee rate of maximum 5.0% for the Netherlands and 4.3% for Germany in 2020. We check this figure every week. Our approach is focused primarily on prevention. We continuously check progress on sustainable employability and analyse what accidents occur at our locations and how we can prevent those types of accidents.

Ensuring good working conditions contributes in part to achieving sustainable employability of employees. That is, ensuring that employees can work at Vion without retiring until they reach the retirement age in the context of their position, rights, responsibilities and generally accepted practices.

Vion in the Netherlands is often a leader in the making of our HR policy and the development of strategies and activities to reach our goals. We are committed to be a front runner in our industry when it comes to working conditions. In the Netherlands all of our locations have their own works councils and these works councils are involved in our policy development. Vion takes part in several collective labour agreements (CLAs), and we are among the largest and best employers of our industry.

The starting point for achieving good working conditions at Vion Food Netherlands is the Dutch Working Conditions Act, including the Working Conditions Catalogue for the meat and meat products sector. Priority is given to combating the health and safety hazards of employees at the sources of those hazards. Based on, among other things, the risk inventory and evaluation (RI&E), and working conditions audits and inspections, a plan of approach is drawn up and implemented for each location. The plant manager, Health and Safety Officer and the Working Conditions Commission, in which the Works Council is also represented, offer direction for this continuous improvement.

Vion employees are expected to make an active contribution to the implementation of the Vion Food Netherlands Occupational Health & Safety policy and to comply with the regulations that the Occupational Health and Safety legislation imposes on staff members. We often go further than what we are obliged to do. For example:

- Besides the general preventive medical examination (PMO) that we offer our employees, we also offer in-depth PMOs. Within the in-depth examination, we measure various aspects such as the mental pressure and physical aspects of the work.



Working conditions

Impact on society

Our focus on the health and safety of workers contribute to safer and more secure working environments (Sustainable Development Goals target 8.8). Vion's only negative impact on this topic is in the case of accidents. Our efforts and results on working conditions for third-party labour led to a positive impact on labour rights for workers, including migrant workers and those in precarious employment (Sustainable Development Goals target 8.8).



- As yet, there is no regulation on sustainable employability. We developed a programme and toolkit for employees to further improve this.

In the Netherlands, we work with the safety culture ladder to assess and improve the consciousness of safe working conditions. The higher the level of safety consciousness, the higher is the score on the ladder, ranking from 1 to 5. Every year, we conduct an internal audit in every plant to measure the level of safety consciousness. Our objective is to reach an average of level 4 'Pro-active' in 2022. Scores are given for:

- Policy and organisation.
- Risk identification and evaluation.
- Management of incidents.
- Instructions and competence.
- Implementation and execution.
- Control and act.

Vion cooperates intensively with third-party labour companies in most of its plants. This is common practice in the meat industry. The regional labour markets in Germany and the Netherlands do not contain a sufficient number of workers; the third-party labour workforce therefore consists mainly of employees from Eastern European countries.

Activities in 2019

Netherlands - Health and safety

We updated the general Risk Inventory and Evaluation (RIE) and conducted in-depth RIEs at several locations on subjects such as: physical strain, ammonia, ionising radiation, work equipment (e.g. machines and knives), biological agents (e.g. legionella), sound, fire and explosion.

All managers took an arbo-conscious management training. Every year, each executive follows a refresher course via e-learning. On our e-learning management system, the Vion Academy, we introduced new learning modules like:

- Ergonomics behind the computer screen.
- Arbo-conscious watching and acting for supervisors.
- Working with hazardous substances.
- Safe internal transport.
- Refresher course for Health and Safety managers.

At each production location, the Human Resource manager also acts as our Health and Safety officer. For them, we organised two special workshop days on accident prevention.

Due to the special requirements of jobs in the slaughtering and cutting business, it is a challenge for us to improve occupational safety throughout all our places and working activities, and to avoid accidents.

In 2019, there were again no fatal accidents. Most common accidents were cuts, injuries due to slipping, tripping and falling, as well as injuries caused by internal transport.

To increase awareness and to change dangerous behaviour, we developed a communication plan around the health and safety topics 'working safely with knives' and 'working with dangerous substances'. These topics were communicated on table displays, posters, TV screens, and drinking cups.

Netherlands - Sustainable employability

To help our employees stay fit, healthy and employable, we developed a programme called 'Ik blijf vers' (I remain fresh). This programme consists of three pillars:

- Skill and agility.
- Vitality and resilience.
- Passion and motivation.

Employees receive a workbook, which is supplemented during the year, and we hold conversations on sustainable employability. We also started a pilot 'sustainable leadership' for managers, to teach them about what it takes to help their



Working conditions

▶ Outlook

- In 2020, we are planning to do a pilot in the Netherlands with a so-called exoskeleton: a tool which you can put on your upper body that makes the work less heavy and spares your arms and back.
- We are going to work on behavioural change with health and safety training for all our Dutch production workers.
- Sustainable leadership training courses for Dutch managers are planned for 2020.
- In 2020, we will conduct an employee engagement survey in the Netherlands and work with the results.
- For our new production location of our plant-based food in Leeuwarden, we will conduct a RIE in 2020.
- Official approval of the new German health and safety manual is expected at the beginning of 2020.
- Our German meat process and hide production locations will be audited for the BGN 'Sicher mit System' scheme in 2020.
- We expect all contracts with our German external personnel service providers to be updated in January 2020. This is to obtain important health and safety figures.
- In January 2020, we will organise a workshop for our personnel service providers, together with the official health and safety administration in Germany BGN.

team achieve sustainable employability and what interventions are available. We are also building an online dashboard for our vitality monitor on which employees can see their own results. We will continue to work on this in 2020.

Netherlands: working conditions for third-party labour

All operational employees and third-party labour workers are covered by collective labour agreements. The workers not covered by collective labour agreements are corporate staffing. We have divided our flexible shell into a real flex shell and a semi-flexible shell for workers on key positions in our operations. The semi-flex production workers receive a long-term contract (ULT: Uitzendovereenkomst Lange Termijn) via the flex agency. This needs to lead to less unwanted outflow of flex workers and more (social) security for them. In 2019, 124 workers received such a long-term contract.

Every flex agency must comply with the SNF standard (Stichting Normering Flexwonen). In 2019, we also visited the housing facilities of flex workers ourselves. During these visits, we encountered no alarming circumstances.

Germany: health and safety

In 2019, we wrote a completely new manual on health and safety for all our management and safety officers in our plants. In this manual, the complete safety procedures are described in detail. Topics in the manual include our health and safety policy, our targets, roles, responsibilities, competences, and communication. The manual needs to be officially approved by the executive committee.

We also improved our risk management, which resulted in our certification by social security authorities. All our slaughtering and deboning locations, as well as our Food Service locations, are certified to conform to the 'Sicher mit System' scheme of the Berufsgenossenschaft Nahrungsmittel und Gastgewerbe (BGN). Until now, Vion is the only big meat company which is certified. To obtain this certification, you have to show that your health and safety procedures have been embedded in both your policy and all of your processes.

In Germany, there were also no fatal accidents in 2019. There were however some severe accidents. One person suffered a severed finger, another a severed fingertip and there were six accidents which resulted in bone fractures.

Germany: working conditions for third-party labour

It used to be a challenge to get health and safety figures from our personnel service providers, but this is now improving. To obtain this information, we updated our contracts with most of our external personnel providers in 2019.

Housing conditions of the external workforce were at a satisfactory level. There were no complaints or incidents from workers, trade unions, or public administration.

Until 2018, we had a minimum wage especially for the meat industry. As of 2019, this collective labour agreement no longer exists. We now work with the standard minimum wage. This wage is a little higher and will rise even more in the coming years.

We check closely that our third-party labour providers pay not only the required minimum wage, but also that the contributions to the social security system and wage tax are paid, by demanding written confirmations from the social security and tax authorities.

⚠ Dilemma on health and safety

There is often the pressure to deliver production volumes and thus speed up the work but working at higher speed is a potential safety risk. The chosen speed should be an optimum, where no accidents caused due to speeds which are too high. Accidents can still happen, but that is caused mainly by their own behaviour.



