



Corporate social responsibility report 2016

MORE THAN JUST MEAT





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Francis Kint: Focus on food safety, transparency and animal welfare

'Vion has decided not to shy away from numerous societal debates but to participate to the dialogue and propose solutions'

– Francis Kint

Vion has been engaged in corporate social responsibility for quite some years, through various initiatives. Currently Vion takes these initiatives to the next level. This is the first annual CSR report that we publish next to our [annual report](#) and which provides a clear CSR vision, strategy and the actions that are taken. This is the tangible start of a journey that Vion has embarked on into the near future.

Proteins are an indispensable part of a wholesome diet for mankind. Proteins of animal origin have the highest nutritious value and at a global scale the average diet contains about 25% of animal proteins. Vion is a food company, active in producing two of the most important forms of animal proteins (pork and beef) which represent 60% of the global meat consumption.

Whereas food safety is a condition sine qua non, Vion sincerely aspires to produce meat respecting animal welfare and a sustainable environment.

Food in general and meat in particular is a popular subject of numerous societal debates. These debates can be grouped into four major themes:

- Animal welfare (at farm and post-farm gate)
- Supply chain – related issues such as traceability, transparency and product integrity
- The environmental impact of meat production
- Human health

At Vion, we have decided not to shy away from these debates, but to participate actively in the societal dialogue on these relevant themes.

With this CSR report Vion intends to stimulate the discussion and creativity with our stakeholders on these relevant items. Together Vion wants to develop solutions to guide our industry to implement best practices within the four themes mentioned. With this report, we oblige each other to rethink, act and report progress. It is also a transparent discussion with our employees on what this company is about and the path to continuous improvement.

Vion has first ranked topics in this report based on: (I) its relevance related to our activities; and (II) where Vion's influence together with other stakeholders can make the difference.

While the report covers all the relevant themes, I would like to take the opportunity to highlight the top three themes:

Food safety: every day, approximately 100 million consumers on the globe have a meal with 'Vion inside'. It is our first and foremost duty to make sure that the food is safe and wholesome. This is only possible by continuous investment in modern facilities and rigorous quality management. In a low margin, commodity industry, this requires a continuous focus and intelligence to realise the highest standard every day while maintaining the economic viability of the company.

Transparency: the contemporary society wants more transparency in general. This facilitates an open discussion about products that are on the market. Vion has faced this challenge and opened up for more transparency in our industry. The launch of the [website](#) was a landmark concerning transparency in the slaughter sector. It was launched during the main Meat Industry Congress in

Germany. The website provides:

1. visuals of what we do,
2. key facts of the processes and control procedures,
3. an open discussion forum.

This website will evolve as one of our main instruments to communicate with society.

Animal welfare: we are handling thousands of animals every day. It is our obligation to respect animal welfare and the integrity of the animal. In 2015, we rated all of our facilities in all the major areas that are under our direct control, such as quality and distance of animal transport, the quality of the lairage, the stunning and bleeding of all animals (all animals are stunned before slaughter). We have since then consequently prioritised our investments to realise the industry standard on all these items.

Next to these three key topics on which Vion wants to excel, other themes are also part of the CSR ambition. A red line in our strategy is to increase our know-how, capture and analyse data and act smart in an informed way. Vion has a very intensive relationship with the farming sector. This proximity stimulates cooperation and provides many

challenges. This has e.g. resulted in a substantial market share of organic, animal friendly and sustainable meat. Cooperation with our stakeholders, such as the farmers, the retail, the industry and the NGO's was key to that success.

As conclusion: it is obvious that one of the biggest global challenges for the next decades is to produce wholesome food for a growing population. Animal proteins will play a crucial role in diets of the next generations. The meat industry is consolidating but is still quite fragmented. There is no doubt that it is up to the few large companies to take leadership. Vion has the ambition to work on solutions for the challenges of the meat industry together with other stakeholders. Vion aspires to act as a game changer on some of these topics and, in other words, be about **more than just meat**. Finally I want to thank some well-known experts and authorities in their fields of expertise for their valuable insights and contributions to our report. I hope you will enjoy reading this first CSR report of Vion and I am open for all suggestions that may evolve from this report.

Francis Kint
CEO Vion Food Group

Profile

Vion is an international meat producer with production locations in the Netherlands and Germany and sales support offices in sixteen countries worldwide.

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

Vion supplies customers in its home markets of the Netherlands and Germany, 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. Starting in 2016 Vion complies with the Dutch Corporate Governance Code.

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued depositary receipts for its shares to NCB-Ontwikkeling, which acts as the investment fund of ZLTO. ZLTO is an association for entrepreneurs working in agricultural sectors and has approximately 15,000 members in Noord Brabant, Zeeland and the southern part of Gelderland.



11,507
Average number of employees in 2016
(including flex workers)



4.7
Net turnover 2016 in billion euros



309,808
Pigs processed per week



17,712
Cattle processed per week

Key figures

Amounts in millions of euros

2016 2015 2014 2013

Results

Net turnover	4,749	4,571	4,992	7,033
Net turnover from discontinued operations	0	0	159	2,002
Normalised EBITDA ¹	60	46	60	196
Normalised EBITDA from ongoing operations	60	45	58	22
Operating result	28	31	20	728
Net result	31	22	-21	516

Cash flow

Cash flow from operating activities	6	34	80	-41
Net cash flow from operations (available for financing activities) ²	-67	-18	1,563	-113
Sale and acquisitions of participating interests ²	-7	1	1,519	0

Balance sheet

Group equity	448	416	397	425
Balance sheet total	1,015	945	980	2,706
Net debt ³	17	-52	-87	1,459

Amounts in millions of euros

2016 2015 2014 2013

Ratios

Added value as % of net turnover ⁴	21.8%	21.2%	21.0%	27.5%
Staff costs as % of net turnover	10.5%	10.2%	9.7%	10.6%
EBITDA normalised ¹ as % of added value	5.8%	4.7%	5.7%	10.2%
EBITDA normalised ¹ as % of net turnover	1.3%	1.0%	1.2%	2.8%
Solvency	44.1%	44.1%	40.5%	15.7%
Return (ongoing operations) on average capital employed (ROCE) ⁵	5.6%	3.7%	5.9%	11.9%

Employees

Number of employees at year-end	4,262	4,233	4,311	6,669
Number of employees including flex workers at year-end	12,505	11,542	11,492	14,274
Average number of employees	4,210	4,228	5,243	12,491
Average number of employees including flex workers	11,507	11,021	12,897	18,099

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

² Change in 2014 is primarily due to the divestment of Vion Ingredients.

³ Long-term liabilities and current interest-bearing liabilities payable to credit institutions less cash and cash equivalents.

⁴ Net turnover and changes in inventory of finished goods and goods being processed less cost of raw materials and consumables as a percentage of net turnover.

⁵ Normalised operating result¹ divided by average capital employed (fixed assets excluding financial fixed assets plus net working capital excluding all interest-bearing liabilities payable to credit institutions and receivables related to divestments of group companies).

Key figures

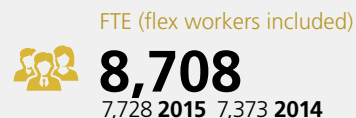
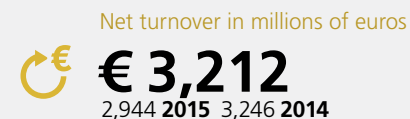
Vion has three divisions: Pork, Beef and Food Service, 25 production sites located in the Netherlands and Germany and 16 sales support offices located in various European countries, China and Singapore.

We have invested in the expansion of some of our production sites: in Landshut (Ger), Waldkraiburg (Ger) and Groenlo (NL). There were no closings or openings of new production sites.

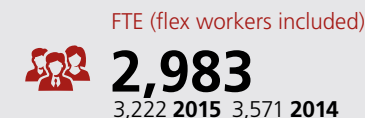
See: [Production sites and international sales support offices](#)



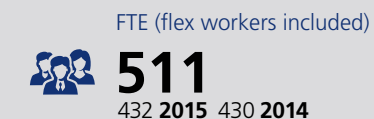
The Pork division processes approximately **310,000 pigs** per week. The resulting meat is supplied to national and international retailers, foodservice and food processing companies. Basic raw materials are delivered to industrial customers who process pork into a wide range of meat products. Besides that, fresh pork is processed by Vion into semi-finished and finished products for the domestic and export retail markets.



The Beef division processes approximately **17,700 cattle** per week. The resulting meat is supplied to national and international retailers, foodservice and food processing companies. Basic raw materials are delivered to industrial customers who process beef into a wide range of meat products. Besides that, fresh beef is processed by Vion into semi-finished and finished products for the domestic and export retail markets, including Vion Food Service.



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 in Europe as well as in Asia with external production partners. At the production sites, meat is processed into products for predominantly the German market, with export to the countries surrounding Germany.



Production sites



International sales support offices



Markets served

Net turnover per market in thousands of euros

Vion supplies retail, foodservice and the meat processing industry in its home markets of the Netherlands and Germany, other countries in Europe and the rest of the world. Vion operations have market access to many of the largest meat importing countries.

Canada

10,348

9,453 **2015**
6,873 **2014**

US

35,751

22,378 **2015**
20,517 **2014**

Asia



507,349

310,280 **2015** 277,983 **2014**

Other
countries

35,618

41,323 **2015** 19,306 **2014**

Europe
4,159,787

4,187,128 **2015** 4,667,047 **2014**

Germany
2,027,520

2,061,079 **2015** 2,302,008 **2014**

Netherlands
557,016

554,529 **2015** 610,948 **2014**

Other EU countries
743,995

726,817 **2015** 804,305 **2014**

Italy
432,197

424,456 **2015** 483,544 **2014**

United Kingdom
190,799

199,324 **2015** 224,353 **2014**

Greece
161,090

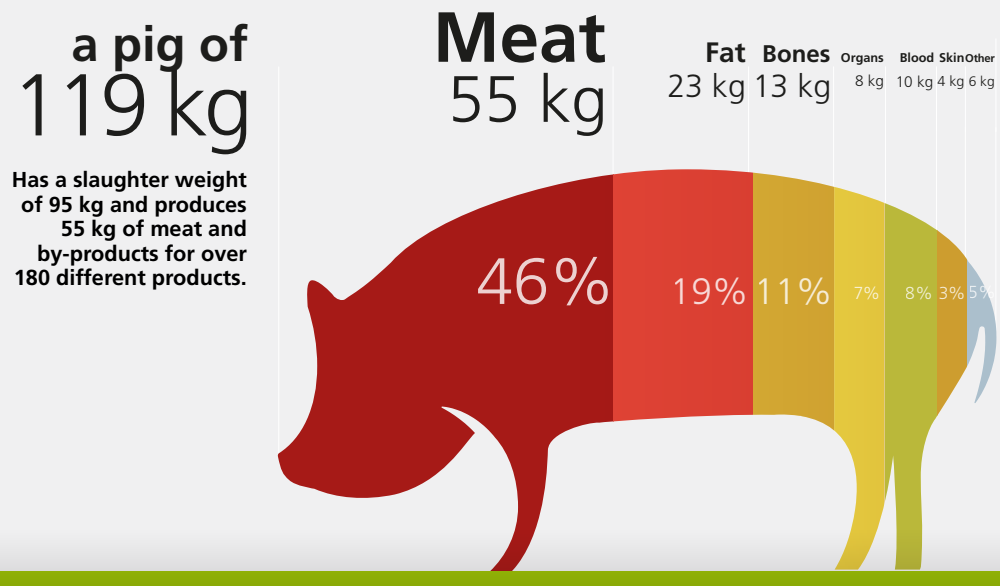
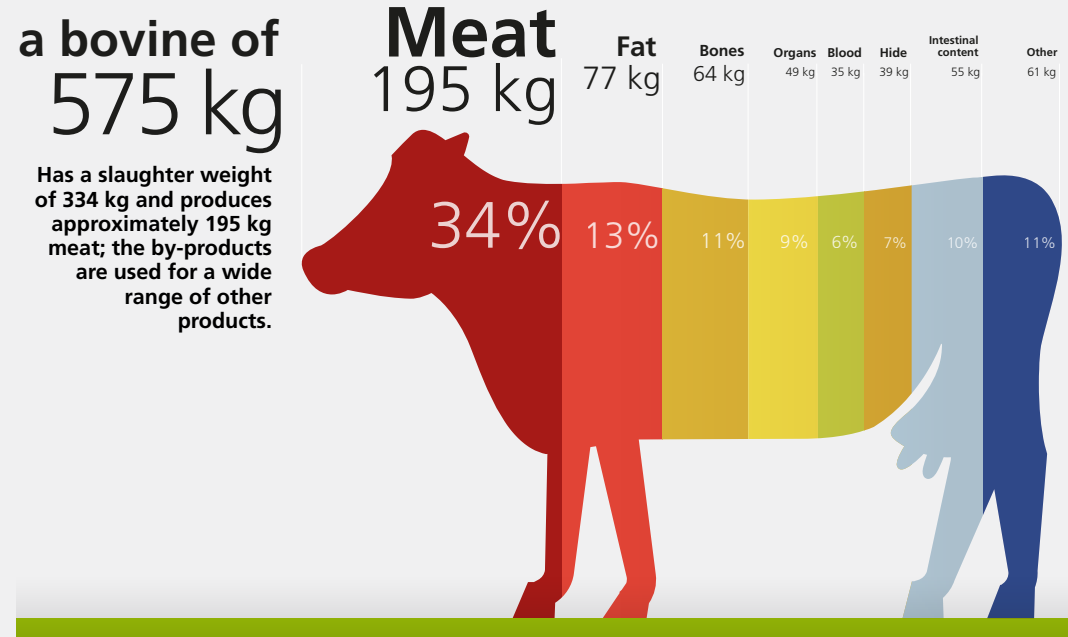
155,217 **2015** 170,401 **2014**

Non-EU countries
47,170

65,706 **2015** 71,488 **2014**

All parts of the animals are valorised

Vion valorises all parts of the animal in the best possible way. Animal by-products that are not used for human consumption are used for animal feed or other purposes. An average pig of 119 kg produces 55 kg of meat; and an average bovine of 575 kg produces 195 kg of meat. The remaining raw materials are used for a wide range of other products. In 2016, Vion has invested in whole carcass use to realise an optimal income from each individual carcass. In pork, we improved plants' flexibility on different market demands. In beef, we founded a central marketing and sales organisation for all beef specialties beyond the classic meat cuts. Vion is continuing on this path in 2017.



Our brands



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



Brands in the Netherlands



Good Farming Star is premium pork which is sold to retail and meat processing industry in the Netherlands, and is characterised by the extra attention paid to animal welfare. Furthermore, the concept complies with sustainability requirements in the value chain. Good Farming Star offers known-origin meat and is produced in a controlled and transparent supply chain.



De Groene Weg has been market leader for organic beef and pork in the Netherlands since 1981. This brand is sold to butchers' shops throughout the Netherlands.



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



Hackplus products consist of meat combined with protein from vegetables or wheat, and contains less fat and salt. Hackplus is available in various supermarkets in Germany.



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



Brands for other markets



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



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.

Corporate governance and organisational structure



Ownership

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 agricultural sectors, and has approximately 15,000 members in Noord Brabant, Zeeland and the southern part of Gelderland.



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.



Organisational structure

There were no significant changes to the organisation's structure or ownership in 2016. 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 and the chief operating officers (COOs) of the divisions Pork, Beef and Food Service and any others appointed as key officers by the management board. 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. The management board and the supervisory board are accountable to Vion's general meeting of shareholders.



Our employees

In 2016, Vion had 4,656 employees and 7,732 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 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 1 on page 76.

Composition of the management board and executive committee

The management board of the company is comprised of Francis Kint (CEO) and Joost Sliepenbeek (CFO). The executive committee further includes Frans Stortelder (COO Pork), Bernd Stange (COO Beef), Bernd Stark (COO Food Service) and Henk van den Bogaart (Group HR Director).



From left to right: Bernd Stark, Bernd Stange, Frans Stortelder, Francis Kint, Joost Sliepenbeek and Henk van den Bogaart.

The way we do business

Our core values



We have identified five core values, which we regard as part of our DNA.



Transparency

Transparency is a key value that is not rather common in our industry. We want to be the leader of this industry in terms of transparency. We therefore take first mover initiatives in new ways of being open and providing information. Examples of this are the publishing on our website of results of audits and other reports. When challenged, we commit to full cooperation and are always open for visits and discussions.



Ambition

We acknowledge that we can improve our performance in many areas and have the ambition to do so year by year. The main areas are profitability, innovation and differentiation.



Quality

Our entire supply chain and production is focussed on providing the highest quality standards. Vion strives to have a leading position with respect to the control of (micro) biological, chemical and physical hazards in its products. Vion expects the same high safety and quality standards from its suppliers. Besides food safety, other consumer attributes of Vion products are also of major concern, such as user-friendliness, taste, colour and the aroma of its products. The continuous improvement of our products in this respect, e.g. through research and development, is of utmost importance.



Sustainability

The production of meat requires a higher amount of natural resources than some other foodstuffs. However, this needs to be put into perspective by the high nutritional value of meat. Nevertheless, it is our duty to make progress in all major sustainability dossiers. For this reason, we have made 'sustainability' part of our DNA and have started to report on our progress.



Pride

We are proud of the essential role that our company plays in the food industry. We realise that meat is the subject of societal debates and we do not shy away from this. To the contrary, we are contributing to it and intend to be a leading company that provides solutions to these themes.

The way we do business

Business principles

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



Economic fundamentals

Profitability is essential to be able to fulfil all the responsibilities and to safeguard the continuity of the 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 success.



Integrity

Sincerity, trustworthiness and integrity are 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 audit.



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.



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 additionally, 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 haulers in its supply chain. Vion will adopt all necessary measures to prevent the spreading of animal diseases.



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 of the internal standards and legislation and regulations in every country where it operates.



The view of...

Hans Huijbers

President of ZLTO (southern Netherlands agricultural and horticultural organisation)

What is the history of the ZLTO's investment in Vion?

Let me go back to when Vion as a company was formed in the early 00's. The consolidation of industries and the merging of private businesses was intense. In contrast, the industry of meat producers in North-West Europe was still very fragmented and bound to consolidate. In the context of these market conditions, ZLTO decided to invest in Vion, a slaughtering company that could be a leader in its field and secure the access of meat products to the (global) markets. We wanted to invest in a company that was able to 'Raise the Bar'. During the financial and economic crisis Vion had to sell its ingredients business but secured a strong position in the market for meat production. Today Vion is one of the top 3 meat producers in Europe, with market leadership positions in the Netherlands and Germany. As a global top 100 food company, Vion can access markets on all continents. I am convinced the company needs economies of scale to survive in this competitive global marketplace.

How will the farmers, Vion's suppliers, benefit from Vion's strategy?

I see several initiatives of Vion that are making them a stronger partner to their farmer/suppliers. First, they have invested in their infrastructure. More than €180mio. has been invested in the last three years. This makes them more cost efficient and more performant in terms of quality and food safety. Cost efficiency and quality are prime necessities in the

'Together we have a responsibility to offer wholesome meat produced and sold at a sustainable price'



competitive meat industry. These investments are beneficial to the farming community. I give the example of the construction of a new beef processing facility in North Holland (Leeuwarden), where a new facility was needed to guarantee short travel times for animals. Second, I see them improving in the valorization of the product on the global markets. By constantly monitoring the best product/market combinations and adapting operations to deliver each market according to their preferences, Vion is an increasingly performing 'bridge' to the global markets. Both the Netherlands and Germany are 'net exporters' and are perceived globally as providers of safe and quality food. Thirdly, I see Vion evolving from providers of anonymous commodity products to sellers of innovative concepts. The best example is the management of a complete food chain based on 'Beter Leven' animal welfare concepts. Finally, they have a sincere ambition to contribute to the societal debate around meat by offering 'game changing' solutions. This makes us farmers, proud shareholders of Vion.