Working conditions



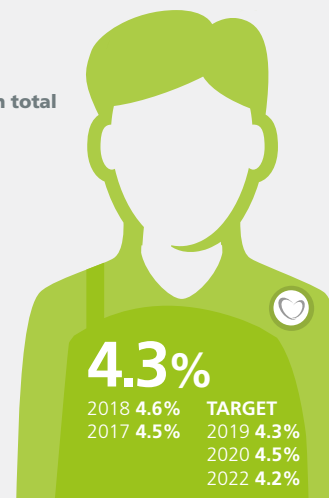
Results

Absentee rate

The Netherlands



Vion total



Germany



Lost day rate *

	2017	2018	2019
Vion Total	1.1%	3.1%	3.4%
The Netherlands	0.3%	0.9%	0.9%
Germany	2.2%	1.7%	5.2%

Lost time injuries

	2017	2018	2019
Vion Total	191	169	468
The Netherlands	35	49	49
Germany	156	120	419

Clarification of results versus targets

The 2019 target for the absentee rate was a maximum of 4.3% for Vion in total, and for both countries separately. In the Netherlands the 2019 absentee rate was 5.0% due to an intense flu epidemic and our workforce that is getting older. In Germany the absentee rate improved to 4.0%, which is below target. We attribute the significant improvements at Vion Germany to the introduction of the certified health & safety management system in all plants in 2018, which led to an increased awareness of management and employees in health & safety issues.

The German absentee rate of 4.0% in 2019 was extremely low, we do not expect to reach that in 2020, therefore the target is 4.3%.

When investigating accidents, we make a distinction between lost time injuries (LTIs) and medical treatment injuries (MTIs). Our goal is to reduce the number of LTIs, but we did not achieve this in 2019. This is also because we keep a more accurate record of incidents at the sites (and therefore record more accidents than before).

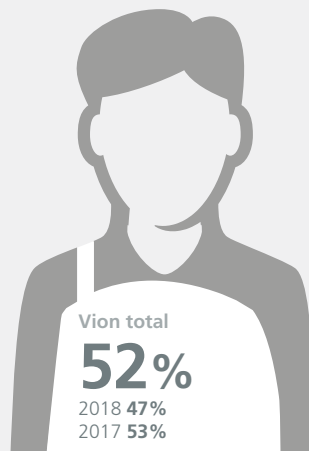


Working conditions



Results

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



Safety Culture ladder



1,000-man quote



Clarification of results versus targets

In the Netherlands, our 2019 target for the Safety Culture Ladder was 3.6. We ended up on 3.44, which was the same level as last year. However, we did tighten standards in 2019. Using the same standards as 2018, we probably would have shown improvement. Nonetheless, we clearly see that the last mile is the longest. The higher we go, the harder it gets to further improve.

In Germany we improved on the 1000-man quote. This shows that the more severe accidents are getting less, and our actions show some impact. However, with regard to the minor injuries, we are still not there where we want to be. But the decrease in the major issues gives us the opportunity to put more effort in the reduction of minor health risks.



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 Vion's own operations could cause its neighbours. This is not about the nuisance that farms might cause their neighbours.



Vion's management approach

Our policy, commitment and objective

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 10% in 2020 and by 50% within 5 years. 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. In 2020, we are committed to implementing this way of communicating with local residents at all our production facilities in the Netherlands.

Activities in 2019

Communication of our expansion plans in Boxtel

One of Vion's 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, bone 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. In September 2019, we received the permit to build in Boxtel and we began work soon afterwards. 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.

In 2019, 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 set up a communication plan. The goal of that plan is to properly inform our neighbours and set up a dialogue with them about, for example, traffic and workers' housing. They can reach us on a specially installed phone number and e-mail address. In addition, we organised an information market at the same location and delivered a newsletter on this subject to 3,000 households in Boxtel. About five of the people who visited the information market are now part of a sounding board committee. 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.



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

In 2020, 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. The results from the odor test will also be used for this.

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 company Witteveen & Bos investigated:

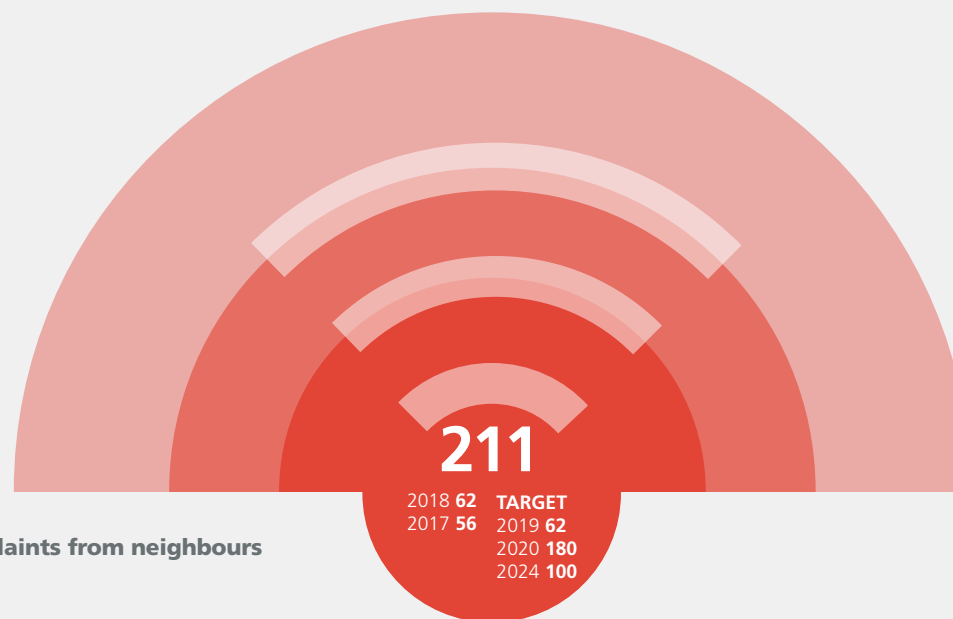
- Where and when do Boxtel residents perceive odour?
- What sources and what smells can be found on our premises? (For example: lorries which transport pigs, odours released when buildings are aired in the evening, the water purification system, or sources other than Vion).

Witteveen & Bos consultants also visited local residents in their homes.

In 2019, we already took several measures to limit smells from our activities in Boxtel:

- Made a plan to convert to electric trucks with diesel or gasoline aggregates for cooling.
- Gave stricter instructions for the rear doors to remain closed.
- Placed filters in air pipes on the roofs of our buildings.

Results



Number of complaints from neighbours

Clarification of the results

In 2019, the government agency "Omgevingsdienst Brabant Noord" (ODBN) received 211 complaints from neighbours about Vion Boxtel. This was considerably higher than in previous years and compared to the 2019 target of staying stable. According to the ODBN, the increase can be

explained by the announcement of Vion that they started the renovation of the Boxtel production location. Communication about the renovation made local residents more alert and critical towards Vion, according to ODBN.



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. Vion needs quite a large amount of energy for its operations; for example, refrigerating meat, cleaning and transportation. As such, Vion has a role in reducing CO₂ 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 objective

At Vion, we need energy in our production processes to cool the meat and assure the quality and food safety of our products. Approximately 45% of our energy 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.

Our objective is to reduce the non-renewable energy consumption per tonne sold from 803 MJ in 2019 to a maximum of 800 MJ in 2020 and ultimately to 0 MJ in 2050. Reductions in energy usage will be achieved by increasing energy efficiency.

Activities in 2019

Energy savings

A new monitoring system was tested in Crailsheim to measure energy and water consumption. Since the system has led to good results in Crailsheim, Vion will continue to roll out the energy monitoring system in Germany.

We use a fair amount of diesel for the cooling of trailers. In Scherpenzeel, we tested switching from diesel to electricity. As soon as the trailers arrive at their destination, where they are waiting and running, the drivers turn the diesel engine off and switch to electrical power. The plan is to expand that to more Dutch locations. At the German Vion locations the refrigerated trailers already use electricity instead of diesel fuel. Also a gas truck was tested in Crailsheim. Additionally, Distrifresh, our logistics partner, started using two cooling trailers with electrically driven cooling motors from July 2019. This makes the trailers emission-free.

In 2019, we continued our work on optimising the internal pooling of empty transport containers which we started in 2018. This has already led to a substantial reduction of distance driven by the trucks.

The heat waste of the combined heat and power (CHP) in Buchloe is now used for cooling capacity. This is more sustainable because the energy, released by burning the natural gas is used more than once.