What are the common themes between Vion and ZLTO?

We are partners in business, but are separate as companies and in decision making. Together, we have a responsibility to offer healthy food every day and build a sustainable meat industry for the future. Therefore, our growing cooperation is based on a full chain approach and focused on the long term. In practice, specialists from Vion and ZLTO work

together on projects, concerning food safety, animal welfare, data exchange, building climate responsible meat chains, antibiotics reductions, manure processing and transparency in the supply chain. If we want a sustainable meat industry, especially in Western Europe, we need to understand that transparency is a need to have in doing business with our customers. But quality standards and a level playing field for our suppliers are just as important. For a sustainable natural environment I also see some big challenging issues. For the pig industry, especially in a small country like the Netherlands, we need to look at manure processing solutions that will help this industry to stay competitive and keep its license to operate. For the beef production, we can see that the phosphate discussion that will influence our future position in beef production. In Germany we have discussions on several animal welfare and environmental issues. Being a dairy farmer myself, I am also a big believer in intensifying the exchange of data in the chain. Doing so, Vion and its suppliers can optimise their business processes and innovate.

I believe that in 2016, Vion has taken the right steps to being more transparent and building a responsible corporate sustainability strategy. As partners in the industry, we face challenging issues that will have an impact on many people. Issues we can't solve at once. By focusing first on specific topics, I believe Vion has made a good start in our common goal: a sustainable meat industry.

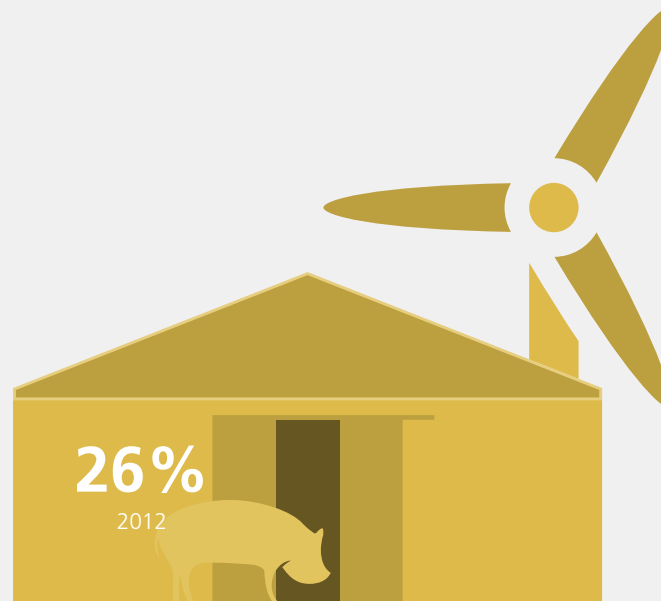
Common Vion and ZLTO projects

ZLTO is the southern Netherlands agricultural and horticultural organization and Vion's shareholder. Vion and ZLTO specialists work together on projects that are relevant to both the primary (farming sector) and the total supply chain. Below is a description of some key projects and the related theme in the materiality matrix.

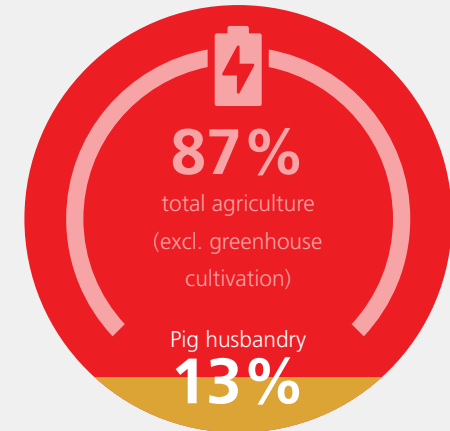
Transparency in the meat chain

(material topic: transparency in communication)

Vion maintains close relationships with its supplying farmers and its customers. Through our Good Farming Star programme, we facilitate open communication from farm to consumer. Hereby we show how food safety, animal welfare and care for our environment are priorities for all actors in the chain. The pilot initiated by the Dutch Ministry with a QR-code to provide the consumer with information from the origin of the meat has been well received. Through the QR-



26% of the pig husbandry was energy neutral (2012)



Energy use pig husbandry

code on the meat package a consumer can enter the Good Farming Star website. Consumers of several customers are diverted to the Good Farming Star website where the pig farmer tells the story of his farm.

Efficient farming through the exchange of data

(material topic: animal friendly husbandry)

With data from production and process, Vion is looking for the most efficient way of producing high quality meat. Together with its farmers. Through 'FarmingNet', an online information system, the farmer gets back data from the processing facility. With this data, the farmer can improve performance on the farm. The OPTIcow project aims to connect the dairy farmer to the slaughter data of his individual cattle. With these data the dairy farmer and the veterinarian can improve the herd health management.

One Health: wholesome food and healthy people

(material topic: food safety, role of meat in healthy diet)

Our focus on health covers several important topics. From food safety to reducing the use of antibiotics, from public health to animal welfare. We work closely together with the

Dutch farming organisation, Dutch authorities, and Wageningen University. A good example is our contribution to the joint research programme 1H4F, which focuses on eliminating antibiotic resistance among others. Another approach is our project for pure drinking water on the farm. Better quality drinking water leads to healthier animals, less antibiotics and consequently better quality meat.

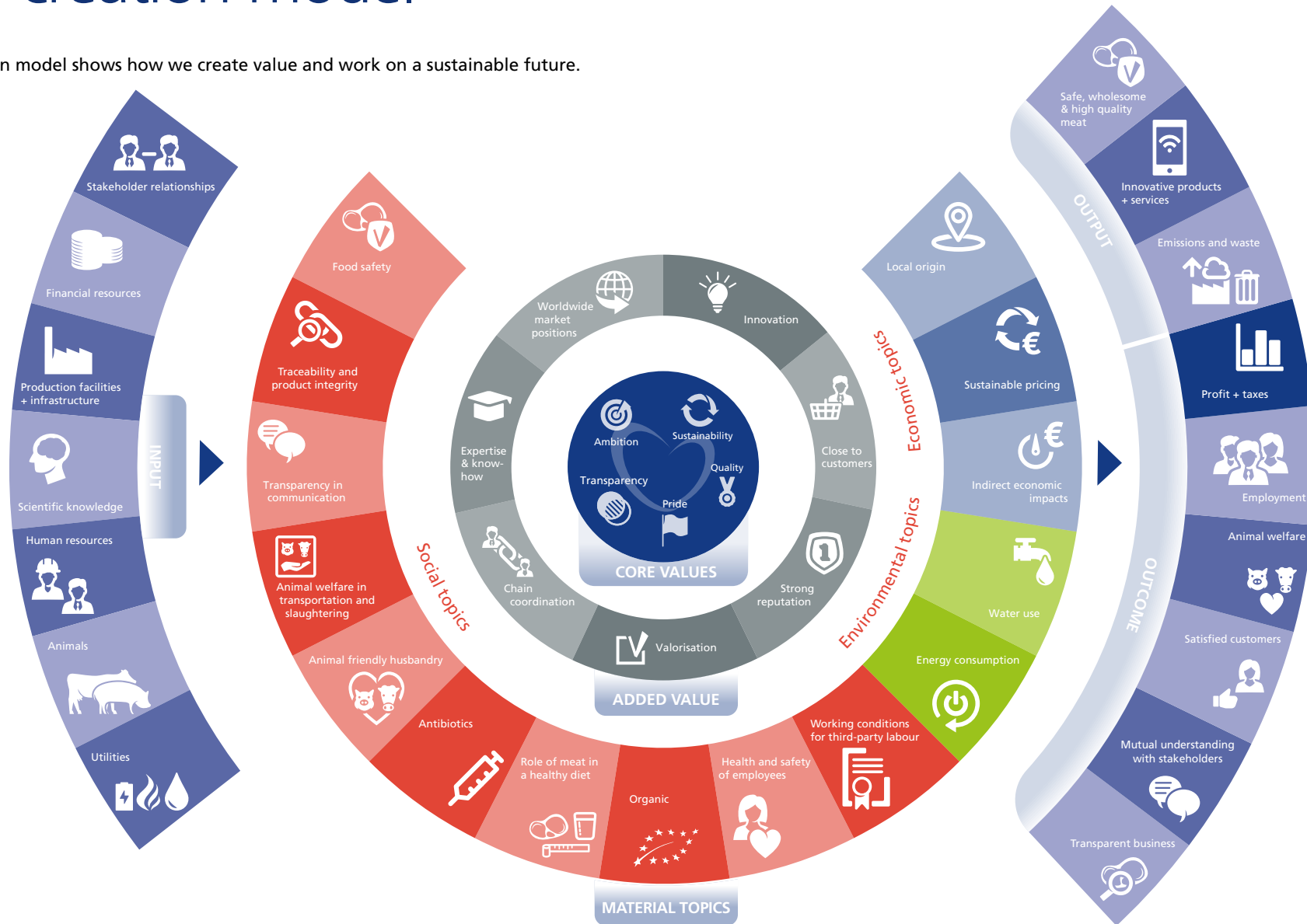
Ecological footprint

(material topic: environmental aspects of livestock farming)

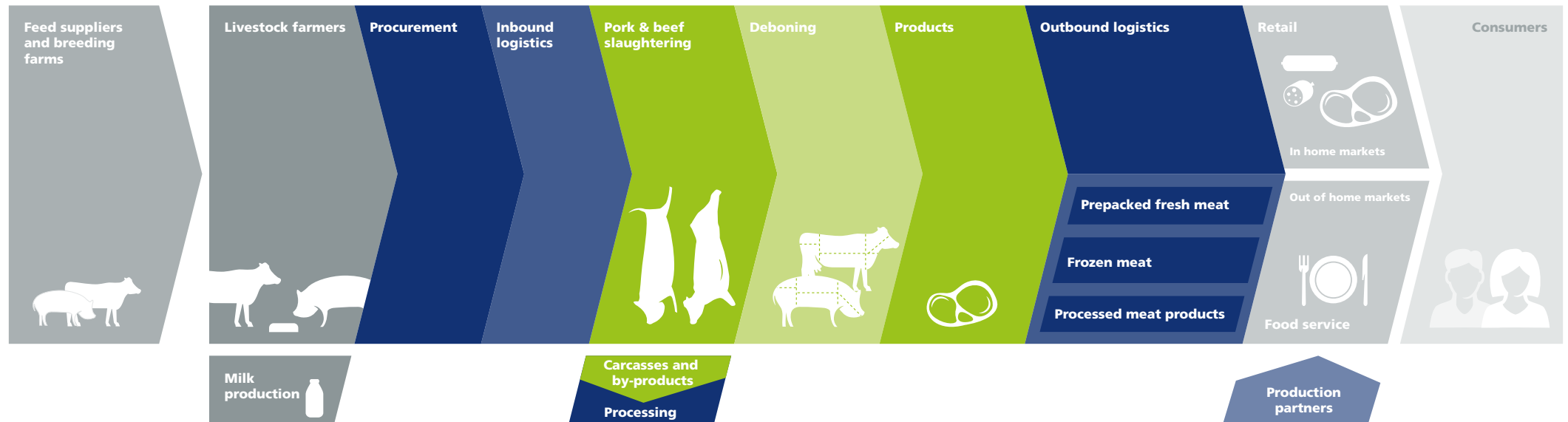
Together with the Dutch farmers organisation, Vion is developing a climate-tool for farmers to provide insight into the ecological footprint of the farm. Through this tool for farmers Vion is supporting knowledge development of their farmers on climate-resilient production. Climate resilient production is focussing on circular use of resources (water, minerals), animal welfare and reduce carbon footprint of meat production. The agriculture sector, and specific the livestock sector in Western Europe contributes to realise global, national and regional climate goals through production of sustainable energy, manure processing and efficient use of resources.

Value creation model

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



Value chain description



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 to consumers all around the world. There were no significant changes in the supply chain in 2016.

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 is increasing. In 2016, over 11,000 pig farmers and over 56,000 cattle farmers delivered their animals to Vion.

In the Netherlands around 90% of all meat products are sold through supermarkets, compared to 80% in Germany. Due to their concentration, supermarkets have a strong buying power.

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



The view of...

Jaap Kreuger

Chairman of the Good Farming Star pig farmers suppliers association

‘Since 2009, the market concept Good Farming Star and the pig farmers involved have achieved many results within pig farming. It all started when we began to cooperate with the Dutch Society for the Protection of Animals and retail organisations such as Albert Heijn in the implementation of the Beter Leven Keurmerk (Better Life quality label) with one star. This is a quality label for improving animal welfare in the production of pork. Based on mutual trust we took the risk to differentiate ourselves. We thought it necessary to develop a new demand-driven supply chain for our pork, which was based on improving animal welfare and increasing transparency for the consumer. Now in 2017, we have a mature and professional supply chain extending from farm to customer.’

‘We are now at 1 star Beter Leven Keurmerk but what is the next step?’



What is our next step?

The time has come for me and my 150 colleague pig farmers in the suppliers association Star Farmers to think about the next step, together with Vion and the customer. What is it that we want to achieve in our Good Farming Star supply chain. We are now at 1 star Beter Leven Keurmerk, but what is the next step? To achieve 2 or 3 stars? How can we make even more improvements to animal welfare and health, and at the same time minimise the fallout of animals, use as little antibiotics as possible and preserve the environment? As farmers we like to see healthy pigs and a healthy environment. This means that a healthy environment should be part of a sustainable and circular economy.

Two mainstreams in pig farming

Members of the Star Farmers suppliers association see the advantages of being part of a closed and 100% Dutch pork production chain for the Dutch market. I view production in demand-driven supply chains as the future of Dutch pig farming. On the one hand, producing in international supply chains on the basis of the international market demand, and on the other, creating supply chains with pig farmers who opt for concepts based on animal welfare and sustainability, organised in a supply chain like Good Farming Star. These concepts appeal to the consumer who wants to have transparent food chains that are safe and trustworthy. And this is exactly what Good Farming Star provides!

Our stakeholders

Besides our partners in the meat supply chain, Vion has many other stakeholders. We have identified Vion's stakeholders based on existing direct and indirect relations. These stakeholders are plotted on a stakeholders map. This map differentiates the stakeholders on:

1. the extent to which the stakeholder is likely to show an active interest in the organisation's strategies; and
2. the stakeholder's influence on Vion's success.

The most important stakeholders are the ones that both show an active interest and have a high influence on our success. Examples of these are our consumers, customers, suppliers, employees and financial stakeholders. We want to involve these stakeholders actively in our CSR strategy and activities.

On many topics, we are working closely with our customers, suppliers, and other supporting stakeholders to realise improvements. We are continuously monitoring the preferences and developments of the consumers with our Consumer Monitor. This monitor, conducted by GfK in our home markets of the Netherlands and Germany, reveals interesting information on the developments and requests of the ones we finally do our business for the consumer. To open the dialogue and to learn from each other, Vion organises stakeholder discussions and participates in round table discussions. In addition, Vion provides specific stakeholders with the opportunity to raise topics in interviews for our quarterly German farmers' magazine proAgrar. See Appendix 2 on page 77 for an overview of our stakeholders and how we engage with them.



Ten trends driving change in the global food market

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

Demand shift, changing diets

Growth in emerging markets

Fitness & wellness, low-fat/sugar/sodium, pharma convergence

Health

Regulation, tracking & tracing, vertical integration

Food safety

Volume, quality, prices

Volatility

Upcoming processing infrastructure in emerging markets

Production shift

Poor versus rich, premiumisation versus smart shopping, customisation

Differentiation

Fair and sustainable products, transparency

Consumer activism

Increasing pressure on land and water use, biodiversity, green house gas emissions

Sustainability

Dispersion of diets as a result of globalisation and migration

Changing diets

Genetics, crop yield, extraction, processing possibilities

Technological developments



FOOD GROUP



The view of...

Louise Fresco

Agriculture- and food expert, Chairman executive board Wageningen University & Research

Humans are omnivores and we have the ability to get all the nutrients we need from numerous types of food. In general, the old saying is to eat as varied a diet as possible and to eat moderately, yet adequately. Of course, this always concerns the eating pattern and – apart from allergies or other physiological disabilities – not individual foods. Meat has numerous useful nutrients and micronutrients. Moreover, products that are of animal origin are a source of a number of vitamins that humans are unable to get from other foods.

But to be honest, it is now possible to solve any deficiency with vitamin preparations. The relationship that is sometimes made between eating meat and the occurrence of (bowel) cancer does exist, however, it appears to a great extent to be genetically defined. Research into and the understanding of such genetic and physiological relationships is continually improving. And this will form the basis for the transition from generic nutritional advice to individual nutritional advice.

Livestock farming is important in sustainable use of the planet because grazers are able to produce proteins from plant sources that humans cannot use. Animals are also able to eat crop and food residues, thus closing the food chain.

Will this knowledge about personalised diets play an important role in the future?

We are gaining more and more detailed knowledge about

'Livestock farming is important in sustainable use of the planet because grazers are able to produce proteins.'



the precise function of nutrients in the human body and about the differences - physiological or genetic - between people. Sometimes this involves differences between groups, for example, between men and women or between the elderly or young people. This knowledge will result in much more personal and detailed nutritional advice.

What is your view on sustainable animal production in the future?

Livestock farming will have to focus much more on starting points that are related to the circular economy. More, or perhaps only waste flows or plant material that is unsuitable for human consumption must be used in cattle feed. Cycles can never be completely closed but it is possible to do much better in livestock farming than we do now. It is good to realise that the animals that play a part in livestock farming are able to turn fruit and vegetable waste, grass, citrus pulp and soybean meal into useful animal proteins. In the future, insects may also play a part in animal and fish food. In short, livestock farming can play a useful part in the circular economy but will have to continue to account for social wishes and requirements. Society is watching over our shoulder and expects an environmentally and animal friendly sector.

How do you view transparency on the food shelf in the future?

This process is irreversible and modern communication technology makes it even easier to realise transparency in the supply chain. The consumer wants to know everything and this makes high demands on the production method.

When it comes to the global food supply, what contribution can we develop and convey together as science and industry?

Globally, the Netherlands is at the forefront with what we have called the triple helix: cooperation between industry, government and scientific institutions. Society in the shape of consumers, citizens and their organisations has to be resolutely involved in this, of course. The power of this cooperation is that new scientific insights and results can be utilised in our case to develop innovations. Innovations in the area of health and sustainability but also in the area of effectiveness and efficiency. Each party has its own individual role to play in this. The strength lies in the cooperation based on these various roles. We can rely on numerous results, such as making food products healthier and improving the storage life to prevent food waste.

What are our mutual challenges?

The mutual challenge is the realisation of sustainable food security in the world. This is an exceptionally complicated task due to the fact that the world population will rise to more than 9 billion people over the next three decades, while at the same time - at least that is the hope and the expectation - prosperity will increase. This means that the demand for food will double. However, the planet's capacity and the availability of resources such as water and phosphate will be a limitation. We will have to find solutions to be able to produce twice as much as we do now.

Relevant CSR topics

With regard to our business, and the effect of other companies in the supply chain on our business, we have developed a list of the relevant CSR topics for Vion. Based on the frequent contact with important stakeholders, key issues of other stakeholders, and research among consumers, we defined the relevant CSR topics for each stakeholder group. The sources used for this analysis are part of our daily business and are used for strategic decision making. We analysed these sources in order to define the relevant topics for stakeholders. We listed 30 relevant topics: 18 social topics (including animal welfare), 9 environmental topics, and 3 economic topics. The meat industry receives 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 stakeholder groups, and are covered in one or more topics. For an overview see: relevance of CSR topics for our stakeholders groups.

Relevant social topics

- Food safety
- Animal welfare in transportation and slaughtering
- Transparency in communication
- Traceability and product integrity
- Animal friendly husbandry
- Antibiotics
- Role of meat in a healthy diet
- Salt, fat and sugar content
- Additives
- Global food security
- Organic
- Employment
- Health and safety of employees
- Training and education of employees
- Diversity and integration
- Working conditions for third-party labour
- Nuisance for neighbours
- Community involvement

Relevant environmental topics

- Environmental aspects of livestock farming
- Water use
- Energy consumption
- Greenhouse gas emissions
- Waste management
- Sustainable packaging
- Food waste avoidance
- Sustainable feed
- Biodiversity

Relevant economic topics

- Indirect economic impacts
- Sustainable pricing
- Local origin

Materiality analysis

To define the material topics out of all 30 relevant topics, we performed a materiality analysis with representatives of different departments. We evaluated each topic based on two dimensions:

1. 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 per stakeholder group on a scale of one to ten. The most important stakeholder groups are given more weight than other stakeholder groups. The weighted average determined the place on the y-axis of the materiality matrix.

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

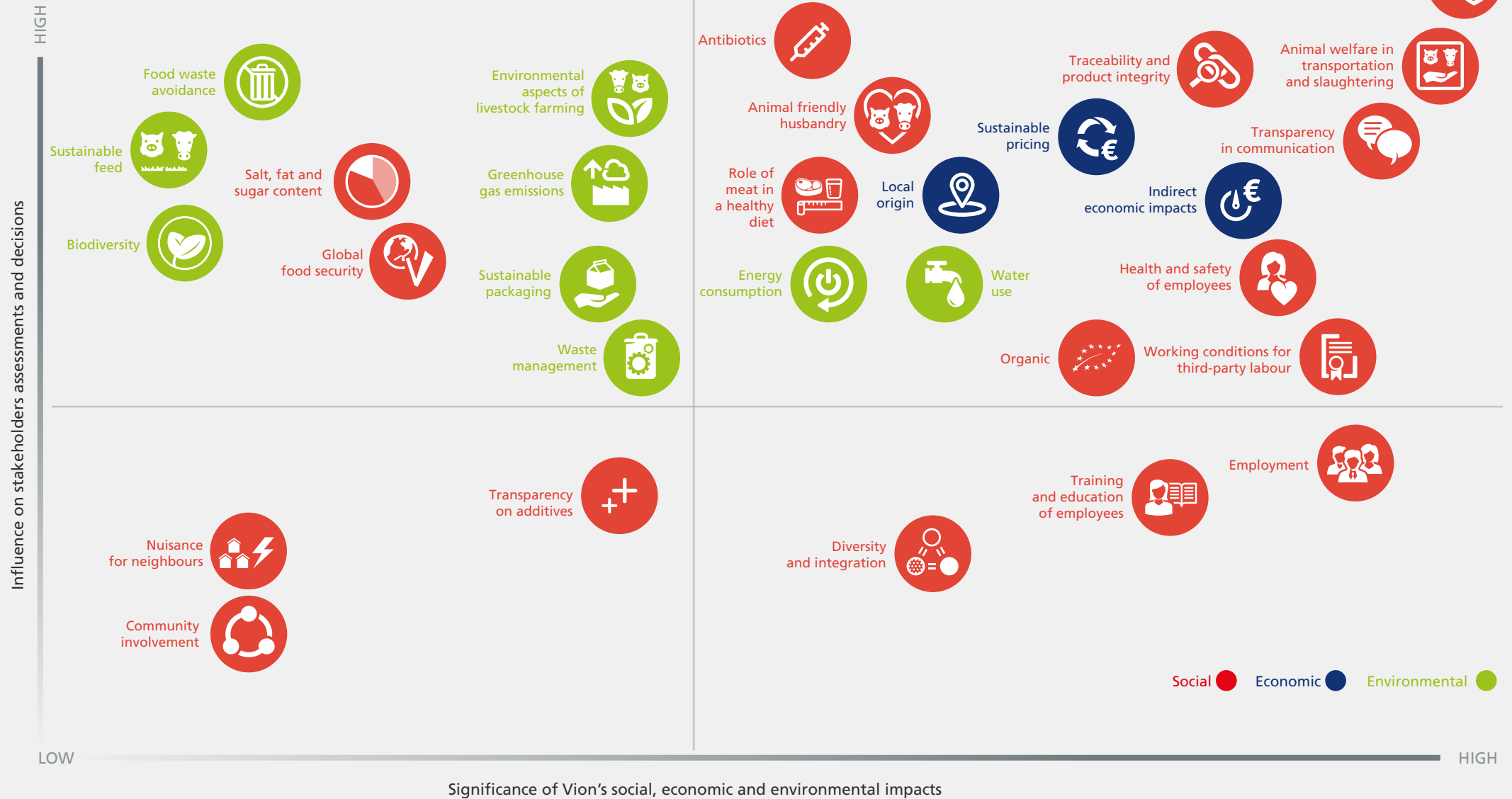
For the second dimension, we defined how much of an impact Vion can have on each topic, by itself or by influencing other stakeholders. Each topic was evaluated as a high, medium or low impact. The discussed outcome is plotted on the x-axis of the materiality matrix.

Some topics we can partly control ourselves, e.g. food safety and animal welfare in slaughtering. On other topics, we, being in the middle of the food chain, have an influence and we need to cooperate with others, e.g. our customers and suppliers as with the sustainable farming topics. These sustainable farming topics encompass a number of single social, environmental and economical topics. We will mention them separately because some aspects are more material than others.

Our topics related to sustainable livestock farming are:

- Animal friendly husbandry
 - Antibiotics
 - Organic
 - Traceability
- Environmental aspects of farming, like greenhouse gas emissions, water use, energy consumption, waste management and manure storage
 - Biodiversity
 - Sustainable feed
- Local origin/regional
 - Sustainable pricing

Materiality matrix



Vion's material topics

Social topics



Food safety



Antibiotics



Animal welfare in transportation and slaughtering



Role of meat in a healthy diet



Transparency in communication



Organic



Traceability and product integrity



Health and safety of employees



Animal friendly husbandry



Working conditions for third-party labour

Environmental topics



Energy consumption



Water use



Indirect economic impacts



Sustainable pricing



Local origin

Economic topics

The fifteen topics that ended up in the upper right corner of the materiality matrix are the most material topics for Vion and its stakeholders.

We will share our approach to all the CSR topics in this report. However, the most material topics are given more attention than the topics that are less material. Within the material topics, our strategy prioritises three topics: food safety, animal welfare in slaughtering and transparency in communication.

CSR highlights of 2016

Topic	CSR performance in 2016	Trend
Social topics		
Food safety	99.9% of our sales volume came from IFS Food or BRC approved plants	▲
Animal welfare in transportation and slaughtering	100% of the animals were slaughtered under official veterinary controls and were certified according to private standards All of the animals were stunned before slaughtering	●
Transparency in communication	Vion's transparency initiative was extended into Germany	▲
Traceability and product integrity	81.1% of the sales volume originated from plants certified according to a specific product integrity standard	▲
Animal friendly husbandry	11% of the pigs supplied to Vion were raised under certified higher animal welfare requirements (Beter Leven, organic, Tierschutzlabel or Initiative Tierwohl), (1.8 million pigs) 45% of the cattle delivered to Vion were of a robust dual purpose breed (mainly Simmental)	▲
Antibiotics	Antibiotics were absent in 99.9% of the animals at slaughter	●
Role of meat in a healthy diet	Benefits of meat: high quality protein, vitamins and minerals, which are essential factors for human nutrition	●
Organic	2.4% of the cattle and 0.6% of the pigs supplied to Vion originated from organic farms (22,000 cattle and 90,000 pigs)	●
Health and safety of employees	The absentee rate of our employees was 4.6%	●
Working conditions for third-party labour	In Germany, we fulfilled our commitment to accept third-party workers exclusively under German social laws by July 2016	▲
Environmental topics		
Energy consumption	The total energy consumption was reduced by 6%, to 568 MJ / metric ton sold	▲
Water use	The total water consumption was reduced by 3% to 1.71 m³ / metric ton sold	▲
Economic topics		
Indirect economic impact	33% of Dutch and German cattle and pig farmers supplied animals to Vion (67,000 farmers)	▼
Sustainable pricing	Vion developed improvements in the pricing and payment systems for slaughter animals	▲
Local origin	94.1% of the pigs and 88.2% of the cattle supplied to Vion were raised locally (< 200 km radius)	●

Better performance than 2015 ▲
 Stable performance to 2015 ●
 Lower performance than 2015 ▼



Food safety

The topic

Vion plays an important role in the control of food safety for public health. Every day, more than 100 million consumers eat products processed by Vion. The customers and consumers expect these products to be safe and wholesome.

Boundaries

All entities in the value chain can have an impact on food safety. Also, the handling of products during food preparation can attribute to the safety of the food. In our management approach, we take into account our own plants, our suppliers, our co-producers and the intended use of our products by the consumer.

Vion's approach

Wholesome and safe food is one of Vion's top priorities. Food safety and quality are part of the codes of practice at all our production sites. Process control only functions when it is embedded in a professional managerial structure that aims for continuous improvement and customer satisfaction. Vion has chosen to adhere to the ISO 9001 standard for quality oriented organisations, and all Vion establishments are ISO 9001 certified. This common quality scheme paves the way for common monitoring processes and effective benchmarking of the different operations for relevant items with respect to our customer demands and the control of crucial processes within Vion.

All plants are rigidly supervised by the competent authorities. All slaughter companies have at all time of operation a minimum of two official veterinarians on site who organise ante and post mortem meat inspections as well as hygiene supervision according to the relevant EU regulations.

To verify compliance with food safety and customer demands, Vion aims to have all the production sites certified according to the rules of Global Food Safety Initiative (GFSI). The food safety standards that are used in Vion are: British Retail Consortium (BRC); or the International Featured Standards Food (IFS Food). To control risks in the supply chain, Vion encourages its suppliers to adhere to and certify their activities under a Good Agricultural Practice (GAP) scheme, like GlobalGAP, the German QS (Qualität und Sicherheit); or the Dutch Integrale Keten Beheersing (IKB). The schemes are independently organised. On-farm Audits are carried out by independent certification bodies. As a major stakeholder, Vion contributes to the design and organisation of these schemes. A number of dairy companies organise own quality schemes where the design and on-farm control are within their own hands. Vion procures dairy cows for slaughter from farmers that are members of these schemes. Vion is quarterly

publishing inspection results and audit reports on its Dutch and German websites.

In 2016, Vion invested in improving its operations. One of the major investments was the modernisation of the pork production facility in Landshut (Germany). Specific circumstances that were related to the initial operating of the new facility resulted in media attention during the summer. Vion answered all questions openly and invited journalists and politicians to its facility. Detailed information about this event can be found at www.vion-transparenz.de.

Vion undertakes responsibility for food safety in the downstream supply chain by means of HACCP, whereby appropriate handling and cooking instructions are published on the product labels. For all consumer products, the shelf life is provided on the label. Shelf life is validated by numerous microbiological tests. In 2016, no public recall needed to be undertaken.

Vion is active in initiating food safety research and contributes to scientific research projects of universities and agencies. In 2016, these activities were concentrated mainly on hepatitis E (HEV) virus, Toxoplasma gondii and antimicrobial resistance, and the potential role of pork in the foodborne transmission to consumers. For HEV, a risk assessment was initiated to assess whether processed meats and liver sausage were being sufficiently treated to assure food safety, and is currently in its final stage. For Toxoplasma gondii, risk factors for the infection of pigs on farms were identified, such as the presence of cats and rodents on pig farms. Intervention measures were developed and are currently being implemented on pig farms in a case-control study to assess their effect in reducing the infection pressure. For information about the transmission of antimicrobial resistance to the human population, please see the '[Antibiotics](#)' topic.



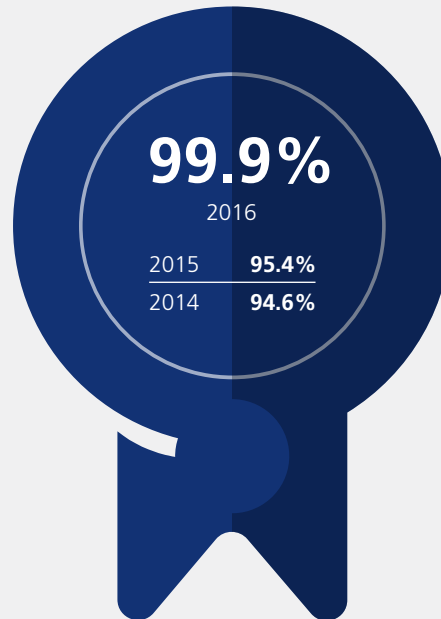
Food safety

Outlook and targets

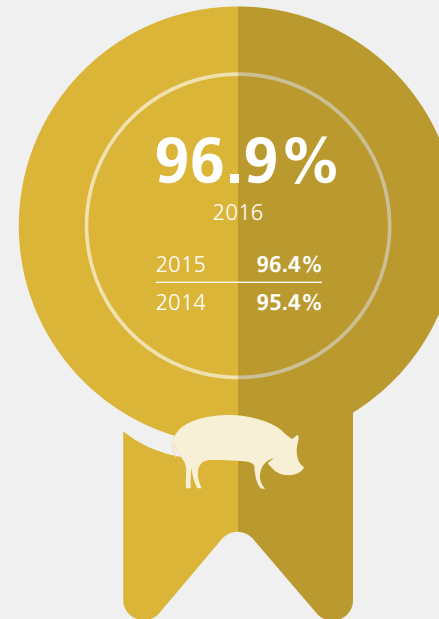
- Food safety control will remain top priority.
- Target: 2017 100% GFSI certification for sales volumes.
- We will continue to encourage farmers to work in certified Good Agricultural Practice schemes.
- We will continue food safety research.

Results

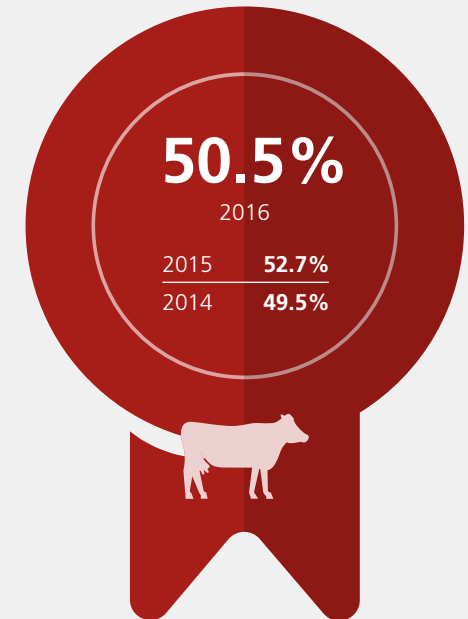
% sales volume from GFSI approved plants (IFS or BRC)



% 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)



Number of public recalls

Year	Number of public recalls
2016	0
2015	0
2014	0

Clarification of results

Not 100% of the supplied product volume originates from GFSI approved plants because:

- the small slaughterhouse at Riedlingen, a local craftsmanship slaughtering facility, selling locally in Southern Germany. The plant is certified under ISO 9001 and the German QS System;
- some minor Salomon Food World articles are produced by a co-producer without GFSI certification;

- the relatively low % of cattle from farms certified under a third-party good agricultural practice scheme, derives from the fact that dairy cattle farms, in particular, are often under contract with dairy companies that operate their own private quality schemes. These schemes of good agricultural practice are designed and implemented by the dairy company itself.



Animal welfare in transportation and slaughtering

The topic

Thousands of live animals are transported to Vion each day. The transportation from the farmer to the slaughterhouse, as well as the new environment within the slaughterhouse, can be stressful for animals. We and our stakeholders want these animals to suffer as little as possible. Vion and the transporters should treat the animals humanely. This includes the transportation distance to the slaughterhouse, an animal friendly infrastructure and a slaughtering process where the animal's suffering is as minimal as possible.

Boundaries

The transportation of live animals from the farmers to the Vion plants is done by our transportation suppliers and sometimes by Vion itself. Slaughtering happens in our own operations. Our suppliers and our own operations are both taken into account when measuring our targets.

Vion's approach

Vion's animal welfare procedures

Animal welfare is one of the central issues for a meat production company like Vion. We have strict guidelines and procedures for handling animals. This includes the effective control of transport activities towards the slaughterhouse, the waiting time in the lairage and the slaughtering process.

We control animal welfare during transportation by:

- Having a decentralised slaughterhouse network of appropriately-sized locations in relation to the livestock density in a given region. This enables short animal transportation distances with below 8 hours of transportation time. Vion publishes the data on the livestock origin for each slaughterhouse on its transparency website (www.vion-transparenz.de).
- Maintaining Vion's own livestock transport logistics up to date by continuous investments in modern animal transport vehicles.
- Conducting standardised transport checks at every unloading of the animals
- Measuring and controlling the transportation fatality rates. In 2016, 99.98% of all animals transported to slaughter arrived alive at Vion's slaughter plants.
- Finally, all animals are inspected by external official veterinarians during the ante mortem inspection at the time of unloading.
- We update the inspection findings on our Dutch and German transparency websites on a quarterly basis.

We control animal welfare at our slaughterhouses, amongst others, by:

- Training and educating all of our employees working with livestock. Only specially trained staff are allowed to handle live animals.

- The inclusion of specially trained animal welfare officers who monitor the animal welfare guidelines at our production plants. All animal welfare officers receive biannual training.
- Monitoring the animal handling in the lairage and during the slaughtering by trained Vion staff within our Welfare Standard Operating Procedures.
- Monitoring the effectiveness of stunning by trained Vion staff.
- Evaluating the performance of the slaughterhouses and the supplying farms by Vion's veterinary expert team. This team also leads research and development projects to define and develop the next steps in animal welfare control during slaughtering.
- Consolidating and reporting the animal welfare outcome data to our executive committee.
- In the case of non-conformities, the responsible people have to take corrective and preventive actions.

The lairage, stunning and slaughter areas are under continuous supervision during working hours by at least one official veterinarian.

Vion's slaughtering procedures

All animals slaughtered at any Dutch and German slaughterhouse are, without exception, always stunned before slaughtering. All stunning methods used at Vion slaughterhouses are compliant with the permitted methods, as laid down in the EU regulation 1099/2009.

In addition, in 2016 we defined a company standard for our slaughter equipment, which we see as currently being the best commercially available solution. The standard for pork is: a CO₂ backloader with a minimum of 4 animals per gondola and a CO₂ concentration above 90% so that the pigs are quickly unconscious. The standard for beef is: Rigid Head fixation with a pneumatic captive bolt for a precise shot and



Animal welfare in transportation and slaughtering



continuous coverage by a CCTV (closed circuit TV) of the stunning process. This standard is above the law and will lead Vion's investment decisions on slaughter equipment in the coming years. It will be reviewed in case better and practical options will become available.

Vion has been continuously investing in improving and standardising its slaughter infrastructure. In 2016, more than one million euro was invested in live animal treatment facilities. Important steps have been achieved to ensure the new Vion standard at all sites, amongst others: a modernised lairage in Landshut and Emstek; a new backloader system in Altenburg and Landshut; and a new beef stunning system in Tilburg.

Our plans for 2017 include a new lairage and stunning system in Waldkraiburg and infrastructural improvements Crailsheim. The two beef sites at Buchloe and Altenburg will receive new fixation and stunning systems. Moreover, our new beef slaughter plant in Leeuwarden is currently being designed by taking into consideration the latest knowledge on animal welfare at slaughter plants. This includes the concept by the well-known American animal welfare expert Temple Grandin.