Refrigerants for cooling

Vion uses ammonia, but also CO₂ and Freon. When cooling installations need to be renewed, Vion replaces Freon with ammonia or CO₂. 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, CO₂ 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

2017	2018	2019
348	322	355

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

2017	2018	2019
398	378	452

Total energy consumption (in GJ)



Total electricity consumption (in GJ)

2017	2018	2019
758,000	721,000	719,000

Non-renewable electricity (in GJ)

2017	2018	2019
757,000	721,000	719,000

Renewable electricity (in GJ)

2017	2018	2019
0	0	0

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

2017	2018	2019
866,000	822,000	918,000

Non-renewable fuel (in GJ)

2017	2018	2019
854,000	814,000	911,000

Renewable fuel (in GJ)

2017	2018	2019
12,398	7,855	7,265

Energy purchased for consumption (in GJ)

2017	2018	2019
1,590,000	1,496,000	1,597,000

Self-generated energy consumption (in GJ)

2017	2018	2019
34,000	47,000	40,000

Self generated energy sold (in GJ)

2017	2018	2019
0	0	0

Clarification of the results

The amount of energy used per plant depends on product volumes. 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 2019 target for non-renewable energy consumption per tonne sold was a maximum of 800 MJ. We ended 2019 on an average of 803 MJ per tonne sold. In 2019, we used slightly more electricity per metric tonne sold because we needed to cool the same spaces, even though we sold less.

Vion does not use renewable electricity yet. The weighted overall average country production for renewable electricity is 18% in the Netherlands (2019)¹ and 46.0% in Germany (2019)².

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- https://www.energy-charts.de/ren_share_de.htm?source=ren-share&period=annual&year=all.



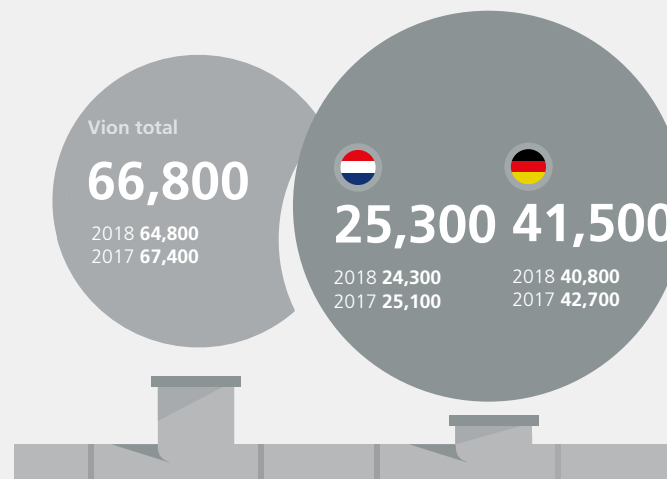
Carbon footprint of processing

▶ Outlook

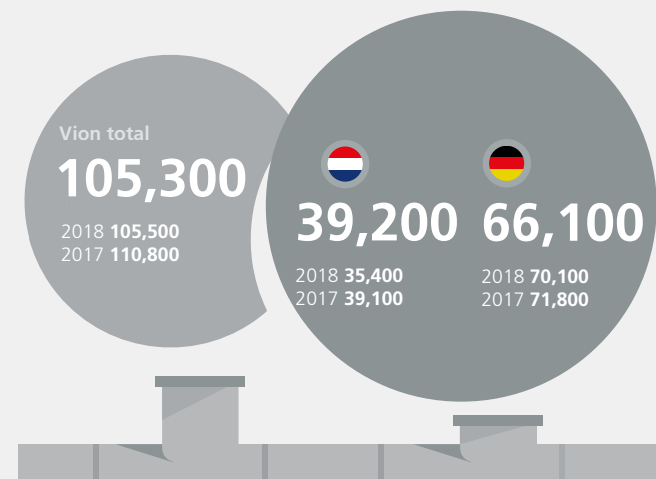
- In Germany, we will start the roll-out for the energy and water usage monitoring system, which was tested in Crailsheim. The goal is to have the system in place for all German slaughterhouses by the end of 2020.
- The plan is to switch from diesel to electricity for the cooling of trailers at more Vion locations. We will therefore increase the number of electrical parking spaces.
- In 2020, we intend to increase the number of charging points at our car parks.
- In our production process, we use gas for cleaning and de-contaminating pig carcasses. Therefore, we want to further optimise the residual heat flow in our production locations.
- 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 Boxel site with new buildings where we can pack meat, we will save over 1,000,000 kilometres of transport of meat to Scherpenzeel annually. Also, by closing our site in Valkenswaard in 2020, we reduce the transportation of products.

Results

Absolute direct GHG emissions (scope 1) (in ton CO₂-eq)



Absolute indirect GHG emissions (scope 2) (in ton CO₂-eq)



Vion total scope 1 GHG emissions (in ton CO₂-eq)

	2017	2018	2019
Own generation of electricity, heating, cooling, and steam	45,500	42,900	44,300
Transportation	15,400	16,200	13,400
Fugitive emissions	6,500	5,700	9,200
Total	67,400	64,800	66,900

GHG emissions intensity scope 1 + 2 (in kg CO₂-eq / tonne sold)

	2017	2018	2019
Vion total	82	79	85
Netherlands	62	57	58
Germany	101	106	101

Clarification of the results

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 CO₂ to anaesthetise pigs.

Our scope 2 emissions are based on our purchased electricity consumption.

The consolidation approach is based on operational control. The sources for the CO₂ emission factors used to calculate the CO₂-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).



Water usage

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 objective

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 1.62 m³ per tonne sold in 2019 to a maximum of 1.55 in 2020 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.

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.

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.

Activities in 2019

Water reduction

At our production sites, we have machines which mix chemicals with water to prevent legionella and to descale the installations. Now there is a new system in which we do not need to use any chemicals. As a result, the water can now be reused for cleaning of the livestock trucks, for example. This saves the use of municipal water. The new system is already being used in Scherpenzeel and will be expanded to other locations.

A new monitoring system was tested in Crailsheim to measure energy and water consumption. In Crailsheim, it already led to water savings.

In 2018, the Buchloe site began a project called 'Ecolab Squid'. This project's aim was to analyse water consumption precisely in various sub-areas and then optimise consumption using fixed targets. After successful implementation, more sites are to join this project.

Water treatment

This year, new machines were installed in Scherpenzeel to purify the water. Vion Emstek invested three million euro in the expansion of its wastewater treatment plants on the site. An important part of this investment is a modern measuring station which goes far beyond what current permits require.



Water use

Impact on society

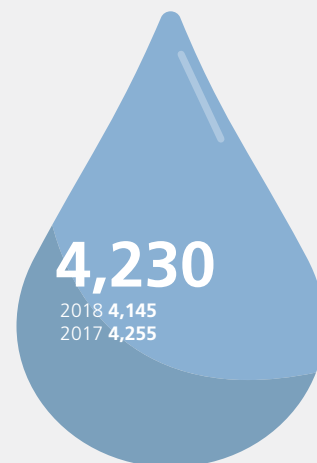
Globally, there is an increasing lack of fresh water, but not yet in the countries where we have our production facilities. Therefore, we do not have a direct negative impact on the availability of fresh water in our society, although all the water we use has a negative impact on the total availability 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

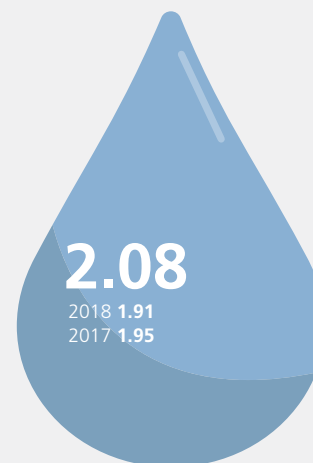
Vion will strive to improve the efficiency of its water usage and to implement improvements in the purification of wastewater, wherever feasible.

Results

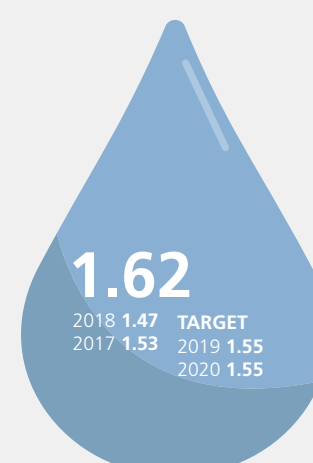
**Total volume of water used
(in hm³)**



**Water intensity
(m³ water used / ton sold)**



**Water intensity of municipal water
(m³ municipal water used / ton sold)**



**Total volume of water used
(in hm³)**



**Water use withdrawn from municipal water supplies
(in hm³)**

	2017	2018	2019
Volume (hm ³)	3,402	3,271	3,296
Percentage	80%	79%	77%



**Water use from own ground water wells
(in hm³)**

	2017	2018	2019
Volume (hm ³)	853	853	934
Percentage	20%	20%	23%



**Number of plants with own water source
(ground water)**

	2017	2018	2019
Number of plants	3	3	3



Number of plants without own water source

	2017	2018	2019
Number of plants	25	23	23

Clarification of the results

The 2019 target was to use a maximum of 1.55 m³ municipal water per tonne sold. We ended 2019 on an average of 1.62 M3 per tonne sold. In 2019, Vion used slightly more water per metric tonne sold because we needed to clean the same working areas and equipment, even though we sold less.