Independent control

Similarly to our food safety management, Vion has organised a layered and independent external control approach to our animal welfare operations during slaughtering. This is implemented in a four-fold manner:

- Public controls, according to EU and national legislation (during the operations at all slaughterhouses, a minimum of one official veterinarian is present in the lairage for ante mortem inspections and animal welfare supervision);
- Independent certification standards that include animal welfare aspects (QS/ IKB);
- Independent animal welfare standard based on stakeholder dialogue (Beter Leven Keurmerk/ Tierschutzlabel);
- Customer animal welfare standard (e.g. McDonalds, Tesco, Edeka Germany).

The method of reacting to non-conformities is different in the Netherlands and in the various regional states in Germany where Vion works. Some competent authorities issue warnings or fines for a specific element; whereas others do not. Vion is publishing the inspection results on its Dutch and German websites. In 2016, there were 2 issues of non-compliance with laws and regulations related to animal transportation, handling, or slaughtering that resulted in a fine, penalty or warning for Vion. The first issue was related to the start-up phase of the reconstructed and enlarged plant at Landshut and the prolonged waiting times due to unforeseen production breaks. The second was related to the insufficient cleaning of a livestock transport truck. Corrective and preventive actions have been implemented for both issues.

There is ongoing scientific and public debate on the performance levels and the state of the art slaughter technology. Vion is contributing to this debate by maintaining close dialogue with key experts and contributing to the research activities in this field.



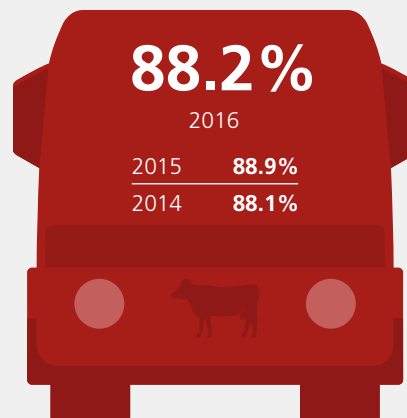
Animal welfare in transportation and slaughtering

Outlook and targets

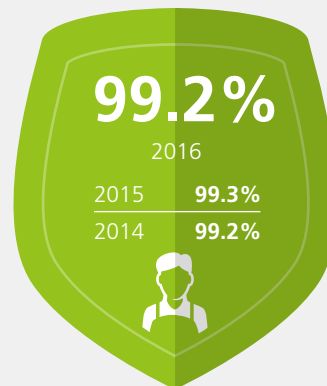
- High focus on animal welfare during transportation and slaughtering.
- Continue training and supervision of responsible staff.
- Continue infrastructural improvements.

Results

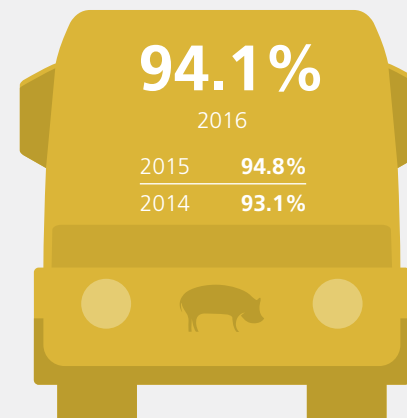
% Slaughtered cattle transported <200 km (rad.) from farmer to slaughterhouse



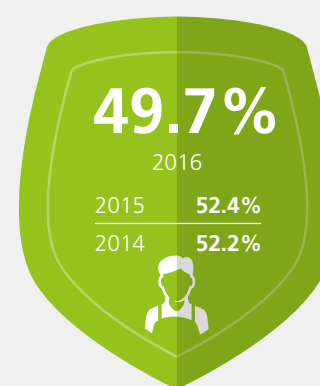
% animals slaughtered in slaughterhouses with third-party standard that includes animal welfare aspects (QS/ IKB)



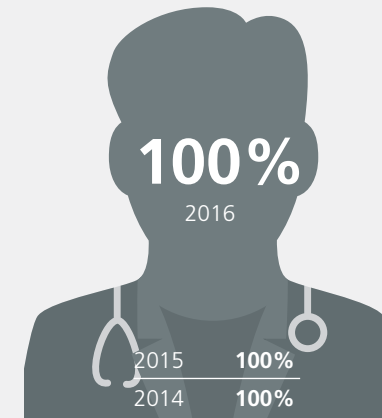
% Slaughtered pigs transported <200 km (rad.) from farmer to slaughterhouse



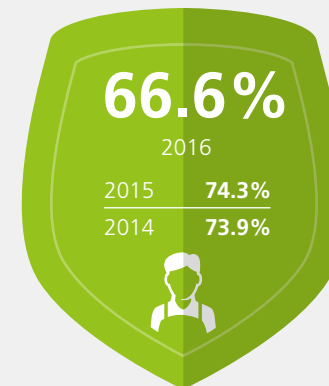
% animals slaughtered in slaughterhouses with specific animal welfare certification (Beter Leven Keurmerk/Tierschutzlabel)



% Animals slaughtered under supervision by official veterinarians



% animals slaughtered in slaughterhouses with customers' private animal welfare standard



Clarification of results

When measuring the transportation distance from the farmer to the slaughterhouse, we use the radius as we have the location data of our farmers available and not the actual transportation distance travelled over the road.

The percentage of animals slaughtered in slaughterhouses approved by customer animal welfare standards varies over the years. Because of commercial reasons, some of our activities have been bundled in fewer slaughterhouses.



Transparency in communication

The topic

Meat is the object of numerous societal debates that have derived from a series of scandals in the media. We believe that 'transparency' has been the weakest characteristic of this industry – and for which it has often rightfully been criticised. These scandals and their impact can lead to a 'live hidden to live happy' approach. We have decided to take a stand against this and not hide our way of working from our stakeholders, but to be open and communicate with our stakeholders and the society at large.

Boundaries

We know that every day, millions of consumers throughout the world eat a piece of processed or unprocessed meat originating from our factories. With respect and together with our suppliers and customers, we believe that by being transparent in how we do our business we will all benefit from the knowledge and insights to safeguard our supply chain.

Vion's approach

In 2014, Vion was the first in the industry to start publishing the official veterinary audits on its Dutch website. Also, in 2016, we were the first in the German industry to launch our [website](#), as a decisive step towards creating and almost forcing the transparency theme. This website is an instrument for communicating with the society at large and is built for dialogue. It provides neutral and objective information without direct judgments. On this website we also publish, as a first mover in the German industry, insights into our production processes including audiovisuals, photos and text stories. Moreover, we communicate the results of official ante and post mortem meat inspections, as well as the residue monitoring and independent quality assurance audits from our production plants.

The transparency website and the publication of our audits on our websites are part of our new strategy of being more transparent. The new website has received widespread attention in public and industry media. We are especially

happy that the farming sector is supporting our approach. In 2017, we aim to launch a Dutch version as well.

In 2016, Vion, ZLTO and Albert Heijn launched a QR-code on 150,000 meat products for consumers. By scanning this code, consumers receive information about the origin and the supply chain behind these pork products. Building these partnerships requires trust between partners and open communication. Customers and consumers buying Good Farming Star products of Vion can now trace online the product to the group of farms where the animals were raised and fed. In these efforts, Vion works with many stakeholders, including the Dutch Standard Setting Agency (NEN-ISO) and the German International Featured Standards (IFS).

Vion stimulates open debates through social media postings and dialogues on several industry and consumer platforms, like Nederland Voedselland and HAS Voedseldialoog.

Outlook and targets

Vion will continue to strive for openness and transparency, with a special focus on the following themes: food safety, animal welfare, traceability and product integrity, and transparency in communication. Furthermore, starting 2017, we will convert to International Financing

Reporting Standards (IFRS). We expect this industry will further consolidate and professionalise in the coming years. Vion aims to deliver the needed animal proteins by being a leading actor in the meat industry. We believe that by building strong supply chains, trust between partners and open communication, facilitates a sustainable growth of Vion and its stakeholders.



The view of...

Matthias Wolfschmidt

Veterinarian and Vice President of Foodwatch

Foodwatch, an NGO focusing on consumer protection, food production and retail, is backed by 36,000 supporters in Germany and another 6,000 in the Netherlands. The veterinarian Matthias Wolfschmidt, who is based in Berlin, is one of the managers of Foodwatch. He has made various accusations against the food industry, with statements like 'one in every four animal products originates from an unhealthy animal', and he has now published his provocative allegations in a book titled 'Das Schweinesystem'.

'Consumers will have to pay for optimum conditions in livestock breeding.'



This was all the more reason for Vion to invite Mr Wolfschmidt to one of its abattoirs and to actively engage with him, in order for both sides to learn from each other. The result was: he believes that the group's transparent approach is the right thing to do. 'We need objective data concerning animal health in every farm,' he said. 'The system of livestock breeding needs to change,' demanded Wolfschmidt. 'Proven animal welfare practices have to become a compulsory standard for every farmer involved in livestock breeding. And animal welfare here means a focus on animal health and animal housing. We need to adjust the available space for the animals to roam freely, according to their needs; and we also need to make sure that transportation, stunning and slaughtering will not cause the animals any avoidable suffering. Furthermore, it is up to the consumers and retailers to pay for the necessary additional expenses.' But Wolfschmidt also criticised the meat industry. 'With its growth strategies

and its focus on cheap meat, the meat industry has most definitely not gained any confidence from the consumers. Nameless products from anonymous origins only add to the general suspicion that animals, farmers and workers are being exploited by the industry. This system simply cannot have a future.'

Mr Wolfschmidt believes that it is already past high time for the meat industry to change, and from his point of view Vion's transparent approach is a first step in the right direction, even though it cannot replace overall regulatory measures. 'I hope that Vion's transparency only marks the starting point, and that the entire industry together with the agricultural sector will follow this example. Our goal has to be no less than a 100 percent focus on animal welfare,' the critic said.



Traceability and product integrity

The topic

Consumers want to know the origin of meat and to receive information concerning the welfare of the animal. Traceability helps to provide insights and to improve animal welfare and sustainability in the supply chain. Product integrity and the correct labelling of products are needed to be a trustworthy supplier for our customers and the 100 million consumers that consume our meat every day. Traceability and product integrity are also important to ensure food safety and to minimise possibilities of food fraud

Boundaries

To provide insights to consumers, we work together with our suppliers and our customers to improve our traceability and product integrity. For our targets, we look at our own operations as we can control this aspect ourselves.

Vion's approach

Traceability

Ensuring that products are traceable upstream and downstream in the supply chain is a relevant challenge for complex food companies. All of our meat products derive from single animals that are clearly marked by ear tags or other unique identification. Their labels and the underlying databases allow traceability to the place of birth for all the pigs and cattle that we slaughter.

After slaughter, the carcasses and deboned products are bundled into batches with similar traits. Typical batches are: the same country or region of origin, quality programmes, breeds or production dates. All relevant information is to be placed on the consumer pack labels, which provide guidance in the consumers' choices.

Vion supports supply chain visibility systems and together with key customers we have set up a [website](#). Here, you can track the farmers that supply animals for the Good Farming Star market programme.

Other generic technologies as the GS1 f-trace system, mynetfair or proprietary systems of key customers are supported and enable our customers to communicate specific product related information via the QR-code-based internet services.

Depending on the demands of customers, Vion has developed systems that even safeguard the traceability of single steaks in the consumer packages to a specific place of origin. This is, for example, offered for a high-quality beef steak range of products in Southern Germany.

Product integrity

Organising product and process integrity, as well as supply chain transparency, are recognised as relevant challenges. To ensure that these processes are implemented effectively, efforts are being made to manage an honest chain of custody, and to guarantee to the consumer that the packaging contains the product that is specified on the label.

In these efforts, Vion works with many stakeholders, including the Dutch Standard Setting Agency (NEN-ISO), the German International Featured Standard (IFS Food) and the German integrity system for beef Orgainvent. In recent years, Vion was pilot partner in developing and setting up the new Dutch Centraal Bureau Levensmiddelenhandel (CBL) Integrity standard. Independent external auditors supervise Vion's operations in relation to traceability and product integrity processes in an integrated way. Vion is cooperating with these standard setting bodies to move this CBL integrity scheme to an internationally recognised and accredited standard. We have integrated, and will further roll out, specific integrity standards such as Orgainvent and the CBL integrity standard in our processing facilities. These integrity standards require evidence on how the company assures and verifies product related information on labels like:

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



Traceability and product integrity

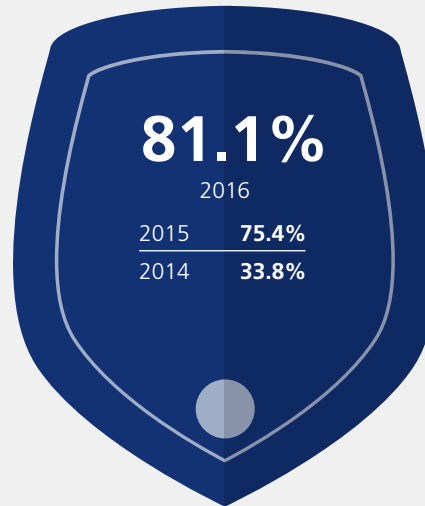
Outlook and targets

Vion will continue to work according to independent integrity systems. Our target is to have all sales volumes approved under a specific integrity standard.

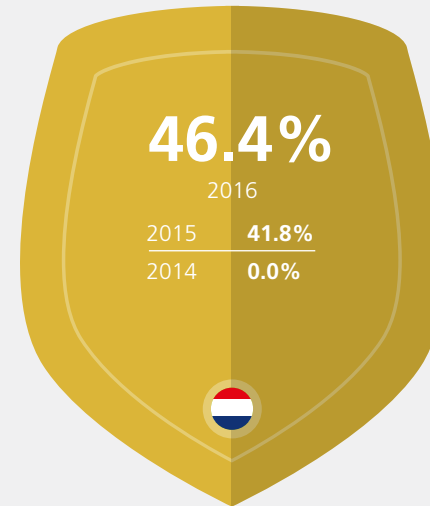
- Target 2017: 85%
- Target 2020: 90%

Results

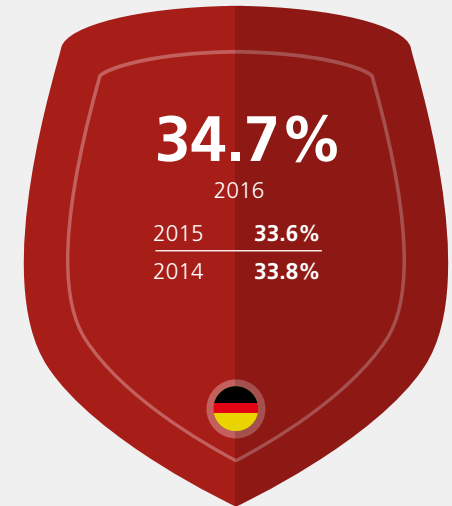
% external sold volume with a specific integrity standard



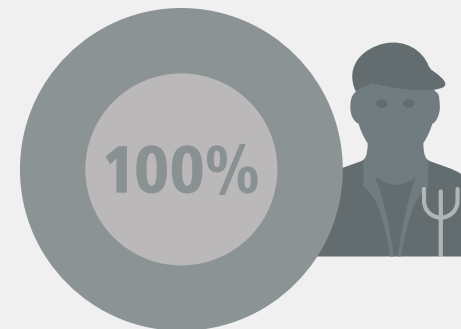
% external sold volume from plants with Dutch CBL product integrity standard



% external sold volume from plants with German Orgainvent integrity standard



of Vion's external sold volume is traceable to livestock farmers.



Clarification of results

The CBL product integrity standard is so far only operational in the Netherlands. The Orgainvent 'Herkunft' Standard is so far only operational in Germany and is mainly related to beef. Both standards offer the state of the art independent traceability and integrity certification.

Other certification standards are mentioned that also include requirements for traceability and product integrity. Therefore, all of Vion's sales volumes are subject to external certification with regard to traceability and product integrity.



Animal friendly husbandry

The topic

Vion, as processor of many pigs and cattle, has an influence on improving the animal friendly husbandry issues that are of public concern.

Boundaries

Animal friendly husbandry is of major concern at the farm. In the supply chain of meat retailers, foodservice and producers are cooperating with other stakeholders to match the increasing demand for more animal friendly meat in the market, with the production capacity of the farmers and processors. This results in an impressive improvement of the animal welfare at the farms. However, as being in the middle of the supply chain, Vion offers the market the choice for higher animal welfare. In the end, the market and the consumers will decide what kind of products end up on their plates.

Vion's approach

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

Vion commits itself to report all relevant health information about slaughtered animals back to the farmer, thus providing the farmer with the tools to continuously improve the health and welfare status of the animals kept at the farm.

To meet the societal demands for higher animal welfare standards in animal husbandry, Vion provides the consumers with the choice of buying meat produced in an animal friendly manner. This choice can only be realised in close cooperation with the relevant stakeholders. Advanced animal welfare concepts, such as organic, have been developed and offered to the market. Depending on the demand, products from certified farms can now be positively rewarded by Vion. Vion translates these schemes into market programmes such as 'Good Farming Star' ('one star' Beter Leven Keurmerk) and 'De Groene Weg' (organic and 'three star' Beter Leven Keurmerk). These programmes create substantial and economically feasible market access for farmers that produce according to these animal welfare schemes.

Pigs Netherlands

In the Netherlands, together with a number of stakeholders and the Animal Welfare Organisation, Vion co-developed the Beter Leven Keurmerk. We started the marketing of pork with the Beter Leven Keurmerk in 2009. Our Good Farming Star concept meets the criteria of the 'one star' Beter Leven

Keurmerk. The main differences between 'one star' Beter Leven Keurmerk and regular husbandry are:

- The pigs have more space
- The barns are enriched with objects to create a more attractive environment for the animal to live in
- Boars are not castrated
- The transportation time to the slaughterhouse is monitored and limited

Under our Good Farming Star programme, 185 Dutch pig farmers deliver their pigs to Vion. The main achievement in 2016 was the introduction of the concept to a broader range of products including processed meat. This stimulates the full utilisation of the carcass of the pig. Vion is fully transparent in this market programme, and provides individual farmers with the possibility to tell their own story on internet. When buying these products, the consumer can scan the product and can follow the end product back through the supply chain, right to the farmers. (goodfarmingstar.com in Dutch). This website is accessible via a QR-code on the end consumer packaging.

Vion delivers organic pork via the market programme 'De Groene Weg'. This pork fulfils the EU organic and the 'three star' Beter Leven Keurmerk requirements. The main advantages in the organic system are:

- The pigs have more space
- The barns are enriched with straw bedding
- The pigs have outdoor access
- The tails of the pigs are not regularly docked
- The transportation time to the slaughterhouse is a maximum of 6 hours

Within De Groene Weg 65 Dutch organic pig farmers deliver their pigs to Vion. From this, we produce organic pork mainly for the Dutch and German market.



Animal friendly husbandry

Germany

Since 2010, Vion cooperates with the German Animal Welfare Society in a pilot market programme with an animal welfare label (www.tierschutzlabel.info). The German market is offered pork with enhanced animal welfare. Similarly to the Dutch approach, an independent label is created. The market programme showed a proof of concept of such a system in Germany. Currently the demand is not yet organised in a way that will allow a larger number of participants. In case of increasing market demand, Vion and the farmers are able to increase the volumes.

Vion has used the experience of this animal welfare label to provide input as a partner of the 'Initiative Tierwohl' (animal welfare initiative) in the development of the concept, which is implemented together with retail partners (www.initiative-tierwohl.de). Within this system, a number of German retailers annually collect ~80 million € that is transferred to the 2248 participating pig farmers who raise their pigs with additional requirements from a set of modules concerning animal welfare and sustainability they can choose upon. 5.1 million pigs had been raised within this scheme by the end of 2016. In Germany, we slaughter organic pork on a contract basis for a specific customer.