Other relevant CSR topics

Employment and diversity



The topic

In 2019, Vion provided an income and livelihood to: 5,159 employees and 8,564 third-party workers (headcounts).

Equally skilled people should receive the same opportunities, independent of their nationality, race or gender.

Vion's approach

At present, it is hard to recruit enough suitable production personnel. The number of flex workers is quite high, which is due to the availability of candidates and the need for flexibility in operations. To achieve more stability in personnel and provide workers with more certainty, we want to increase the proportion of Vion employees, thus reducing the proportion of third-party workers.

Stability is improved by having less turnover of flex workers in almost all our Dutch facilities. We improved the onboarding process of new colleagues and communication with the agencies. Job coaches at the agencies participate in our team huddles. Both in the Netherlands and in Germany, we actively promote the integration of refugees in the labour market by offering jobs and language courses, which are also provided to other foreign employees. In the Netherlands, we made a recruitment film which will be used from the beginning of 2020.

Due to the nature of our production processes, the majority of workers are male. 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. We stand for equal work - equal pay (also for flex workers).

We offer a trainee programme for university graduates which enables us to attract new talent. At our technical department, we have interns from special education and employees who work a few days a week at Vion and go to school one day a week. In this way, we help them to get better opportunities on the labour market.

Training and education



The topic

To ensure that all processes meet the legal standards and are carried out at a high professional level, Vion needs a qualified and skilled workforce.

Vion's approach

We develop and train our employees and actively encourage them to constantly develop their personal and professional skills. We also invest in language and culture courses. In this way, Vion promotes the employability of its workforce. Vion in the Netherlands is a leader in this area.

We take seriously our responsibility to provide all relevant staff with the skills to ensure the best animal welfare. All employees who interact with live animals receive specific animal welfare training.

Our employees have a lot of opportunities via our development programmes. In our own online Vion Academy, we offer training to develop and extend skills and to keep our employees' knowledge up to date. The Vion Academy was further developed and expanded in 2019 with topics like:

- Fit and healthy behind the computer screen.
- Arbo-conscious watching and acting for supervisors.
- Working with hazardous substances.
- Safe internal transport.
- Supply chain training for the pork division.
- Change programme farming Netherlands.
- Governance & compliance training.

Employees get training in, for example, the Vion Operating System (VOS), a system for process optimisation used within the pork division in the Netherlands. 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. We will roll out the Vion Operating System within the total organisation.

Our Dutch finance professionals had their own finance module, where skills were updated, and best practices were shared. Dutch managers followed a course 'Management with consciousness of working conditions', including an annual online refresher course. In addition, we offer individual, external trainings and qualifications.

The role of protein in a healthy diet



The topic

Proteins are an important part of our diet. Products of animal origin provide high-quality and well-balanced protein for humans. Meat alternatives are also a valuable source of proteins for human consumption.

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

Vion's approach

Vion supports scientific fact-finding about the role of proteins in a healthy diet and Vion actively works together with independent research institutes. Vion shares this scientifically based information with all its stakeholders along the food supply chain.

Introduction of plant-based meat alternatives

Meat consumption is slightly in decline in our home markets. In October 2019, Vion presented a new range of five vegan products:

- Schnitzel-like.
- Minced meat-like.
- Hamburger-like.
- Sausage-like.
- Nugget-like.

During 2020, Vion will start producing these products.

Background information

Meat and meat alternatives can be a good source of proteins, minerals and vitamins in a healthy diet. The protein content of meat is between 22 and 27%, and it is high-quality protein that contains all 8 essential amino acids needed for the growth and maintenance of the human body. Whereas the protein content of meat alternatives is between 7 and 10%. Fresh meat contains a large number of important vitamin B types, such as vitamin B1, B6 and B12, which occur only to a very limited extent in foods not coming from animals. Meat is also rich in easily absorbable iron and other minerals.

Role of meat in muscle growth and strength

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 meal¹.

As we get older, our muscle mass starts to decline. 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.

Reference

¹ 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



The view of...

Stephan Bakker

Internist-nephrologist and professor of internal medicine, UMCG



"It's important you eat a varied diet, including meat and dairy products"

Stephan is an internist-nephrologist at the University Medical Center Groningen (UMCG) and professor of internal medicine at the University of Groningen. For years, he has been researching kidney function in the human body, as well as which substances and processes are involved. He is currently preparing a follow-up study which could cause 'a revolution' in the diets of people with impaired kidney function or other disorders. Eating animal products plays an important role in a suitable diet.

What do you think is the role of animal products in a healthy diet?

"If problems arise in the kidneys, liver or intestines, it becomes especially important to eat animal products to maintain your health. My earlier research showed that the kidney plays a very important role in producing substances for maintaining muscle mass and muscle function, as well as other functions in the body. Creatine is the important substance here. A healthy kidney can make creatine from vegetable proteins, but if you have an unhealthy or non-functioning kidney, your body's creatine production is insufficient or even non-existent."

"This means you will need animal-based foods which already contain creatine: meat, dairy, fish or shellfish. Look at it this way: If you are a kidney patient, you have effectively lost a 'factory'. Animal-based foods can take over that function for you; they provide the creatine you need. With our new research, we expect to show how many animal products people with kidney problems should consume and what makes a good balance with plant-based foods."

Which population groups require the most attention when it comes to meat consumption? And what advice do you give your own patients?

"Groups who require attention are patients with some form of kidney failure, liver failure, or whose intestines don't function normally. Also, the elderly because their organ functions deteriorate with age. Kidney failure also causes loss of muscle mass and cognition. By eating meat and other animal products, this loss can be limited. My advice at present is: eat enough meat. But how much exactly has to be determined through further research. We expect to complete this study in about five years."

What potential benefits and drawbacks to you foresee with the current movement towards plant-based products and away from animal products?

"I think: consider with caution. There are benefits if you look at the environment, but not necessarily for human health. It's important that you eat a varied diet. This certainly includes meat or other animal products to ensure that substances we as humans find difficult to produce ourselves are supplemented. We also certainly need vegetable products. They prevent acidification in the body and provide us with vitamins. What's important is a good balance. Finding the right balance may also depend on your genetic background: one person can cope better with a completely plant-based diet than another."

Other relevant CSR topics

Salt, fat and sugar content



The topic

Too much salt, trans fat and sugar can have a negative effect on human health. Vion does not use much salt and sugar, as we mainly deliver pure, natural products.

Vion's approach

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

Salt and nitrite

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

We are also committed to reducing the nitrite in our products. With bacon, Vion is participating in a project with the aim of reducing the added nitrate content from 150 ppm (particles per million) to 15 ppm without compromising food safety.

We add nitrite to all processed meat products, like bacon. We do this because of:

- Food safety: nitrite mainly protects against the clostridium botulinum bacteria. This can cause muscle paralysis.
- Taste: with nitrite you prevent oxidation of the meat, as it slows the process whereby meat becomes rancid.
- Colour: the meat gets and keeps a nice pink colour.

Too much nitrite is not healthy. In combination with food proteins, nitrosamines can be formed from nitrite. Nitrosamines are probably carcinogenic (especially with colon 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 eat 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.

Additives

The topic

Consumers prefer natural products without the use of chemical additives and E-numbers.

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 functions¹. 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

Vion informs consumers about healthy food and 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. Vion also participated in the social Meat Café organised by the Central Organisation for the meat industry (COV). Vion also discusses this topic with its customers and suppliers of raw materials when developing new products.

Reference

¹ Lippi G, Mattiuzzi C, Sanchis-Gomar F. (2015). Red meat consumption and ischemic heart disease. A systematic literature review. *Meat Sci.*; 108:32-36.

Vion's approach

Vion is a producer of real food; pure meat that is not supplemented with additives. Only in restricted cases will Vion apply additives to control the wholesomeness and safety of the final product. Wherever we use additives, a clear label will be used to properly and meaningfully inform the customer and the consumer.

Community involvement



The topic

Vion and its stakeholders, including our own employees, value social engagement.

Vion's approach

In the Netherlands, Vion donates meat to food banks a few times a month. With each delivery, they support hundreds of families. We also support local events by donating meat; for example: The Tour de Dumoulin.

We regularly deliver animal organs for medical research when needed by universities and hospitals.

In Boxtel, we are the largest employer and work closely with the municipality. In 2019, we worked with them on a long-term social agreement. Together, we are setting 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).

The covenant will be finalised the first part of 2020. We plan to set up these kinds of covenants also with other municipalities for our locations in the Netherlands and Germany.

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, 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.

Sustainable packaging



The topic

Fresh meat is a volatile food item which needs cooling and hygienic packaging to ensure a high level of food safety. For its packaging, Vion uses 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 started using trays made of 90% recycled polyethene terephthalate (rPET). This saves non-renewable fossil fuels and reduces CO₂ 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 also improves the shelf life and product safety. 85% of the products we produce for the German retail are already packed in rPET trays.

Part of the products is packed in material made partly of paper instead of plastic, in order to reduce plastic waste. 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.

Several other consumer products are packaged in bio-degradable plastics.

Vion collaborates with its 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.

(Food) waste avoidance



The topic

Avoidance of waste should be realised as the first priority. Unavoidable waste should then be disposed of in the most sustainable way.

In general, 1/3 of the food produced in the world is wasted. Food waste is created throughout the supply chain, starting with losses at harvesting, during storage and ending with the consumers.

Vion's approach

Vion is strongly focused on avoiding waste when the product is under our own responsibility. This has resulted in hardly any waste of animals, as all the parts are valorised. When the supply of products is higher than demand, we also donate our products to food banks.

Animal by-products not used for human consumption are used for animal feed or other purposes. Immature manure from the animals' bowels is a valuable ingredient for biogas operations. Vion offers this manure, which before was often unused, to biogas plants to produce renewable energy.

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 end-consumers.

Moreover, Vion is an advocate of frozen food, as its shelf life results in less waste. 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 number of guests and their preferences. By producing single consumer portions, Vion is helping gastronomy to avoid unnecessary leftovers.

Food is often wasted in the downstream supply chain, and at the level of households before or after cooking. To help prevent people cooking too high quantities of food which they cannot eat, Vion supports activities for appropriate package sizes at the end-consumer level.

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 1/3 of the cattle farmers in the Netherlands and Germany deliver their animals to Vion. For pig farmers, it is around 55-60% in the Netherlands and around 35-40% 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.

Vion's management is therefore aimed at continuity and growth in its 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.

Appendices

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS



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 organises stakeholder discussions and 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 page 24 and 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 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 page 29 for more information about our materiality analysis and its outcome.

Completeness

Vion's policy, management approach and its 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. 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 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

	2019	2018	2017	2016
Results				
Revenue	5,060.1	4,670.2	5,070.0	4,758.9
Normalised EBITDA ¹	113.2	60.5	64.0	61.0
Earnings before interest and taxes	36.4	16.8	23.5	30.3
Profit for the year	26.6	10.2	21.8	38.8
Cash flow				
Net cash flow from operating activities	-30.1	90.0	39.1	6.2
Net cash flow from investment activities	-51.8	-58.5	-61.5	-66.4
Balance sheet				
Group equity	453.2	448.2	446.1	427.8
Balance sheet total	1,190.6	987.7	1,007.9	1,018.1
Net debt ²	178.7	35.1	50.0	17.7

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 2019 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 2019 of the company.

The consolidated financial statements of Vion Holding N.V. and its subsidiaries for the year ended on 31 December 2019 were authorised for publication by the management board following the approval by the supervisory board on 12 March 2020. The financial statements will be submitted to the general meeting of shareholders for adoption.

	2019	2018	2017	2016
Ratios				
Added value as % of revenue ³	24.4%	24.6%	21.6%	22.0%
Staff costs as % of revenue	11.6%	12.3%	10.9%	10.5%
Normalised EBITDA ¹ as % of revenue	2.2%	1.3%	1.3%	1.3%
Normalised EBITDA ¹ as % of added value	9.2%	5.3%	5.9%	5.8%
Solvency	38.1%	45.4%	44.3%	42.0%
Return on average capital employed ⁴	8.4%	3.2%	4.9%	6.0%
Employees				
Number of employees (FTEs) at year-end	4,544	4,558	4,386	4,262
Number of employees (FTEs) including flex workers at year-end	12,445	11,929	11,925	12,505
Average number of employees (FTEs)	4,539	4,497	4,310	4,210
Average number of employees (FTEs) including flex workers	11,969	11,876	11,839	11,507

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

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

³ Revenue less raw materials and consumables as percentage of revenue.

⁴ 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)

	2019	2018
Continuing operations		
Sale of goods	5,026,309	4,640,229
Rendering of services	33,831	29,932
Revenue from contracts with customers	5,060,140	4,670,161
Other operating income	8,342	8,568
Raw materials and consumables used	3,824,202	3,521,792
Subcontracted work and external costs	540,754	517,749
Employee benefits expenses	587,765	573,470
Depreciation and amortisation	59,354	41,478
Impairment of non-current assets	12,554	698
Other operating expenses	7,473	6,741
Total operating expenses	5,032,102	4,661,928
Earnings before interest and taxes	36,38	16,801
Finance costs	-7,404	-5,399
Finance income	99	370
Share of profit of associates and joint ventures	784	1,275
Profit before tax from continuing operations	29,859	13,047
Income tax income/(expense)	-3,226	-2,864
Profit for the year	26,633	10,183
Attributable to:		
Equity holders of the parent	25,372	7,941
Non-controlling interests	1,261	2,242
Total	26,633	10,183

Consolidated statement of total comprehensive income

(in thousands of euros)

	2019	2018
Profit for the year	26,633	10,183
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	-78	61
Gross (loss)/gain on cash flow hedges	2,210	-1,790
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	2,132	-1,729
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gains/(losses) on defined benefit plans	-13,150	805
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-13,150	805
Other comprehensive income/(loss) for the year, net of tax	-11,018	-924
Total comprehensive income/(loss) for the year, net of tax	15,615	9,259
Attributable to:		
Equity holders of the parent	14,354	7,017
Non-controlling interest	1,261	2,242
Total	15,615	9,259

Consolidated statement of financial position

(in thousands of euros)

Assets	2019	2018
Non-current assets		
Property, plant and equipment	303,575	307,212
Investment properties	1,124	1,287
Intangible assets	53,008	57,525
Right of use assets	40,912	–
Investment in associates and joint ventures	7,197	6,734
Other non-current financial assets	3,781	3,639
Deferred tax assets	29,025	29,923
Total non-current assets	438,622	406,320
Current assets		
Inventories	221,364	173,408
Trade and other receivables	511,189	388,747
Prepayments	9,430	11,497
Other current financial assets	3,834	1,143
Income tax receivable	556	445
Cash and cash equivalent	4,368	6,139
Assets held for sale	1,200	29
Total current assets	751,941	581,408
Total assets	1,190,563	987,728

Equity and liabilities	2019	2018
Equity		
Issued capital	2,285	2,285
Share premium	372,716	372,716
Legal reserves	21,319	21,177
Retained earnings	18,833	29,194
Result for the year	25,372	7,941
Equity attributable to equity holders of the parent	440,525	433,313
Non-controlling interests	12,630	14,905
Total equity	453,155	448,218
Non-current liabilities		
Interest-bearing loans and borrowings	40,255	16,184
Other non-current financial liabilities	7,120	2,989
Provisions	1,559	854
Net employee defined benefit liabilities	135,714	127,284
Deferred tax liabilities	17	6
Total non-current liabilities	184,665	147,317
Current liabilities		
Trade and other payables	399,415	354,384
Interest-bearing loans and borrowings	135,729	22,033
Other current financial liabilities	5,793	6,668
Contract liability	2,368	4,719
Income tax payable	2,475	2,126
Provisions	6,963	2,263
Total current liabilities	552,743	392,193
Total liabilities	737,408	539,510
Total equity and liabilities	1,190,563	987,728

Consolidated statement of cash flows

(in thousands of euros)

	2019	2018
Cash flow from operating activities		
Profit before tax	29,859	13,047
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	44,852	35,838
Depreciation and impairment of right-of-use-assets	16,044	–
Depreciation and impairment of investment properties	163	163
Amortisation and impairment of intangible assets	10,849	6,176
Gain on disposal of property, plant and equipment	–3,729	–1,019
Finance income	–99	–370
Finance costs	7,244	4,509
Net foreign exchange differences	160	890
Share of profit of associates and joint ventures	–206	–1,275
Movement in provisions, pensions and government grants	–1,420	–8,147
Working capital adjustments:		
(Increase)/decrease in trade and other receivables and prepayments	–119,891	31,809
(Increase)/decrease in inventories	–47,955	11,147
Increase/(decrease) in trade and other payables	42,380	795
	–21,749	93,563
Interest received	99	583
Interest paid	–7,015	–3,757
Income tax received (paid)	–1,390	–366
Net cash flow from operating activities	–30,055	90,023

	2019	2018
Cash flow from investment activities		
Proceeds from sale of property, plant and equipment	2,554	3,097
Purchase of property, plant and equipment	–48,261	–52,363
Purchase of intangible assets	–2,209	–2,147
Development expenditures	–4,200	–6,739
Purchase of subsidiaries	–	–551
Dividends received from subsidiaries, associates and joint ventures	322	227
Net cash flow from investment activities	–51,794	–58,477
Cash flow from financing activities		
Proceeds from borrowings	101,225	–
Repayment of borrowings	–	–32,072
Payment of principal portion of lease liabilities	–14,860	–568
Proceeds from non-bank debts	545	–
Repayment of non-bank debts	–	–88
Acquisition of non-controlling interest	–	–1,842
Dividend paid to equity holders of the parent	–3,970	–9,500
Dividend paid to non-controlling interests	–2,509	–2,318
Net cash flow from financing activities	80,431	–46,388
Net increase/(decrease) in cash and cash equivalents	–1,418	–14,841
Net foreign exchange difference	–353	122
Cash and cash equivalents at 1 January	6,139	20,858
Cash and cash equivalents at 31 December	4,368	6,139

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 15,000 members in Noord-Brabant, Zeeland and the southern part of Gelderland.