Public debate pigs

To support alternatives to piglet castration Vion contributes since many years to research and development, and actively participates in the public debate. In order to prevent any negative sensoric effects of the meat, Vion has developed a sophisticated system to detect tainted boars. An external evaluation by German scientists¹ revealed in 2016 that the system Vion has implemented is the best practical alternative currently existing.

Our detection system allows Vion to accept all pigs from farmers that raise entire boars. Thus, Vion is prepared for the changes in the piglet castration law from 1.1.2019 in Germany. Moreover, Vion has successfully finalised its contribution to a larger German Research and Development project called Strat-E-Ger 'Strategies to prevent and control boar taint' together with the Universities of Göttingen, Bonn and other stakeholders.

Furthermore, in 2016 Vion contributed to specific public debates, mainly in round table discussions, conferences and R&D projects. Main areas have been: ways to minimise the tail docking of piglets; organ findings and their use for health management in pigs; and transport of animals at extreme temperatures.

Cattle

Vion mainly slaughters dairy cattle and the raised offspring of dairy cattle. This implies that Vion uses the by-products of the dairy production.

Animal welfare and the health of livestock are strongly linked to each other, especially in conventional beef production; therefore, we encourage farmers to invest in robust breeds. In particular, dual purpose breeds such as Simmenthal, are not only seen as providing more tasty beef and their production as being more environmentally-friendly, but their robustness also generally relates to fewer diseases and a longer lifespan of cows. More than 45% of our cattle are either pure Simmenthal or are cross breeds dairy/beef. Vion pays a higher price for these animals and sells the Simmenthal beef in special meat quality programmes.

To develop systematic approaches for enhanced animal welfare concepts in the segment between conventional and organic production, Vion contributes to the development of independent animal welfare labels in dairy and beef production. This process is ongoing with our stakeholders.

Netherlands

Vion is working with stakeholders, such as the Dierenbescherming and the Vogelbescherming, to develop a Beter Leven label for dairy cattle. We expect that animals

will become available in this segment during 2017. Vion strives to realise substantial amounts of beef within a few years to supply retailers with raw materials for minced beef.

Additionally, Vion delivers organic beef through the 'De Groene Weg' concept according the EU organic requirements. These are likely to become premiums levels within the animal welfare label, as the organic requirements already contain a number of advanced animal welfare requirements including the requirements on floors, larger spaces in stables and mandatory outside access.

Germany

In Germany, Vion is contributing to the project stakeholder group for the development of an animal welfare label for dairy cattle within the 'Tierschutzlabel des Deutschen Tierschutzbundes'. We expect that the first animals will become available within this segment during 2017.

We sell organic beef that we slaughter from organic farms. The volume of organic beef has continuously developed over recent years, being +20% between 2015 and 2016.

Public debate

Also within the beef sector, there are a number of debates related to animal welfare. The slaughtering of cattle in the last third of their pregnancy is one of these issues. Vion is monitoring and recording the animals in this phase and providing the information as feedback to farmers. During 2016, 0.7% of all female cattle slaughtered in Germany were diagnosed as being pregnant in the third trimester. Together with the farmers and the Bavarian Farmers Association we have implemented a reporting system to further reduce this figure. Moreover, Vion has contributed to a three-year research project of the University Hamburg and Leipzig and other partners, called 'SIGN'.

¹ Trautmann, J., L. Meier-Dinkel, J. Gertheiss, D. Mörlein:
Boar taint detection: A comparison of three sensory protocols.
Meat Science, 2016, 11, p. 92-100]



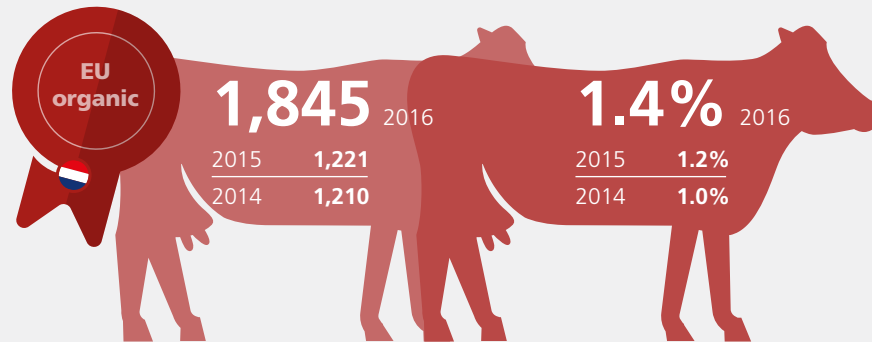
Animal friendly husbandry

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 service companies with regard to their management and reporting of farm animal welfare. In 2016, Vion has improved its performance to Tier 3 of the Benchmark. With this ranking, Vion is one of the two best European meat processing companies in this analysis.

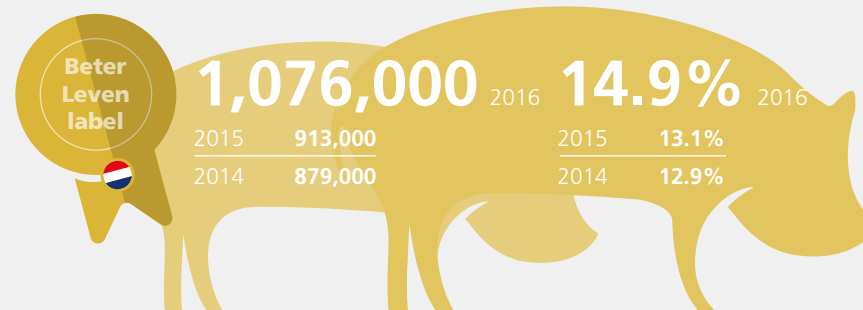
The BBFAW has been designed to encourage higher farm animal welfare standards across the food industry. The Benchmark is the first global measure for farm animal welfare management, policy commitments and disclosures by food companies, and is designed for use by investors, companies, NGOs and other stakeholders interested in understanding the relative performance of food companies in this area. For more information on the programme, and to read the full report, visit www.bbfaw.com.

Results



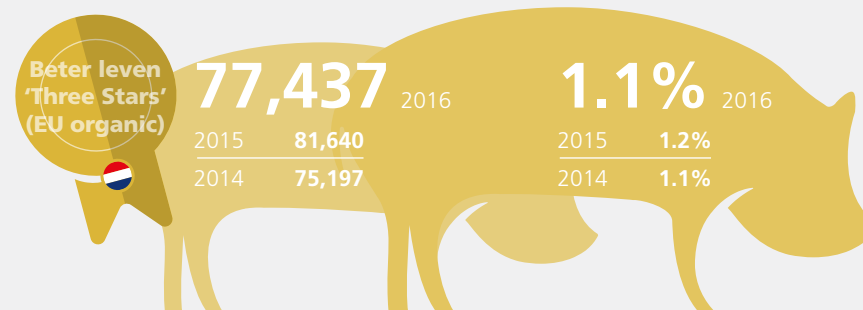
Absolute amount of cattle slaughtered with EU organic certificate

% of cattle slaughtered with EU organic certificate



Absolute amount of pigs slaughtered with Beter Leven label

% of pigs slaughtered with Beter Leven label

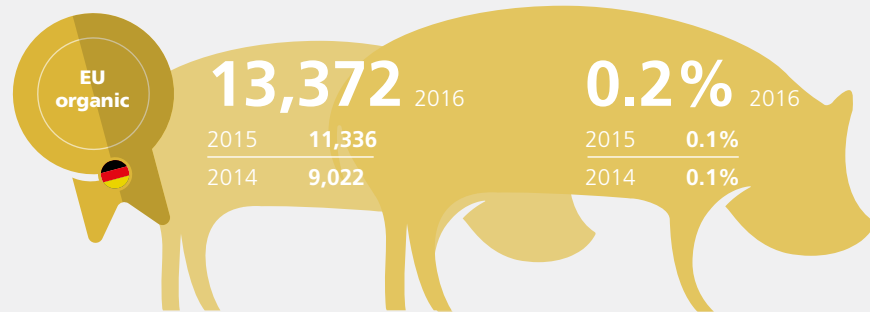


Absolute amount of pigs slaughtered with Beter Leven 'Three Stars' (EU organic)

% of pigs slaughtered with Beter Leven 'Three Stars' (EU organic)

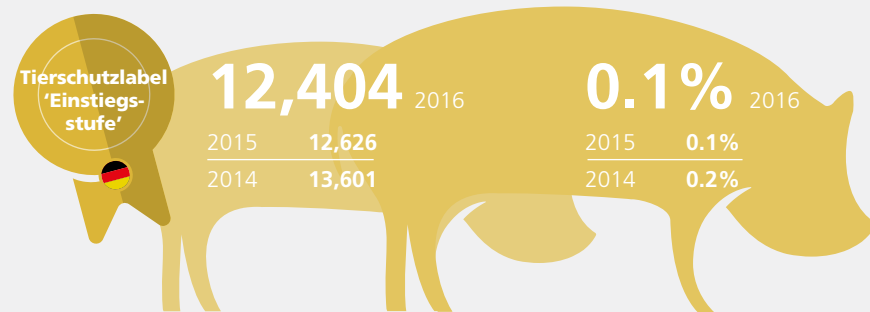


Animal friendly husbandry



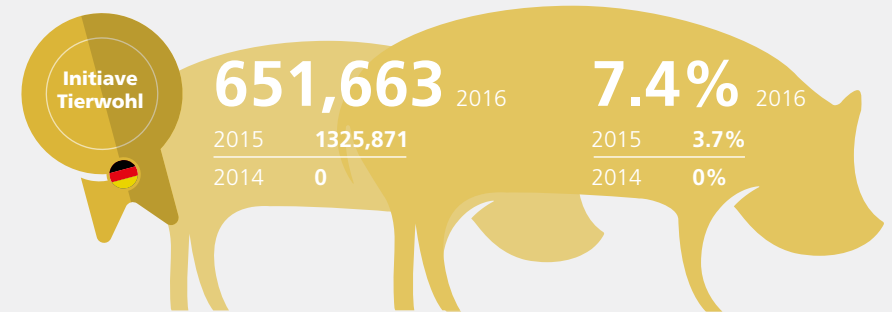
Absolute amount of pigs slaughtered with EU organic certificate

% of pigs slaughtered with EU organic certificate



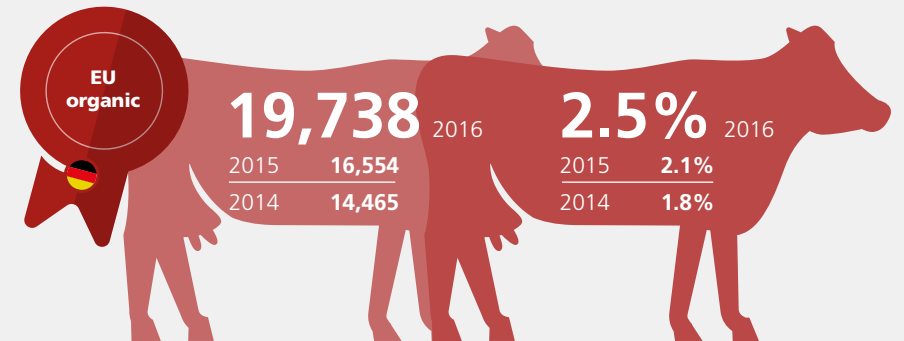
Absolute amount of pigs slaughtered with Tierschutzlabel ('Einstiegsstufe')

% of pigs slaughtered with Tierschutzlabel ('Einstiegsstufe')



Absolute amount of pigs slaughtered with Initiative Tierwohl

% of pigs slaughtered with Initiative Tierwohl



Absolute amount of cattle slaughtered with EU organic certificate

% of cattle slaughtered with EU organic certificate

	2016	2015	2014
% slaughtered entire boars of total male pigs slaughtered	62.6%	74.2%	77.2%
% slaughtered entire boars of total male pigs slaughtered	10.6%	10.6%	10.6%

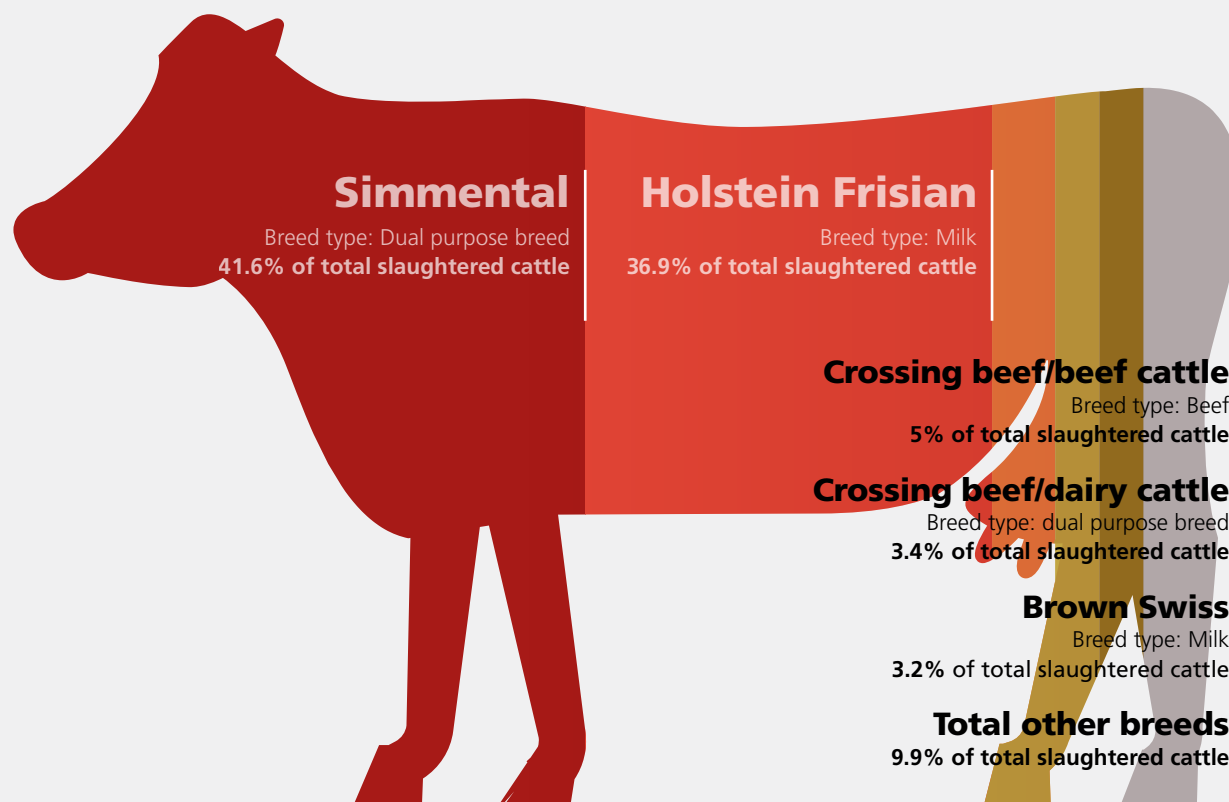


Animal friendly husbandry

▶ Outlook and targets

- Enhance our role as the market leader of animal welfare certified pork and beef in our home markets of Germany and the Netherlands.
- Seek further opportunities to enlarge the percentage of animals that are raised under animal welfare programmes.
- Play an active role in animal welfare topics of public concern, contribute to practical solutions through our own research and development.

Results



Clarification of results

In the Netherlands, we only slaughter Holstein Frisian dairy cattle. The Dutch figures for organic pork slaughters slightly declined in 2016 due to a change in the De Groene Weg association's membership. The slaughter figures rose

in the second half of 2016 and we expect them to continue to grow in 2017. The organic pig slaughters in Germany are contract slaughters for one specific customer.



The view of...

Thomas Schröder

President of Deutscher Tierschutzbund



'My respect for the farmers who have implemented the label has grown.'

The German animal welfare organisation, Deutscher Tierschutzbund, is the major proponent of more animal protection in livestock husbandry. Without this organisation, and its motto of 'Animal Welfare with your Heart and Mind', German agriculture would not have reached the level where it is right now.

Five years ago, in cooperation with Vion, Deutscher Tierschutzbund initiated the 'For more Animal Welfare' pilot project, which is now regarded as a model for the government label. In 2017, the federal government intends to launch this label that focuses on the industrial pork production industry throughout Germany. Thomas Schröder, President of Deutscher Tierschutzbund, expressed his highest recognition for the farmers, 'We have made progress and, at the same time, my respect for the farmers, particularly those

who have dared to increase their animal welfare, has grown. I have seen their commitment to participating in the implementation of our programme. This is not because they are obligated, but because they want to.' Even though he complained that, 'In economic terms, we have yet to attain our goals,' his outlook on the future nevertheless remains positive, 'We want to make progress in livestock husbandry together with the farmers.'



Antibiotics

The topic

Bacteria can become resistant to antibiotics, making 'simple' infections life-threatening. Antibiotic resistance develops in humans and animals due to antibiotic use. Consumers fear that meat could transmit antibiotic resistance to the human population.

Boundaries

Antibiotics are administered to animals on the farms. Vion monitors the antibiotic residues in meat, and studies the transmission of antimicrobial resistance through its supply chain to understand the transmission pathway and to intervene where needed.

Vion's approach

Antibiotic use on farms

To reduce the use of Antibiotics, strict regulations are enforced in today's livestock production. The administration of growth promoting substances or preventive use of antibiotics is not accepted. Prescriptions and their administration can, in principle, only be performed by veterinarians after visiting a farm, and antibiotics can only be used as a last resort under strict regulations. The registration of the antibiotic use per farm in a central database is mandatory, and a specified withdrawal period, i.e. a period without antibiotic administration, needs to precede the slaughter, so that residues are absent or are below the Maximum Residue Limit (MRL) as prescribed in the regulations.

Vion's management strategy regarding the antibiotic use on farms involves a use of Antibiotics that is as low as realistically possible, while maintaining a balance between public health, veterinary health and animal welfare. Pigs from herds that have been treated with antibiotics that are critical to humans, such as 3rd and 4th generation cephalosporins, are not accepted by Vion. Farmers are required to declare all use of Antibiotics and veterinary drugs to Vion prior to slaughter. Furthermore, the competent authorities run an extensive monitoring programme on the presence of antibiotic residues in pork and beef. Around 175,000 pork and beef samples in Germany and the Netherlands in the period of 2014-2016 for the testing of antibiotic residues. Of these samples, >99.9% had no detectable antibiotic residues, or had residues at a level below the maximum allowed limit as described in the European legislation (see the table for the results). In 2016, the most frequently found residues in pigs above the MRL were doxycycline and trimethoprim (both found thrice), followed by benzylpenicillin and oxytetracyclin (both found twice). In beef benzylpenicillin was found above the MRL twice in 2016, and neomycin, tetracycline and enrofloxacin each once. Farmers that supply animals exceeding the MRL are contacted to ascertain the cause and are asked for measures to prevent exceedances in the future. Meanwhile, the deliveries from those farms to Vion are put on hold until these measures are effective.

Transmission of antimicrobial resistance to the human population

Vion's management strategy regarding the transmission of antimicrobial resistance to the human population is two-fold: keeping the initial contamination as low as possible; and preventing multiplication of any bacteria that are nevertheless present on the products. Keeping the initial contamination as low as possible is enforced by a zero-tolerance policy on faecal contamination. The multiplication of any microorganisms present on the products is prevented by sufficient chilling during production and storage, as the bacteria relevant for antimicrobial resistance do not multiply at low temperatures.