Organisational structure

There were no significant changes to the organisation's ownership in 2019. 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 Pork, Beef and Food Service Divisions, and the CCO Pork. 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 2019, Vion had 4,544 own employees and 7,901 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'.

¹ Average total number of employees in FTEs 12,445.



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), Bernd Stark (COO Food Service), Bernd Stange (COO Beef), Philippe Thomas (COO Retail) and Binne Visser (CHRO).



From left to right: John Morssink, John de Jonge, Bernd Stark, Ronald Lotgerink, Bernd Stange, Philippe Thomas, Binne Visser.

The way we do business

Our core values



In 2019 Vion introduced a new way of working. It is based on three core values, which we regard as part of our DNA. These values are **Sharp, Connected and 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, so that we can thrive in volatile and unexpected market circumstances. We shape markets by anticipating needs and driving demand. Together with our suppliers, customers and other key partners, we create the unseen.

How do we do this? By the following:

- We have to be as sharp as a knife to stay ahead; we master our trade.
- We continuously work on improving our knowledge and expertise.
- Our people are clever and fast, acting on new opportunities and challenges.
- We welcome change, follow our intuition and know how to translate insights into business value.
- We explore new possibilities.
- When it comes to our responsibilities in the company, each of us is clear in communication and thorough in action.
- In doing so, we don't just look ahead, but are able to create followers.



Connected

Being in the centre of vital food supply chains, we believe that the heart of our success lies in a deep understanding that everything is related. From the (eco)system that we are part of to the personal relationships which build strong partnerships and food supply chains. We all feel we are a part of something bigger.

How do we do this? By the following:

- Fuelling curiosity so we can truly understand the consequences of our actions.
- Increasing our understanding of the events and people around us and identifying the patterns and systems we are part of. For example, by using big data and other digital solutions.
- Stimulating interaction, diversity, cooperation and the sharing of ideas between colleagues, teams, Business Units, customers, suppliers and other stakeholders, so that we have different, fresh perspectives on and solutions for the challenges and opportunities.
- Building relationships that last by listening, learning and continuously adapting to change.
- And finally, by having an obsession to help others so that we will all progress.



Brave

At Vion, we do things which have never been done before. We challenge the status quo, so we can make the necessary progress in our company and our industry. Together we want to become a gamechanger and a beacon for others, developing the protein chains of the future and introducing new propositions revolutionary to our industry.

How do we do this? By the following:

- We are confident but never arrogant.
- We have the willingness to make difficult decisions, while not always knowing the precise outcome.
- We talk about what we stand for. And we stand for what we believe in. We know this takes courage.
- We are transparent, inviting others to see things for themselves and become a part of our vision.
- We aim for success and accept that failure and criticism are a necessary part of achieving it.
- That is why, every day, we push ourselves to do a little better and encourage our peers and leaders to get out of their comfort zones.
- And as we say at Vion: No guts, no glory!

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.



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.



Integrity

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



Human capital

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



Social commitment

Vion contributes to the improvement of the quality of life and behaves as a good citizen of the communities in which it is active.



Compliance

Vion endeavours to comply with all internal standards, legislation, and regulations in every country where it operates, as well as UN Guiding Principles on Business and Human Rights and OECD guidelines.

The way we do business

Our code of conduct and whistleblower procedure

**We have strict procedures for our employees,
including temporary and contract workers.**



Code of conduct

Vion's business principles and core values are laid down in a code of conduct. Together with the whistleblower policy, the code of conduct was updated completely in 2016.

In 2017, the code of conduct was reviewed, which led to the introduction of animal welfare and food safety and product integrity as separate sections and a clarified definition of our employees which includes temporary and contract workers.

Early in 2018, we communicated the revised code of conduct together with our whistleblower policy and our approach to information security, data privacy and fraud prevention in a new version of our Good Business Practice Guide which every employee received.



Whistleblower procedure

In 2019, we have received in total eight reports under the whistleblower policy. These reports were related to human resources, quality and health and safety of workers.

In 2019, 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.

The Vion whistleblower policy aims to support compliance with laws, integrity in financial management, a healthier and safer work environment, and effective corporate governance. We want to ensure that any employee of 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.


Employees and third-party workers (headcounts)



ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS

Vion	2017	2018	2019
Total number of workers own + flex	13,445	12,705	13,723
Total number of own employees	4,962	5,218	5,159
Total number of Vion's own employees with a permanent employment contract	4,392	4,565	4,557
• Male	3,344	3,427	3,385
• Female	1,048	1,138	1,172
Total number of Vion's own employees with a temporary employment contract	570	653	602
• Male	362	423	402
• Female	208	230	200
Total number of full-time employees	4,013	4,114	4,057
• Male	3,271	3,351	3,289
• Female	742	763	768
Total number of part-time employees	949	1,104	1,102
• Male	429	498	500
• Female	520	606	602
% of total employees covered by collective bargaining agreements	92.5%	90.8%	86.5%
# of employees covered by collective bargaining agreements	4,495	4,736	4,460
Total number of third party labour workers	8,483	7,487	8,564
• 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	55.4%	47.4%	44.2%
# of third party labour workers covered by collective bargaining agreements	4,696	3,550	3,782
 Vion Netherlands	2017	2018	2019
Total number of workers own + flex	6,323	5,536	5,735
Total number of own employees	2,066	2,185	2,239
Total number of Vion Netherlands's own employees with a permanent employment contract	1,852	1,929	2,026
• Male	1,408	1,452	1,510
• Female	444	477	516
Total number of Vion Netherlands's own employees with a temporary employment contract	214	256	213
• Male	100	143	111
• Female	114	113	102
Total number of full-time employees	1,474	1,569	1,604
• Male	1,251	1,321	1,328
• Female	223	248	276
Total number of part-time employees	592	616	635
• Male	251	273	295
• Female	341	343	340
% of total employees covered by collective bargaining agreements	96.1%	96.1%	92.0%
# of employees covered by collective bargaining agreements	1,985	2,100	2,060
Total number of third party labour workers	4,257	3,351	3,496
• Male	N.A.	N.A.	N.A.
• Female	N.A.	N.A.	N.A.

 Vion Netherlands	2017	2018	2019
% of total third party labour workers covered by collective bargaining agreements	98.8%	98.5%	100.0%
# of third party labour workers covered by collective bargaining agreements	4,206	3,301	3,496
 Vion Germany	2017	2018	2019
Total number of workers own + flex	7,018	7,169	7,988
Total number of own employees	2,792	3,033	2,920
Total number of Vion Germany's own employees with a permanent employment contract	2,437	2,636	2,531
• Male	1,878	1,975	1,875
• Female	559	661	656
Total number of Vion Germany's own employees with a temporary employment contract	355	397	389
• Male	261	280	291
• Female	94	117	98
Total number of full-time employees	2,442	2,545	2,453
• Male	1,962	2,030	1,961
• Female	480	515	492
Total number of part-time employees	350	488	467
• Male	177	225	205
• Female	173	263	262
% of total employees covered by collective bargaining agreements	89.9%	86.9%	82.2%
# of employees covered by collective bargaining agreements	2,510	2,636	2,400
Total number of third party labour workers	4,226	4,136	5,068
• 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	11.6%	6.0%	5.6%
# of third party labour workers covered by collective bargaining agreements	490	249	286

In 2019, we had 89 extra employees in our sales support offices outside the Netherlands and Germany.

The workers from our 3rd 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 and also with the costs of our operation workforce.

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. The workers not covered by collective bargaining agreements are corporate staff.