Vion is also actively involved in several scientific projects. We cooperate with universities throughout Europe to increase knowledge about food-related antimicrobial resistance, and the control of transmission of antimicrobial resistance to the human population. In one such project, pigs were followed and were sampled along the supply chain. Resistant bacteria were observed most frequently in the faeces of live animals (around 5% of the live animals) and less frequently on carcasses (1% of the carcasses). Resistant bacteria were not observed on pieces of meat at the end of the production line. These findings suggest a minor role for foodborne transmission of antimicrobial resistance to humans. This suggestion is confirmed by other studies, which showed that antimicrobial resistance is predominantly associated with occupational and environmental transmission and to a lesser extent with food (Wendlandt et al., 2013; Dorado-García et al., 2016). This role for occupational exposure was also observed in a second scientific study in which Vion participated, focussing on its slaughterhouse workers. The overall percentage of slaughterhouse workers carrying resistant bacteria was lower compared to the Dutch population (Dohmen et al., 2016).

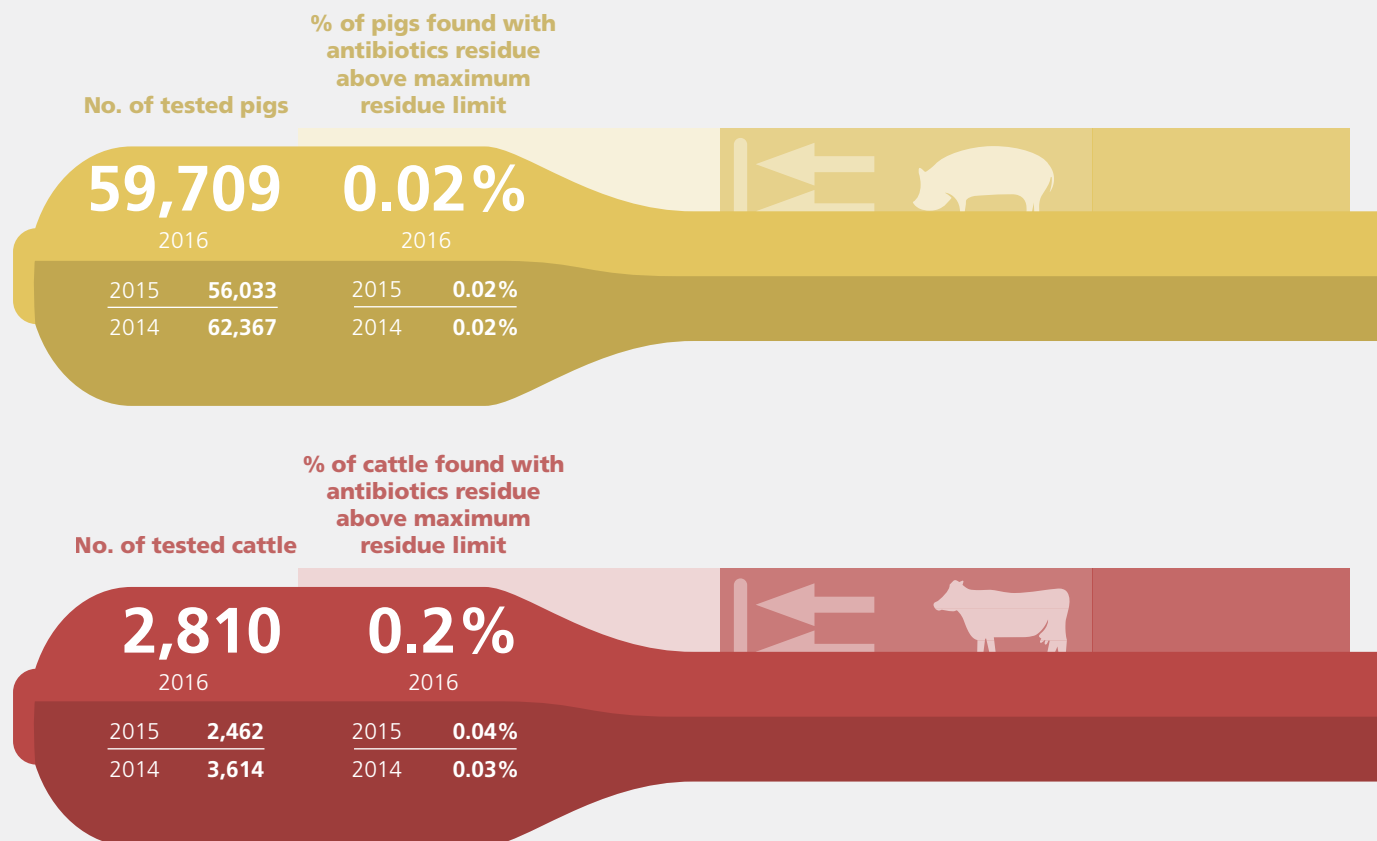


Antibiotics

▶ Outlook and targets

Data on the Antibiotics shows that the vast majority of farms now reach acceptable levels. The relatively small proportion of farms that have not been able to do so will be supported and stimulated further. In Vion's strategy, critical antibiotics are restricted from use on farms and the antibiotic usage is further reduced as far as possible, while balancing safe antibiotic usage with animal welfare.

Results



Clarification of 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. Animals are selected on a risk-based approach using historical carcass inspection data with respect to health. Farms exceeding (a) benchmark(s) are amongst others selected for sampling.

References

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- Wendlandt, S., Schwarz, S., Silley, P. Methicillin-resistant staphylococcus Aureus: A food-borne pathogen? Annual Review of Food Science and Technology 2013; 4 (1): 117-1.



Role of meat in a healthy diet

The topic

Meat and protein of animal origin are an important part of our diet. Public knowledge about the role of meat in our diet is important, and consumers should receive information that is validated scientifically.

Boundaries

The impact is made by both scientists and the media. Vion collaborates with science and media to get a full picture of the role of meat in a healthy diet.



Vion's approach

Vion supports scientific fact-finding about the role of meat in a healthy diet, and we actively collaborate with independent research institutes. We think it is important that consumers receive a full picture of scientifically valid information; therefore, we provide our stakeholders with the outcomes of these researches.

Meat contains several important ingredients for a healthy diet

Proteins

The protein content of lean meat is about 26 to 27% and is of high quality, containing all 8 essential amino acids needed for the growth and maintenance of our bodies. It helps to build and repair muscles, as well as helping to maintain healthy hair, bones, skin and blood. Due to its high biological value, protein obtained from meat is easily digested and absorbed quickly and effectively by the body as compared to plant proteins (*Philips et al., 2015; Pereira and Vicente, 2013*).

Vitamins

Other important ingredients in meat are vitamins. Vitamins are vital for maintaining a healthy body. Meat is a particularly good source of vitamin E, and of B vitamins including B2, B6 and B12. Vitamin E has a very strong antioxidant properties and helps to reduce damage caused to cells by oxygen, thus allowing faster muscle repair and recovery. B vitamins all work together to help convert food into energy, but they also have individual uses: B2 is essential for the manufacturing of red blood cells, which transport oxygen around the body; B6 is vital for protein synthesis; and B12 is imperative for good nerve functions.

Minerals

Meat contains minerals that aid in muscle growth like zinc, which assists in muscle repair; and iron, which boosts energy levels and combats fatigue.

Creatine

Meat also contains creatine, a nitrogen-containing compound that improves protein synthesis and provides muscles with energy, encouraging muscle gain.

Role of meat during the different stages of life

Children

For children, it is essential to grow muscle mass. An 80-100 gram portion of most types of meat contains about 20 grams of protein, and is a simple way to help children achieve their daily protein intake of essential amino acids. In addition to this, a correct intake of vitamin B12 is essential for neurological development and cell growth. Iron and zinc are important for the growth and development of infants and children (*Hermoso et al., 2011*).

Adults

As an adult, it is important not to increase too much in weight, because being overweight and obese are associated with an increased risk to health. Meat, given its high nutritional density, can therefore be of help in limiting calories but not essential nutrients. If we wanted to cover our protein needs by using only plant-based foods, we would have to consume between 3 to 5 times more calories than the calories obtained from foods of animal origin, particularly from lean cuts of meat. Obesity has been increasing in our modern society, and several studies suggest that diets with a higher proportion of protein are effective for the loss and maintenance of weight. Meat, due to its protein intake, may also contribute to satiety and as a consequence may reduce overall food and energy intake.

Elderly

The importance of meat and proteins for elderly people is less known, but there is growing scientific evidence that the age-related reduction in muscle mass can be slowed down with a proper intake of protein throughout the entire day.



Role of meat in a healthy diet

► Outlook and targets

Vion will continue to follow the health impact of meat and meat products, to provide scientifically-based answers concerning the healthy eating habits in our society. While the benefits of meat outweigh the negatives, it is recommended to maintain a balanced diet according to the required needs per age group.

Once we reach adulthood, our muscle mass begins to decline and the rate at which it reduces accelerates after the age of 50. The muscles represent about 45% of the body weight between the ages of 20 and 30; dropping to only 27% at the age of 70. When you get older you need fewer calories, because lower activity and the metabolism slows down. But to remain healthy the body still requires the same amount of some nutrients; some of which, like proteins, even in higher levels. Meat is part of a balanced diet for the elderly as it provides high biological value protein. There is good and consistent evidence that the consumption of 1.0 to 1.3 g of protein per kg of weight per day, combined with twice-weekly progressive exercise, reduces the age-related muscle mass loss (*Nowson and O'Connell, 2015*).

Meat consumption in relation to diseases

Meat products belong to one of the six major food groups, which provide the body with the essential nutrients, minerals and vitamins, in order to remain healthy (*Kouvari et al., 2016*). Recently, however, there has been public controversy concerning health and meat, especially red meat and processed meat products. It is argued that the consumption of red meat directly links to heart disease and cancer.

The results published by the Agency for Research on Cancer (IARC) in 2015 has classified the consumption of red meat and processed meats respectively as 'probably carcinogenic' and 'carcinogenic'. The results showed that those who ate the largest amounts of processed meat had around a slightly higher risk of developing bowel cancer, compared to those who ate the least. This can also be caused by other food or lifestyle habits present in this part of the population.

Fears have grown about the amount of fat in all meats, particularly saturated fat. Traditionally, too many saturated fats were thought to increase the risk of cardiovascular disease and high cholesterol. Emerging 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 and are involved in cell messaging and immune function.

Meat is often viewed with concern for the health of the heart, but not all the scientific studies agree on this point (*Lippi et al., 2015*).

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Organic



The topic

An increasing number of consumers prefer organic meat because of animal welfare and its healthy and environmentally-friendly perception. That is why Vion is active in this growing market segment. Next to the direct benefits, the experience gained in our organic concepts also leads to new insights and possibilities that the company can apply in other market concepts.



Boundaries

The organic husbandry of animals occurs at the farm, but the whole value chain needs to be certified in order to market the products as organic.



Vion's approach

The Netherlands

Vion's organic concept De Groene Weg

To guarantee a certified value chain, Vion organises the organic husbandry in De Groene Weg. De Groene Weg is fully dedicated towards organic meat, both pork and beef. As a central player in the organic chain, with an integrated approach from the pig-breeder to end-consumer, Vion has the opportunity to develop best practices for the supply chain management, pricing models and type of farming. The integrated approach of De Groene Weg for the production and marketing of meat ensures an optimal tuning of demand and supply. For that, the company works closely with both organic livestock farmers, and market parties such as (its own) butcher shops, retail and the Vion international sales agencies. The 65 farmers who supply their pigs to De Groene Weg are members of a suppliers' association. The processing of organic pigs takes place in Vion's specialised abattoir located in Groenlo. In addition to this, De Groene Weg also processes organic beef. These are mainly dairy cows that originate from organic dairy farms.

Demand-driven way of working

The market for organic meat is growing rapidly, by over 10% a year. With 12 butchereries in the Netherlands, and as a supplier of various large retail chains, De Groene Weg is by far the market leader in the organic meat sector in the Netherlands. On 21 June 2016, the enterprise celebrated its 35th anniversary. Market demand is the basis for De Groene Weg. The company grows in harmony with the market, and in this way maintains its leading position. Vion sells organic pork partly outside the Netherlands, mainly in Germany; whereas the market for Dutch organic beef is predominantly domestic.

Requirements for organic farming

The differences in organic pig and beef farming, compared to regular animal husbandry, are based on the EU legislation for organic livestock production. The main differences are:

- for growing feed, only organic seed is used;
- only permitted fertilisers and plant protection can be used;
- animals are from organic origin;
- specific standards for the housing of animals, such as daylight, space, ventilation and the possibility to conduct natural behaviour;
- feed is organic; only a limited part of the feed may consist of concentrated feedstuffs;
- natural/homeopathic veterinary medicines can be used on prescription of a veterinarian, only in specific circumstances regular veterinary products or antibiotics can be used.

On top of the EU organic requirements, Vion also requires its organic pork suppliers to comply with the norms of the 'three star' Beter Leven Keurmerk, being:

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

Contribution to animal welfare

With De Groene Weg, Vion contributes to animal welfare. Organic meat of De Groene Weg has received 3 stars from the 'Beter Leven Keurmerk' (Better Life quality label) of the 'Dierenbescherming' (Dutch Society for the Protection of Animals). Vion is transparent about the story behind the De Groene Weg meat. Information about the organic farmers within the De Groene Weg suppliers' association is shown on the [website](#) of De Groene Weg.



Organic

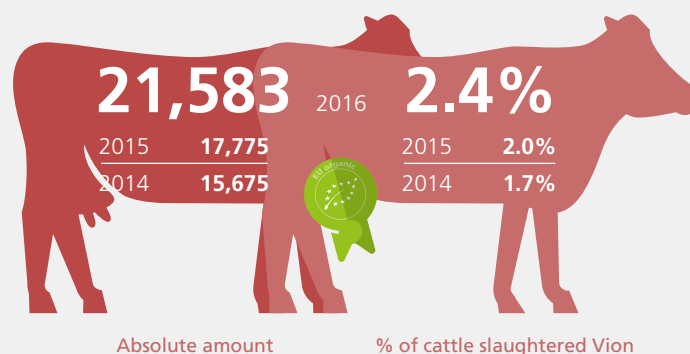
▶ Outlook and targets

Vion will seek to potentially grow this special market segment further in a market-driven way. The target of De Groene Weg is to slaughter 100,000 pigs annually under its programme by 2020.

De Groene Weg uses a maximum transportation distance for piglets of 60 km in order to minimise the negative effects on the piglets' health as much as possible. De Groene Weg prefers suppliers who maintain all steps of a fattening pigs' life on one farm – from birth to the end of fattening – as this reduces the number of transport movements.

☰ Results

EU organic cattle slaughtered and processed



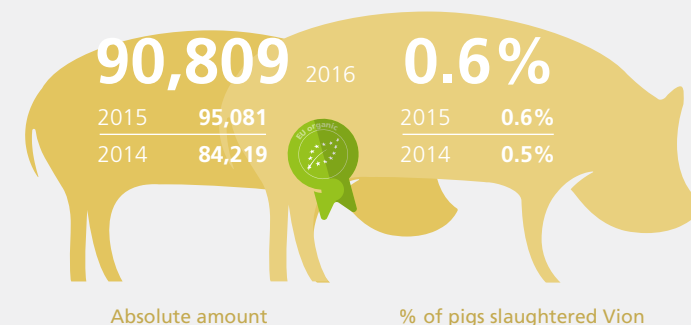
Absolute amount Netherlands % of cattle slaughtered Vion Netherlands

2014	2015	2016	2014	2015	2016
1210	1221	1845	1.0%	1.2%	1.4%

Absolute amount Germany % of cattle slaughtered Vion Germany

2014	2015	2016	2014	2015	2016
14,465	16,554	19,738	1.8%	2.1%	2.5%

EU organic pigs slaughtered



Absolute amount Netherlands % of pigs slaughtered Vion Netherlands

2014	2015	2016	2014	2015	2016
75,197	81,640	77,437	1.1%	1.2%	1.1%

Absolute amount Germany % of pigs slaughtered Vion Germany

2014	2015	2016	2014	2015	2016
9,022	11,336	13,372	0.1%	0.1%	0.2%

🌀 Clarification of results

Overall, we see growing organic volumes in a growing organic market. In total, Vion's external organic sales' volume grew in 2016 with 10.3% compared to 2015. Dutch figures for organic pork slaughters slightly declined in 2016, due to the delivery of fewer animals caused by some changes in the De Groene Weg association members. The slaughter figures and sales volumes rose again in the second half of 2016 and we expect them

to continue growing in 2017. The organic pigs in Germany are slaughtered on a contract base for a single client. In order to fulfil the demand of organic beef in the Netherlands we also deboned cattle carcasses coming from other slaughterhouses (mainly from Germany and Austria).



Symposium

'Food chains of the future'

Stimulating debate and transparency



In September 2016 Vion organised the symposium 'Food chains of the future'. More than 175 visitors from the entire supply chain attended the symposium in Groenlo and entered into discussion with the speakers. This symposium is a good example of how Vion wants to stimulate open debate and how we strive for transparency.

The symposium was the first of a series of events to celebrate the renewed location of Vion in Groenlo. In the first half of 2016, Vion converted Groenlo into a specialised location for the processing of the sustainability concepts Good Farming Star (meat with one star of the 'Beter Leven'-label) and De Groene Weg (organic meat). In order to present the location and to profile Vion as a driver in the supply chain, we received 175 stakeholders and facilitated an inspiring dialogue. The discussion focused on cooperation in the food chain, transparency, origin and sustainable food. We believe these issues are important themes for successful food chains of the future.

Demand driven supply chains

Leading speakers from within and outside of the industry presented their vision on future food chains. Keynote speaker was Cees Veerman, chairman of the EU working group Agricultural Markets and former Dutch Minister of Agriculture. At the symposium he stated that cooperation within the chain is a condition for future strong supply chains. 'Cooperation is the only way to really achieve good results. In future years a stronger connection between demand and supply will develop. Transparency, openness and fair pricing are key issues, as is cooperation with societal parties, such as NGOs.' Vion CEO Francis Kint also emphasised cooperation as an important factor for successful supply chains. 'The food chain of the future is demand-driven. This requires commitment by all parties, from retail to agricultural entrepreneurs. The very first thing Vion can and must do within its own supply chain, is to make itself as efficient as possible. That is positive for the viability of the entire supply chain.'

Transparency

Trendwatcher Adjiedj Bakas advised parties within the food chain to look further than their usual cooperation partners. 'Look for new allies in other sectors, from ICT and care to the financial world, to make use of new technologies and to profit

from changing markets.' Auke Jan Heeringa, director of the Unox factory in Oss for Unilever, emphasised the importance of transparency. 'Consumers, chain partners and societal organisations wish to have an insight into the origin of food and meat. We notice that this is very important for trust.'

Trust

Trust is also a key-element in Vion's cooperation with chain partners. Allard Bakker, general manager of De Groene Weg: 'Good cooperation with the organic pig farmers and their suppliers association is essential for the success of De Groene Weg. This is only possible with open communication and solid mutual trust.' During the symposium, transparency turned out to be one of the most important themes. To emphasise the importance of it, Vion offered its visitors a guided tour on the renovated Groenlo production site.

When: 29 September 2016

Where: Vion in Groenlo

Who: 175 visitors from the entire supply chain: for example universities, research institutes, NGOs, retail partners, industry partners, governmental stakeholders, members of farmers' associations, media

What: Symposium 'Food chains of the future'



Health and safety of employees

The topic

The health and safety of employees is important to us, due to the hard work and the use of possibly dangerous tools. Also, more and more customers are requiring workplace accountability assessments to ensure a safe working place.

Boundaries

We take into account the employees of all our own operations.



Vion's approach

Vion provides and ensures a safe and healthy working place. At all Dutch plants, the 'Arbo' management system is applicable; and in Germany all plants cooperate intensively with the Berufsgenossenschaft Nahrungsmittel und Gastgewerbe (BGN), the employers' liability insurance association. That means that we have procedures, manuals, general documents and instructions in place. Regarding the prevention of accidents, it is mandatory for all plants to use the Vion incident management procedure. Besides this, there are structural 'Arbo', respectively 'BGN', audits and management reviews.

Despite all precautions, accidents unfortunately happen. In 2016, there were no fatalities. The most frequent types of injuries were: knife cuts; injuries caused by slipping, stumbling or falling; and injuries caused by internal transport. For information about the occupational exposure to antimicrobial resistance, please see the topic 'Antibiotics'.

In recent years, a number of A-brand clients have implemented own standards to verify Vion's performance in terms of occupational health and safety, ensuring they are treated fairly and provided with a safe and healthy work environment. The number of Vion plants certified against one of these independent standards is continuously growing.



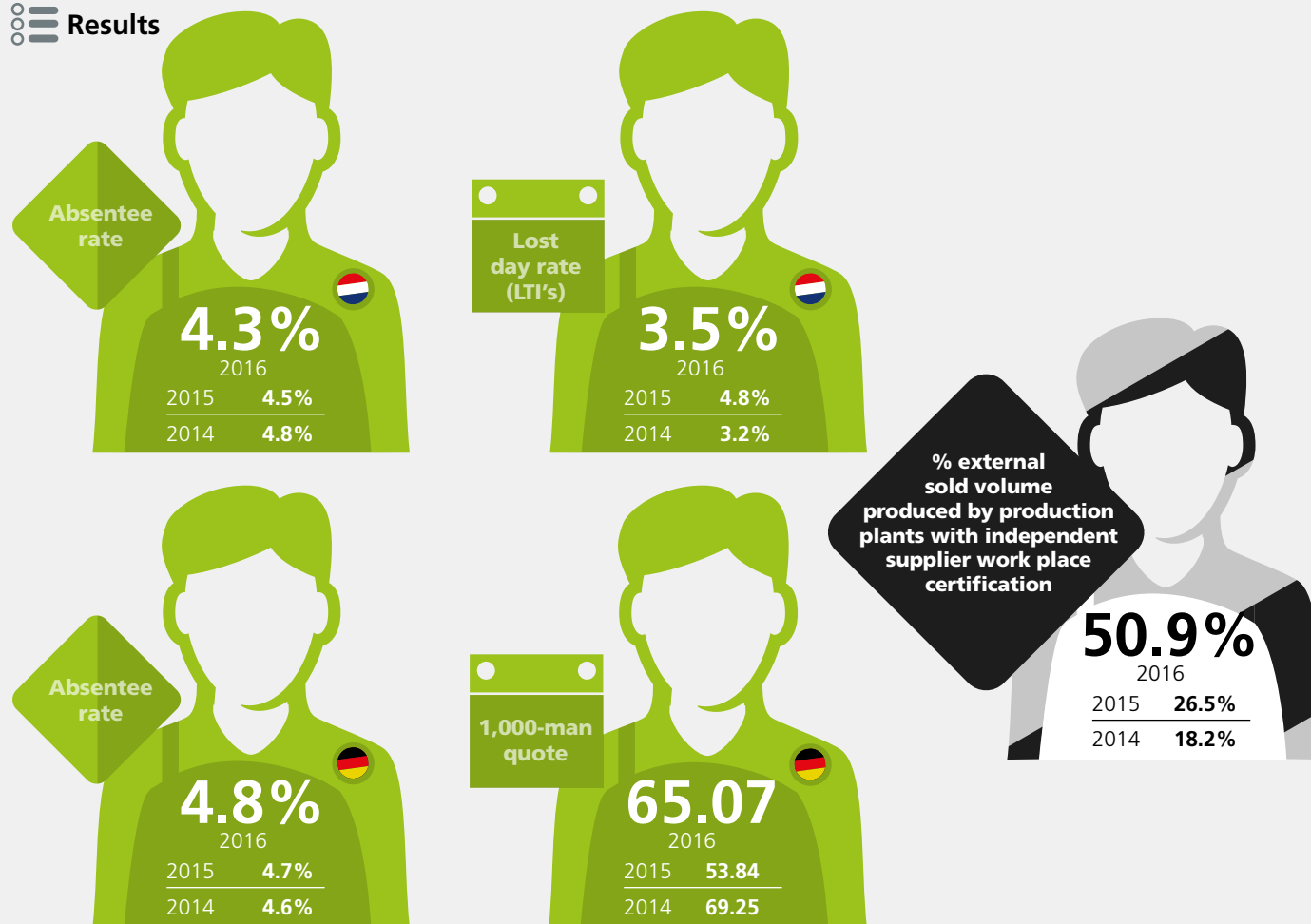
Health and safety of employees

Outlook and targets

Vion strives to reduce the number of accidents and to ensure a safe workplace for all employees. In 2017, we will define our improvement plans, select the proper benchmark and set targets.



Results



Clarification of results

In the Netherlands own employees and flex employees are not registered separately regarding accidents. In Germany, only the injuries of own employees are registered by Vion. Due to legal reasons third-party employees' injuries can only be registered by the third-party labour providers. Therefore, we cannot report yet on these figures for 2016, but we plan to report on them in 2017.

The numbers in the table are calculated as follows:

- The lost day rate in the Netherlands is calculated by the number of

LTI's (lost time injuries with an absence of at least 1 scheduled work day) at all production sites divided by the total number of employees (own and flex).

- The 1000-man quote in Germany is calculated by the number of work accidents resulting in more than three calendar days of absenteeism or death, based on 1000 full-time workers.
- The absentee rate is calculated as the percentage of absenteeism days during continued remuneration (the first six weeks of each sickness).



Working conditions for third-party labour

The topic

Approximately 60% of the workers at Vion are hired via third-party labour. The legal settings differ in the Netherlands and Germany. Especially in Germany, this is a topic of public debate.

Boundaries

In this report, we take into account the third-party workers at our own operations.

Outlook and targets

Vion strives to reduce its number of external employees and insource parts of the external workforce. To reach these goals, we will analyse the legal and administrative situation in order to find a sustainable solution.

Vion's approach

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

Third-party labour policy of Vion in Germany

In the past, there were some grievance cases in the German meat industry like inadequate accommodation or wages. Vion supports a vigorous but fair competition, which also includes the fair and respectful treatment of its internal and external employees. Therefore, Vion and the trade union 'Nahrung Genussmittel Gaststätten' (NGG) started an initiative to introduce a minimum wage and a code of conduct for the German meat industry. Based on this initiative, a minimum wage for the meat industry was introduced as of July 2014.

Furthermore, Vion initiated a code of conduct for the meat industry in order to further improve the conditions for foreign third-party labour employees with regard to payment modalities, accommodation standards and the auditing of third-party labour companies by externally-certified public accountants. This code of conduct soon developed into a standard in the meat industry and was signed by all the major meat companies. Vion assigned an auditing company to check the compliance of its third-party labour providers with the code of conduct. So far, there have only been a very small number of cases of non-compliance, which were remedied immediately.

In 2015, Vion was one of the authors of the self-commitment for more attractive working conditions in the meat industry. This commitment includes the obligation to integrate foreign employees and to cooperate only with third-party labour providers who don't expatriate their employees, but instead

employ them under the rules of the German social and labour law as of July 2016. Most Vion plants had already fulfilled this commitment in 2015, and the rest were duly converted by July 2016.

Third-party labour policy of Vion in the Netherlands

In the Netherlands, Vion uses third-party labour for its flexible work. To provide security for these flexible workers, Vion has installed the ERVI policy (Erkeningsregeling voor Vion-Inleenbedrijven), a qualification system for Vion third-party labour agencies. This policy ensures that Vion works only with reliable agencies. The main prerequisite is that all the agencies must comply with the Dutch NEN-4400 rules and accommodate their employees in SNF-approved houses.

In addition, in accordance with 'ERVl', the parties are systematically checked for their compliance with the collective agreements and the applicable elements of the Statutory Minimum Wage, Working Hours Act and other legislation such as, amongst others, Wet Aanpak Schijnconstructies (WAS, Act on tackling false employment constructions), Wet Allocatie Arbeidskrachten door Intermediairs (WAADI, Act on the allocation of workers by intermediaries), Wet Ketenaansprakelijkheid (WKA, Act on chain liability), Wet Werk & Zekerheid (WWZ, Act on work & security) and Wet Arbeidsvoorwaarden bij Grensoverschrijdende (WAGA, Act on the employment conditions for cross-border labour). This is checked by retrieving and archiving documents, and by external and internal audits. The flexible worker is informed of this legislation by Vion during the introduction session and in the hand-over of the 'Working at Vion for Flexible Workers' folder.



The view of...

Bernd Maiweg

German Trade Union NGG
(Gewerkschaft Nahrung, Genuss Gaststätten)

As trade unionist, Bernd Maiweg is not exactly one of those for whom the doors are wide open at meat sector companies. However, part of Vion's corporate strategy includes the entering into dialogue with critics. Opening the door, sitting down at a table, exchanging arguments and seeking solutions together is indispensable for the cooperation between the employees and the enterprise, in the opinion of HR manager Roger Legath: 'We must move forward together'.

'Vion was very helpful in the past.'

Minimum wage for the German meat sector

When, at the start of 2017, Legath and Maiweg met in Buchloe to discuss the progress of the minimum wage debate and the conditions for third-party workers, the trade unionist briefly looked back: 'Vion was very helpful in the past', he said. The new agreements were reached especially because Vion initiated these agreements in the sector. He was hopeful that progress could continue to be made together in the future. Maiweg's demands that agency workers are to be converted in permanent employees in 10 percent tranches and that the minimum wage agreement for the meat sector should be developed further are however seen as maximum demands by Vion. HR manager Legath is not opposed to these ideas, but is sceptical: 'In practice, fixed quotas cannot be converted. The necessity of a higher minimum wage for

the meat sector than the general minimum wage is not clear to me at this moment.

Right now, only permanent employees are working at the location Furth im Wald. This is possible because the company is located next to the Czech border, and many Czech employees can commute across the border. In other locations, we are reliant on contractors and their eastern European employees. These structures, which arose over decades, cannot be broken up overnight, Legath explains, but he reassures his counterpart: 'We try to reduce the share of contractors where it is possible.' Wage expert Maiweg has assured him of the support of his trade union NGG (the Food, Beverages and Catering Union): 'We will support the changes through the collective agreements, even in tranches.'





Energy consumption



The topic

Fossil fuels are limited and the burning of fossil fuels causes greenhouse gas emissions and climate change. The reduction of the use of fossil fuels and the transition to renewable energy are matters of global concern. Vion uses quite a lot of energy in its operations, for example, for cooling the meat and ensure appropriate cleaning and disinfection.



Boundaries

For the energy consumption, we take into account all of our own operations. The energy consumption of the farmers is part of the environmental aspect of farming.



Vion's approach

The use of energy plays a prominent role in Vion's production processes. We try to minimise our impact by using as little energy as possible within our operations. We continuously invest and implement efficiency improvements to reduce gas and electricity consumption. In our German operations, we have certified our energy management systems in 13 plants following the international energy management norm ISO 50.001. However, the energy for cooling capacity is also an important resource to ensure a high level of food safety, as the quick cooling of all slaughtered animals from 37°C to < 7°C is a fundamental pre-requisite for food safety and a long shelf life. Thus, the possibilities of reduced energy consumption are not infinite.

A number of Vion plants have implemented the latest energy efficiency technology.

These are:

- 3 plants with combined heating and power plants
- 15 plants with heat recovery systems
- 2 plants use heating from an external biogas plant that utilises organic waste of the plant
- 1 plant that uses district heating

In 2016, the following main investments were implemented to improve energy efficiency:

- A new combined heating and power plant was installed in Waldkraiburg
- New efficient cooling systems were installed in Tilburg, Landshut and Waldkraiburg
- Vion Groenlo received a new heat recovery system
- Substantial improvements to the cooling systems were implemented in 3 plants
- A number of plants introduced the Inspexx Knife disinfection system that no longer requires a water temperature of 82°C
- The heating system was improved in 3 plants

In 2017, additional major investments on energy efficiency are planned:

- Construction of the new beef slaughter plant in Leeuwarden according to the latest energy efficiency technology
- Extension of the heat recovery systems in five plants
- New energy efficient office building in Tilburg
- Introduction of Inspexx Knife disinfection in three more plants
- Implementation of numerous energy saving measures based on outcomes of specific energy management audits

With its combined heating and power plants, Vion is also an energy producer. However, most of this energy is used directly by our own sites. Therefore, only a very limited amount of energy is sold to the market.

Regarding renewable energy consumption, Vion monitors the offered energy mix (renewable – non-renewable) of the different energy service providers. In case of economic viability, the procurement team is being encouraged to decide on an energy provider with a higher mix of renewable energy.

Vion additionally contributes to renewable energy in a very specific way. The immature manure from the animals' bowels is a valuable ingredient for biogas operations. Vion offers this manure, that before was often left unused, to interested biogas plants.





Energy consumption

Outlook and targets

Vion will implement an overall efficiency improvement investment plan and will search for plant specific additional improvement options. In 2017, we will decide on whether to set a companywide efficiency improvement target for the coming years. Besides this, we will try to raise our renewable energy proportion of the energy mix in an economically justifiable way.

Results

Energy consumption / ton sold



Electricity consumption in MJ / ton sold

2014	2015	2016
311	309	309

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

2014	2015	2016
284	295	259

Total energy consumption



Total electricity consumption (in GJ)

2014	2015	2016
695,442	706,360	759,365

Non-renewable Electricity (in GJ)

2014	2015	2016
unknown	565,880	*

Renewable Electricity (geothermal, wind, solar, hydro, biomass) (in GJ)

2014	2015	2016
unknown	140,480	*

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

2014	2015	2016
635,516	673,450	634,700

Self-generated energy consumption (in GJ)

2014	2015	2016
18,555	19,645	16,949

Energy purchased for consumption (in GJ)

2014	2015	2016
1,312,408	1,360,165	1,377,116

* Available Autumn 2017.

Clarification of results

The proportion of renewable fuel is unknown to us, as it is not specified by our suppliers. The proportion of renewable electricity is specified by our suppliers; however, the data from all sites need to be gathered and consolidated. Because of the amount of work involved, we have included the 2015 figures but not the 2014 figures. The percentage of renewable electricity in 2016 could not be included as it becomes available after the publishing of this report.

Vion uses 19.9% renewable electricity. If we compare the percentage renewable electricity of Vion in the Netherlands (14.9%) with the Dutch national figure for 2015 (11.6%¹), we can see a higher proportion than

average. With 25.7% of renewable electricity, Vion Germany uses a higher percentage of renewable electricity than in the Netherlands; however, compared to the German national figures of 2015 (29%²), Vion's renewable electricity usage is slightly below the national average. In 2016, we used 13% less gas per ton sold than in 2015 because of a higher utilisation percentage at our plants.

¹ Hernieuwbare energie in Nederland 2015, CBS, 2016, page 19.

² <https://www.unendlich-viel-energie.de/mediathek/grafiken/strommix-in-deutschland-2015>



Water use



The topic

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



Boundaries

For the water use, we take into account all of our own operations. The water use of the farmers is part of the environmental aspects of farming.



Outlook and targets

Vion will strive to improve the efficiency of water use and to implement improvements in the purification of waste water wherever this is feasible.



Vion's approach

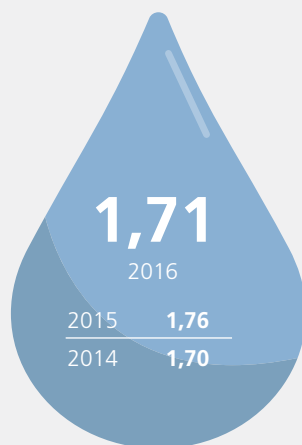
Water is an important resource for many of Vion's production processes. Therefore, Vion has the social obligation to minimise its water usage. For this reason, the water consumption levels at our production sites are always recorded and optimised. However, water is also an important resource to ensure 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. Therefore, the possibilities of water reduction 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 which is used in the production processes in our own waste water purification plants, or the municipal waste water plants have enough capacity to organise the waste water treatment for Vion.

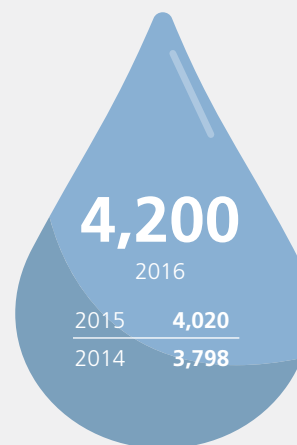


Results

Total m³ water used / ton sold



Total volume of water used in hm³



Water usage withdrawn from municipal water supplies

2014	2015	2016
70%	71%	75%



Water usage from own water wells (ground water)

2014	2015	2016
30%	29%	25%



Number of plants with own water source (ground water)

2014	2015	2016
2	2	2



Number of plants without own water source

2014	2015	2016
25	25	25



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 the service industry like distribution and supervision. The meat industry in the Netherlands (including poultry) is an important employer with 13,300 jobs in the industry itself, and another 33,250 jobs in related activities. The turnover of the Dutch meat industry is worth 10 billion, and another 25 billion is earned by the related activities¹. The German meat industry employs 58,000 people with a turnover of 18 billion €². More than 1 million people are working in agricultural companies³. 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.

Boundaries

The impact of Vion's existence occurs at the farmers, our primary suppliers, but also at secondary suppliers like feed suppliers and service suppliers. It is almost impossible to take everything into the scope, so we focus on our direct suppliers.

¹ COV, 2025: De Nederlandse vleessector in balans, December 2016

² http://www.v-d-f.de/zoom/jahrestagung_2016_bild

³ <https://www.destatis.de/DE/ZahlenFakten/Wirtschaftsbereiche/LandForstwirtschaftFischerei/LandwirtschaftlicheBetriebe/Tabellen/LandwirtschaftlicheArbeitskraefte nach Bundeslaender.html>

Vion's approach

The existence of a meat company of a good size that is able to bundle the animals, process the meat and organise the sales and distribution to clients all over the world, is vital for the existence of the farmers. Therefore, Vion's management is aimed at continuity and growth in its core production regions. This is not only in the interest of the farmers, but also of their service suppliers, feed companies, technology companies and many more that sell their products to the farmers. Additionally, it is in the interest of our major stakeholder ZLTO, the banks, the governments in terms of tax income, and thus indirectly of all the citizens of the Netherlands and Germany. All these parties benefit from a financially stable Vion with an up-to-date slaughtering and processing infrastructure.

In 2016, major investments in the improvement and extension of our production capacity took place. The main investments were implemented in Landshut (new and extended pork slaughter and deboning), Waldkraiburg (new and extended lairage, beef slaughter, cooling cells and deboning capacity), Holzwickede (a new and extended production and freezing line) and Groenlo (the factory was extensively renovated in 2016, and now offers space for all activities within the sustainable concepts Good Farming Star and organic: from slaughtering up to and including the packaging). These extensions to Vion's core plants and core production regions will help us to meet the growing demand for up-to-date processes, regional products and animal welfare concepts.

Moreover, Vion started a process to attract external investors to enable investments for further growth of the company. This process was ongoing as of 31.12.2016.



Indirect economic impacts

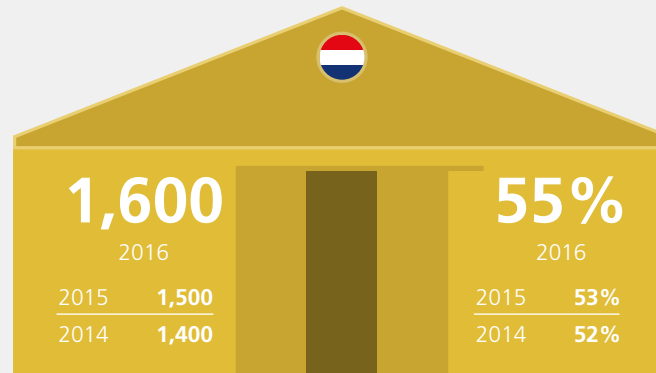
Outlook and targets

Vion aims to continue its growth activities in 2017.