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
Consumers	<ul style="list-style-type: none"> Consumers in our home markets of the Netherlands and Germany Consumers around the world 	Material topics <ul style="list-style-type: none"> Animal welfare Traceability and product integrity Sustainable farming Fair pricing SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Yearly Food Service Consumer Trend Analysis Questions and remarks from consumers; each remark from a consumer is answered personally 	<ul style="list-style-type: none"> Marketing
Customers	<ul style="list-style-type: none"> Retail outlets Industry (manufacturers) Food services 	Material topics <ul style="list-style-type: none"> Food safety Animal welfare Traceability and product integrity Working conditions Sustainable farming Fair pricing SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks by the Sales and Quality Assurance Departments Biennial Client Satisfaction Analysis 	<ul style="list-style-type: none"> Sales Marketing Quality Assurance Departments CEO
Suppliers	<ul style="list-style-type: none"> Animal suppliers: Farmers, De Groene Weg, Waddenvleesgroep Food suppliers Non-food suppliers 	Purpose and strategy Material topics <ul style="list-style-type: none"> Animal welfare Traceability and product integrity Sustainable farming Fair pricing SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc dialogues by the Purchasing and Quality Assurance Departments Workshops Annual meetings of farmer's associations Events for suppliers Lectures at producer meetings Guided plant tours for suppliers 	<ul style="list-style-type: none"> Public Affairs Farming Department Purchasing Quality Assurance CEO
Farmer associations	<ul style="list-style-type: none"> LTO (Landen Tuinbouworganisatie) ZLTO (Zuidelijke Landen Tuinbouworganisatie) NVV (Nederlandse Vakbond Varkenshouders) POV (Procentenorganisatie varkenshouderij) Regional farmers' associations StarFarmers De Groene Weg suppliers' association DBV (Deutscher Bauernverband) ISN (Interessengemeinschaft der Schweinehalter Deutschlands) ZDS (Zentralverband der Deutschen Schweineproduktion) Breeding farm associations NAJK (Young Farmers Association) Bayerischer Bauernverband 	Material topics <ul style="list-style-type: none"> Animal welfare Traceability and product integrity Sustainable farming Fair pricing SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc bilateral meetings Yearly sector meetings Yearly farmers' association supervisory boards Presentations at annual meetings 	<ul style="list-style-type: none"> Public Affairs COOs Purchasing Departments CEO
Financial stakeholders	<ul style="list-style-type: none"> Shareholder ZLTO Banks Shareholders of parts of Vion's subsidiary companies 	Purpose and strategy Targets Material topics <ul style="list-style-type: none"> Fair pricing SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc direct talks by the board Quarterly supervisory board meetings 	<ul style="list-style-type: none"> CFO CEO Public Affairs Department Treasury-Insurance Group Communication and CSR

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
Public authorities	<ul style="list-style-type: none"> National, regional (provincial) and local governments Public auditors like NVWA Transparency Benchmark 	Material topics <ul style="list-style-type: none"> Animal welfare Sustainable farming Fair pricing Nuisance for neighbours, including target SDGs Zero hunger Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc direct talks by the Public Affairs and Quality Assurance Departments and the Line Management Engagement in Topsector Agri & Food, as well as round table discussions on other specific projects and dialogues Yearly benchmark on the CSR in the Netherlands 	<ul style="list-style-type: none"> CEO Public Affairs Quality Assurance Departments Line Management
Round table groups	<ul style="list-style-type: none"> RTRS: Round Table Responsible Soy National technical workgroup Varken van Morgen Topsector Agrifood SAI Beef Working Group (SAI Platform) Runde Tische Tierschutz Initiative Tierwohl Koordinierungsplattform Ferkelkastration SPA = Sozialpolitischer Ausschuss der Fleischindustrie ViVa (Coalition Vitalisering Varkenshouderij) Boehringer Ingelheim Pork Sustainability Platform Boars 2018 	Material topics <ul style="list-style-type: none"> Animal welfare Sustainable farming SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Round table meetings and technical advisory group meetings Member of the Steering Committees 	<ul style="list-style-type: none"> Public Affairs Quality Assurance Human Resources Purchase Departments
NGOs	<ul style="list-style-type: none"> Animal welfare NGOs: Dierenbescherming, Eyes on Animals, Wakker Dier, Compassion in World Farming, Deutscher Tierschutzbund, Pro Vieh, Environmental NGOs: Stichting Natuur & Milieu, WWF, Milieudefensie, BUND Consumer protection NGOs: Consumentenbond, Voedingscentrum, Foodwatch, Verbruucherzentrale Bundesverband 	Material topics <ul style="list-style-type: none"> Animal welfare Sustainable farming SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks, council or round table discussions with some NGOs Collaboration in the European Animal Welfare Platform 	<ul style="list-style-type: none"> Public Affairs Quality Assurance Farming Departments Group Communication and CSR
Workers and works councils	<ul style="list-style-type: none"> Own employees Flex employees Corporate works council Local works councils 	Material topics <ul style="list-style-type: none"> Food safety Animal welfare Traceability and product integrity Working conditions Carbon footprint of processing Water use SDGs <ul style="list-style-type: none"> Zero hunger (safe food) Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Frequent (at least) monthly informal meetings Annual performance planning and review meetings Town hall meetings Annual Top 150 management meetings 	<ul style="list-style-type: none"> Human Resources Department

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
Trade unions	<ul style="list-style-type: none"> Corporate and local works councils Trade Unions: FNV, CNV, de Unie, NGG 	Material topics <ul style="list-style-type: none"> Working conditions SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Frequent (at least monthly) informal meetings Quarterly formal meetings Collective bargaining agreements FNLI Taskforce Human Capital Agenda Food 	<ul style="list-style-type: none"> Human Resources Department
Trade organisations	<ul style="list-style-type: none"> COV (Centrale Organisatie voor de Vleessector) VNV (Vereniging van Slachterijen en Vleesverwerkende bedrijven) CBL (Centraal Bureau Levensmiddelenhandel) FNLI (Federatie Nederlandse Levensmiddelenindustrie) VDF (Verband der Fleischwirtschaft) German Meat GS1 Working Group European Meat Network VNONCW BGN (Berufsgenossenschaft Nahrungsmittel und Gastgewerbe) ViVa (Coalition Vitalisering Varkenshouderij) 	Purpose Material topics <ul style="list-style-type: none"> Animal welfare Sustainable farming Fair pricing SDGs <ul style="list-style-type: none"> Zero hunger (safe food) Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Membership on the Board of COV, VDF and BGN Membership on the Board of FNLI and Innofood Twente Member of CoViVa 	<ul style="list-style-type: none"> COOs Group Communication and CSR
Competitors	<ul style="list-style-type: none"> Tönnies Danish Crown Westfleisch Müller Gosschalk Compaxo Van Rooij Food service competitors 	Material topics <ul style="list-style-type: none"> Animal welfare Sustainable farming SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc or in trade organisations SAI Platform 	<ul style="list-style-type: none"> CEO Sales Marketing Public Affairs Departments Group Communication and CSR
Certifications schemes	<ul style="list-style-type: none"> IFS (International Featured Standards) Food GlobalGAP BRC Global Standards ISO (International Organisation for Standardisation) Stichting Beter Leven Keurmerk IKB (Integraal Ketenbeheer) Chain of Custody Standard QS (Quality Scheme) Skal Tierschutzlabel Initiative Tierwohl Regionalfenster Geprüfte Qualität Bayern Orgalvent Milieukeur NEN-ISO Dutch mirror group for Animal Welfare NEN-ISO Dutch mirror group for the Chain of Custody 	Material topics <ul style="list-style-type: none"> Food safety Animal welfare Traceability and product integrity Sustainable farming 	<ul style="list-style-type: none"> Yearly audits Direct membership in the governing bodies or technical advisory groups of a number of certification schemes Chair of the Dutch mirror group NEN-ISO for Animal Welfare Member of the Board of GlobalGAP and IFS 	<ul style="list-style-type: none"> Quality Assurance Purchase Departments

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
Science	<ul style="list-style-type: none"> Governmental research agencies like RIVM (Rijksinstituut voor Volksgezondheid en Milieu) 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 Veterinary University Utrecht IRAS (Institute for Risk Assessment, Utrecht University) TiFN (Top Institute Food and Nutrition) TNO BFR (Bundesinstitut für Risikobewertung) FLI (Friedrich-Loeffler-Institut, Federal Research Institute for Animal Health) MRI (Max-Rubner-Institut) GIQS (Grenzüberschreitende Integrierte Qualitätssicherung) DIL (Deutsches Institut für Lebensmitteltechnik) EU-Effort project (on antibiotic resistance) ECVPH (European College of Veterinary Public Health) SVEPM (Society for Veterinary Epidemiology and Preventive Medicine) VMT / Food Safety Society for Risk Analysis (US) 	<p>Material topics</p> <ul style="list-style-type: none"> Food safety Animal welfare Carbon footprint of processing Sustainable farming <p>SDGs</p> <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks Joint research projects Scientific publications Diplomats and residents of ECVPH Member of the Editorial Board VMT / Food Safety 	<ul style="list-style-type: none"> Research Quality Assurance Public Affairs Purchase Departments
Media	<ul style="list-style-type: none"> European Association of Communication Directors EACD Media in the Netherlands, Germany and Belgium Trade media in the Netherlands, Germany and Belgium SAN 	<p>Material topics</p> <ul style="list-style-type: none"> Animal welfare Sustainable farming Fair pricing 	<ul style="list-style-type: none"> Yearly congress and workshops Regular meetings and open communication Proactive dialogues and messaging Daily answering of media requests Member of the jury 	<ul style="list-style-type: none"> Group Communication and CSR
Neighbours	<ul style="list-style-type: none"> Sounding board of neighbours 	<ul style="list-style-type: none"> Nuisance for neighbours 	<ul style="list-style-type: none"> Open days in the case of (re)new(ed) production sites Formal dialogues in the case of specific enlargement approval procedures Meetings with sounding board of neighbours 	<ul style="list-style-type: none"> COOs Local Line Management Group Communication and CSR

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	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	
Role of protein in a healthy diet	•	•	•	•	•	•				•	•		•	•		•	•	
Working conditions		•			•	•					•	•	•	•			•	
Salt, fat and sugar content	•	•	•			•				•			•	•		•	•	
Additives	•	•	•							•				•			•	
Employment and diversity			•		•	•					•	•		•				
Training and education of workers		•	•	•	•			•			•	•		•	•			
Nuisance for neighbours						•												•
Community involvement	•																	•

Relevance of the CSR topics to our stakeholders

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	•	•			•	•			•						•			
Sustainable farming	•	•	•	•	•	•	•		•				•	•	•	•	•	
Sustainable packaging	•	•			•	•			•		•							
Food waste avoidance	•	•	•		•	•	•	•	•		•			•		•	•	

Relevance of the CSR topics to our stakeholders

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
GENERAL DISCLOSURES				
Organisational profile				
GRI 102: General disclosures 2016	102-1	Name of the organisation	1	
	102-2	Activities, brands, products, and services	12-18	<ul style="list-style-type: none"> 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.
	102-3	Location of the headquarters	9	
	102-4	Location of the operations	13	
	102-5	Ownership and legal form	112	
	102-6	Markets served	20	
	102-7	Scale of the organisation	107	
	102-8	Information on the employees and other workers	117	
	102-9	Supply chain	22	
	102-10	Significant changes to the organisation and its supply chain	33, 35	
	102-11	Precautionary principles or approach	41-42	<ul style="list-style-type: none"> 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 2019, there were no special measures necessary.
	102-12	External initiatives	118-121	
	102-13	Membership of associations	118-121	
Strategy				
GRI 102: General disclosures 2016	102-14	Statement from the senior decision-maker	5-6	
Ethics & integrity				
GRI 102: General disclosures 2016	102-16	Values, principles, standards, and norms of behaviour	114-116	
Governance				
GRI 102: General disclosures 2016	102-18	Governance structure	112-113	
Stakeholder engagement				
GRI 102: General disclosures 2016	102-40	List of the stakeholder groups	24	
	102-41	Collective bargaining agreements	117	
	102-42	Identifying and selecting the stakeholders	24	
	102-43	Approach to stakeholder engagement	24, 106	
	102-44	Key topics and concerns raised	118-121	

GRI Standard	Disclosure		Page	Remarks/reason for omission
GENERAL DISCLOSURES				
Reporting practice				
GRI 102: General disclosures 2016	102-45	Entities included in the consolidated financial statements	107-111	• 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	106	
	102-47	List of the material topics	31	
	102-48	Restatement of the information		• No restatement of the information
	102-49	Changes in the reporting	28-31	
	102-50	Reporting period	1	• The report covers the calendar year 2019.
	102-51	Date of the most recent report		• Our previous CSR report, covering the year 2018, was published in March 2019.
	102-52	Reporting cycle		• We have an annual reporting cycle.
	102-53	Contact point for questions regarding the report and its contents	106	
	102-54	Claims of reporting in accordance with the GRI standards	106	
	102-55	GRI content index	125-128	
	102-56	External assurance		• Our policy is to have no external assurance of the report.

GRI Standard	Disclosure		Page	Remarks/reason for omission
MATERIAL TOPICS				
GRI 200 Economic topics 2016				
Fair pricing				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	80	
	103-2	Management approach	80-82	

GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 300 Environmental topics 2016				
Carbon footprint of processing				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	90	
	103-2	Management approach	90-92	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	91	• The energy used for heating and cooling is included in the fuel and electricity consumption, as we cannot monitor that separately.
	302-3	Energy intensity	91	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	92	
	305-2	Energy indirect (Scope 2) GHG emissions	92	
	305-4	GHG emissions intensity	92	
Water usage				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	93	
	103-2	Management approach	93-94	
GRI 303: Water 2016	303-1	Water withdrawal by source	94	
Sustainable farming				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	75	
	103-2	Management approach	75-78	

GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016				
Working conditions				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	83	
	103-2	Management approach	83-87	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and the number of work-related fatalities	86	<ul style="list-style-type: none"> We do not register incidents by gender, as we do not experience that this is as a dominant factor in the amount or types of incidents. Injuries with no absence are not monitored, so we can only report on the lost day rate and not the injury rate. Occupational disease rate: it is not monitored whether diseases are occupational or not.
Traceability and product integrity				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	53	
	103-2	Management approach	53-55	
GRI 417: Marketing and labelling	417-1	Requirements for product information and labelling	54	
Food safety				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	47	
	103-2	Management approach	47-50	
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	49	
Animal welfare				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	57	
	103-2	Management approach	57-72	
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	64-68	
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	57-72	
GRI G4: Sector disclosures 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	63	
Nuisance for neighbours				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	88	
	103-2	Management approach	88-89	

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 Dutch CBL product integrity standard, 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 Dutch CBL product integrity standard or IFS PIA:

Externally sold volume from plants certified to conform to IFS Product Integrity Assessment or Dutch CBL product integrity standard 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 slaughtered in meat processing plants with specific animal welfare standards:

Number of animals slaughtered in plants certified to conform to Beter Leven or Für mehr Tierschutz as a percentage of the total number of animals slaughtered at Vion.

% 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.

% Slaughtered pigs/cattle in independently certified regionality programmes:

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

No restun needed:

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

Pigs/cattle raised under certified higher animal welfare requirements:

The number of 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 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.

Breed types of slaughtered female cattle:

Number of female cattle from a specific breed type as a percentage of total number of slaughtered female cattle 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 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.

Sustainable farming

Contribution to CO₂-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. The different greenhouse gases which are measured are recalculated (based on global warming potential) in kg CO₂-equivalents per 100g of protein.

Variability in CO₂ 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 CO₂-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 Poore¹.

Reference:

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

% reduction of greenhouse gases at pig farms:

Every year, we will calculate GHG emissions at more pig farms. We will calculate the average CO₂-eq. emissions of the farms where measurements were taken. The % reduction is calculated by the difference (decrease) between the average emissions in the current year and the average emissions in the base year, stated as a percentage of the average emissions in the base year.

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.

Working conditions

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 quota:

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).

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).

Nuisance for neighbours

% reduction of complaints:

Difference (decrease) between the number of complaints in the current year and the number of complaints in the base year, as a percentage of the number of complaints in the base year.

Carbon footprint of processing

Energy efficiency:

Absolute energy consumption in MJ 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 CO₂-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 CO₂-eq.

GHG emissions intensity scope 1 + 2:

Absolute direct and indirect GHG emissions in kg CO₂-eq divided by volume per tonne sold.

Non-renewable energy consumption per tonne sold:

Energy purchased for consumption and self-generated energy consumption in MJ originating from non-renewable energy sources.

Water usage

Total volume of water used:

Volume of water use withdrawn from municipal water supplies + water use from own ground water wells in hm³.

Water intensity:

Total volume of water used in m³ divided by the volume in tonnes sold.

Usage of municipal water per tonne sold:

Volume of water use withdrawn from municipal water supplies in m³ divided by the volume in tonnes sold.

1000-man quote (TMQ)	The number of work accidents resulting in more than three calendar days of absenteeism or death, based on 1000 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.
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.
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	For the CO ₂ emissions, we use the average grid emission factors for the country in which the material 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.
Remuneration	Basic salary plus the additional amounts paid to a worker.
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.

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