Results

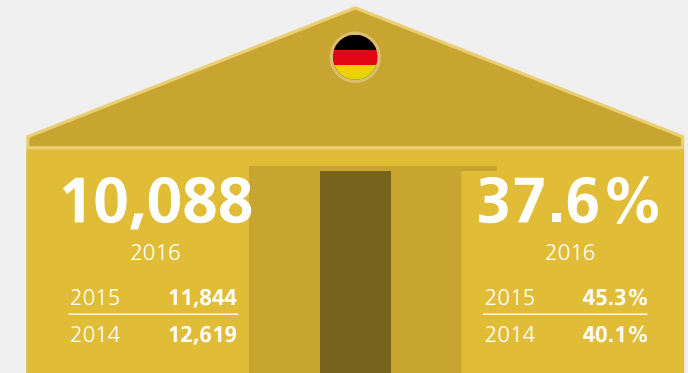
Pig farmers that supply their animals to Vion



Number of pig farmers

% Dutch pig farmers that supply their animals to Vion

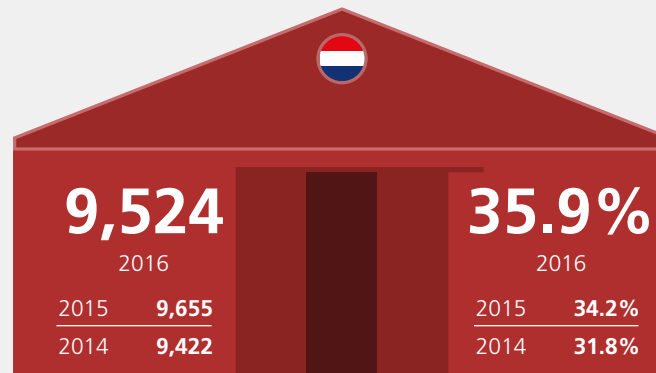
Pig farmers that supply their animals to Vion



Number of pig farmers

% German pig farmers that supply their animals to Vion

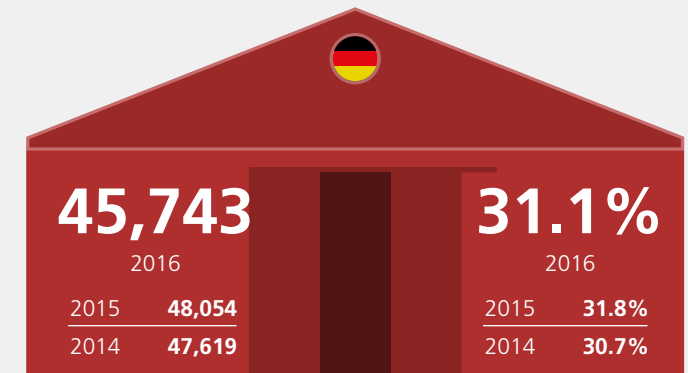
Cattle farmers that supply their animals to Vion



Number of cattle farmers

% Dutch cattle farmers that supply their animals to Vion

Cattle farmers that supply their animals to Vion



Number of cattle farmers

% German cattle farmers that supply their animals to Vion

Clarification of results

The number of farmers is decreasing and the farms are getting bigger. Therefore, the number of farmers delivering animals to Vion has

decreased; however, the percentage of farmers delivering to Vion has increased.



The view of...

Josef Schöberl

Beef Farmer and Vion supplier from Bavaria, Germany

'The Simmentaler breed of cow is perfectly suited for both the dairy and the meat industry.'



In Au/Inn, somewhere between Munich and Passau, you will find an exceptionally beautiful farmstead on a hill. In fair conditions, you can see all the way to the famous Zugspitze. The owner, Josef Schöberl, is 55 years old, and he loves skiing in the winter, swimming in the summer and agriculture in both theory and practice. This man, who comes from Upper Bavaria, is as fit as a well-trained athlete, but in his case this probably stems from his hard every day work.

Farmers who praise their cattle

On the Schöberl-Hof, the farmstead located in this area, the people are, of course, proud of working on a conventional farm – and they are also very successful in doing this. Mr Schöberl praises his cattle of 80 cows, all of which are members of the Simmentaler breed. 'It's only natural to worry about the well-being of your cattle and about protecting the environment,' he says. And that's true. The farmstead looks like it has been freshly brushed and cleaned – everywhere, even in the stables. Here, it goes without saying that disinfectant is applied regularly, just like the walls receive a

fresh coat of paint sooner rather than later. The cows find these constant efforts agreeable, and this is evidenced not only by their healthy appearance but also by their extraordinary performance.

During a meal consisting of a delicious soup with semolina dumplings, and an apple strudel that is to die for, Josef Schöberl explained his strategy for success in raising cattle: they are kept on only the best, self-made pastures that provide the perfect conditions for cattle farming (only the colza meal is bought externally), as well as practising proprietary breeding activities and providing the best possible care for the animals. When interrupted with the question 'Do you love cows?', he promptly comes up with this amusing answer: 'Why of course, especially because they don't smell.' Mr Schöberl also praised his cows when I asked about his use of antibiotics. 'Only in exceptional circumstances, and for short-term applications with one, or maybe two animals a year.'

Simmentaler cows as healthy as these ones are raised on most Bavarian farms. This high-performing double-purpose breed is very efficient for our local grassland farming. Also, experts consider double-purpose breeds to be the most environmentally-friendly form of cattle. Currently, about 60 percent of the animals that are delivered to Vion Buchloe are Simmentaler Fleckvieh cows; and at the Waldkraiburg site, this breed makes up about 90 percent of all the animals.

In Bamberg, Furth im Wald and Crailsheim, which are located just behind the state border to Baden-Württemberg, the animals that are raised to be processed also mainly belong to this highly-valued breed.

Josef Schöberl takes his animals to Waldkraiburg, where Vion has just expanded its site to become one of Europe's largest cattle slaughtering facilities with a capacity of up to 5,000 animals per week. At the time of delivery, these superb cows weigh in at 800 to 1,000 kgs. They are simply excellent meat suppliers.

How does Mr Schöberl manage to deliver such a performance? He starts laughing. 'With the best pastures,' he says, 'you're already halfway there.' On his farmstead, the smell is pure and fresh, fruity, and somehow tasty. Mr Schöberl nods contentedly. The silage fodder he currently feeds his cattle is equivalent to haute cuisine, and is proof of his mastery. Running the farm also needs good management skills, Mr Schöberl says modestly. Cows love tasty grass, hay and silage, and the farmer explains, 'A higher content of concentrated feed doesn't do the trick.' To put it into a simple formula: a good pasture = high performing animals. Mr Schöberl keeps his animals until they are six or seven years old. I also asked what is the farmer's milk yield from such Simmentaler cows, before they are slaughtered for their meat? 'On average 9,500 litres of milk with 4 percent fat and 3.60 percent protein.'



Sustainable pricing



The topic

As a centre player in the pork value chain, the way value is being distributed among partners in the chain is significantly influenced by Vion. One of our targets is to improve our pricing models, in order to support a fair distribution of value in the production chain. This includes purchase pricing of animals, which supports the success and continuity of the farmers' businesses.



Boundaries

The price paid to farmers is indirectly depending heavily on the consumers' willingness to pay a fair price, and consequently on Vion's customers to accept the price levels accordingly. We therefore cooperate intensively with our customers (retail, foodservice) and farmers to develop innovative and sustainable pricing models.



Outlook and targets

Vion will pilot a new supply concept in 2017 and seek further opportunities together with suppliers and customers in sustainable pricing.



Vion's approach

Traditionally, the prices of slaughter animals (cows and pigs) are volatile, with spot-prices and traders dominating the market. Vion's ambition is to have more stability and transparency in the market. For this reason, we develop pricing models that support a fair distribution of value in the production chain. This specifically includes the farmers who deliver their livestock to Vion.

A more predictable supply of animals, and more price stability, are in the interests of most chain parties. For both Vion and the farmers, it can be a good instrument to manage their risks.

Our pricing approach in the organic concept 'De Groene Weg', is an example of contributing to a better value distribution throughout the chain. The core of it is more long term commitment from all parties concerned, resulting in less volatility and a better foundation for continuity. Four times per year, fixed prices are set together with the 'De Groene Weg' association of suppliers. For Good Farming Star together with the 'StarFarmers' association of suppliers, we started a test in 2016 with fixed prices for periods of 4 weeks. This test will be evaluated in 2017, and further steps towards the optimisation of the pricing approach for Good Farming Star will be taken from there.

Also, in the other supply concepts – for example, for the international markets – Vion is working on improvements to the pricing system. In 2016, we started preparing a new approach, which is aimed at increasing price stability and better management of risks for the chain parties involved. The introduction and a further roll-out is foreseen for 2017.

Apart from pricing, the moment of payment is an important feature. One of the measures Vion has already taken is to pay the farmers within a shorter period of time, when compared to the payment periods of our customers.

Fair pricing

Vion cooperates with retailers and food services to use the products of the animals in harmony with the production cycle. Within the Good Farming Star supply chain, honest pricing is organised and the whole carcass is more effectively used. This prevents the stunted pricing of meat within the Good Farming Star concept.



Local origin



The topic

Many consumers prefer meat from regional farmers because of their trust in animal welfare standards and product integrity, less transportation and supporting the local economy. The Vion Consumer Monitor shows that this trend, which evolved a number of years ago, is still increasing.



Boundaries

To sell products from local origin, Vion involves farmers and customers to match the demand and supply.



Vion's approach

Vion matches the growing demand for local meat with a decentralised network of slaughtering plants that procures its livestock mainly from regional sources. Therefore, Vion targets to procure animals from a radius of within 200 km of the slaughter plant.

Vion is fulfilling the consumers' demands for visible regionality of the end products in three ways:

1. Making the origin of the standard meat more transparent by means of Vion's own transparency website, or through relevant supply chain visibility programmes like f-trace or www.goodfarmingstar.nl

2. Offering pork and beef in regional label programmes with a clearly defined and certified integrity system (Hard Integrity Protocols). These are e.g.:

- [Geprüfte Qualität Bayern](#) (Certified Quality Bavaria)
- [Bavarian Beef](#) (protected geographical indication (PGI))
- German regional Labels under the '[Regionalfenster](#)',
- '[Dutch Waddenrund](#)'

3. Organising specific programmes for our regional retail customers whenever the demand and supply fit in an appropriate way.



Local origin

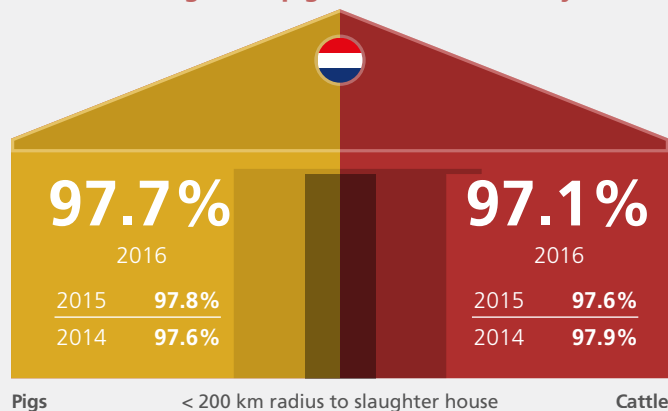
Outlook and targets

Vion will continue to seek for local sourcing and to offer regionality concepts for the market.

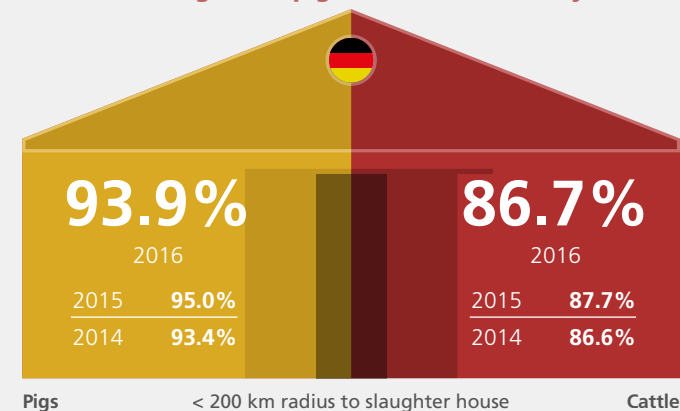


Results

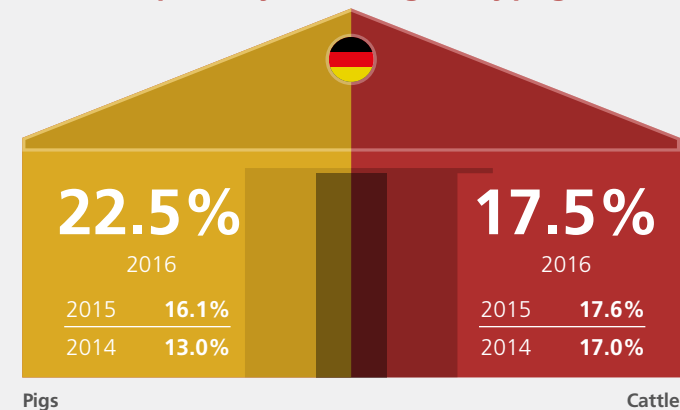
% Slaughtered pigs / cattle raised locally



% Slaughtered pigs / cattle raised locally



% Slaughtered pigs / cattle raised locally in independently certified regionality programs



Clarification of results

In Germany Vion sells meat under independently certified regionality programs like Geprüfte Qualität Bayern, Bavarian Beef, Edeka Gutfleisch and Regionalfenster.

This is not the case in the Netherlands.

Other relevant CSR topics

Global food security



The topic

Most of the growing global population wants to eat high quality food items of animal origin. The use of land for animal production needs to be limited so that it does not compete with the production of other foods intended for humans.

Vion's approach

It is imperative that we owe the globe an effective use of our resources, such as the land to produce food.

We source our beef mainly from cattle that has produced milk for many years, so-called dual purpose use. Meadows in the North-Western European region produce grass very effectively, which is not edible for humans but is converted

by cows into high quality dairy, and finally into beef. Fertile soils are available in our production areas that enable the growth of the bulk feed materials for pigs (maize, barley and others). Additionally, the food industry in our region produces a lot of by-products, such as brewers' grain and whey from the cheese production. These by-products are not suited for human consumption but are an indispensable part of the feed for our cattle and pigs. The manure from the cattle and pigs is in return a necessary valuable organic fertiliser for crop production.

Salt, fat and sugar content



The topic

Too much salt, saturated fat and sugar is not good for human health

Vion's approach

Vion does not use much salt and sugar, as we deliver mainly pure natural products. However, Vion has lowered the salt

content in the consumer products it produces by between 10% and 50%. There is a growing demand for lean meat, which Vion fulfils by offering specific cuts. Technologies have been developed to increase the unsaturated fat levels in further processed meat products.

Additives



The topic

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

Vion's approach

Vion does not use many additives, as it sells mainly pure natural products.

Wherever we use additive a strive for a transparent clear and easy-to-understand declaration.

Employment



The topic

In 2016, Vion provided an income and livelihood to: 4,656 employees and 7,732 third-party workers.

Vion's approach

Vion is an ambitious employer and provides a safe and comfortable work environment with competitive benefits.

Training and education of employees



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 encourage them actively develop their personal and professional skills constantly. In this way, Vion also promotes the employability of its workforce.

In our own Vion Academy, we trained 519 employees in 2016. Additionally we also offer external trainings and qualifications. We take our responsibility seriously to provide all relevant staff with the skills to ensure the best animal welfare. All of our employees who interact with live animals receive specific animal welfare training. In 2016, our employees received on average 1 day of training.

Diversity and integration



The topic

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

Vion's approach

We treat every employee equally, independent of his/her gender, age, nationality or religion. Especially 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.

Nuisance for neighbours



The topic

Neighbours can experience nuisance caused by odour, noise or traffic.

Vion's approach

Vion's production plants are designed and operate in accordance with national environmental laws that include

the interests of neighbours related to nuisances and odours. However, it is obvious that food production companies of this size have effect on for example traffic. Vion tries to prevent and solve these nuisances by finding appropriate solutions in dialogue with neighbours, local communities and the competent authorities.

Community involvement



The topic

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

Vion's approach

In the Netherlands, five large Vion plants are active in social communities. This means that a number of employees at the

plants spend their spare time helping e.g. foundations. Examples are: the Salvation Army, Child-project Bosnia, 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 and teams.

Environmental aspects of livestock farming



The topic

Livestock farming has negative impacts on the environment such as: greenhouse gas emissions, ammonia, phosphate, energy consumption, water use and land use. Cattle have a higher footprint than pigs, as ruminants produce more Greenhouse gas emissions and more land is used for their feed. However, the environmental footprint of dual purpose cattle is divided over milk and beef.

Vion's approach

Vion strives to fulfil the demand for meat in a manner whereby the meat is produced as sustainable as possible. For beef, Vion mainly uses beef from dairy offspring or dual purpose cattle. For pork, sustainability is taken into account in the criteria for Good Farming Star which works according to the Dutch Animal Welfare and Sustainability Standard 'Varken van Morgen'.

Healthy animals are the best converters of their feed into food. This results in a lower environmental burden for the food produced. Therefore, Vion supports all actions for

improved health management on farms. This includes supporting the Good Agricultural practice schemes, feedback systems on slaughter results, blood sampling, and more.

The performance is continuously monitored in our pork information system FarmingNet.

Vion is active in research, stakeholder dialogue and in the forming of policies for the environmental aspects of livestock farming.

- Active member in the Sustainable Agriculture Initiative Platform (SAI Platform) Beef Working Group (www.sai-platform.org); Here we contribute to the improvement of sustainable beef production)
- Active Member of governing bodies of the Good Agricultural Practice Schemes IKB, (NL) QS (Germany) and in the GlobalGAP Livestock Sector Committee
- Active Member in Round Tables on sustainable Livestock Production in the Netherlands and Germany

Greenhouse gas emissions



The topic

Producing meat is evidently combined with the use of resources that produce greenhouse gas emissions. The main contributors to greenhouse gas (GHG) emissions in meat are the production of feed, husbandry and manure emissions. The GHG emissions coming from slaughterhouses which are allocated to meat comprise 2.5% of the total GHG emissions in the production of beef from dairy cows; and 4% of the total GHG emissions in the production of pork¹. When taking into account the use of slaughter by-products, the slaughterhouses have a negative contribution to GHG emissions, as GHG emissions of the production of by-products alternatives are avoided².

The greenhouse gas emissions (GHG) from our own operations that we can directly steer come from the transportation of animals, meat and employees, packaging use, and the energy used in the slaughterhouses.

¹ Blonk, Greenhouse Gas Emissions of Meat, November 2008, page 8, table 3.1

² Blonk, Trendanalyse broeikaseneffect dierlijke producten, January 2016, page 18

Vion's approach

On farming level, Vion contributes to and collaborates with its supply base to improve working practice in order to reduce environmental emissions including GHGs (see more under 'environmental aspects of farming' and 'sustainable feed').

In its own operations, Vion strives to be as resource efficient as possible while safeguarding food safety and customer requirements. While energy efficiency and packaging are described as separate topics, our activities on logistics are summarised here.

The meat business is a very fast and customer-oriented business which does now always allow us to bundle goods, to reduce empty kilometres, or to optimise the distribution. Our main target is to deliver the products as freshly as possible to our customers, in order to prevent food waste. We try to do this in the most environmentally-friendly way:

- With our regionally spread plants we try to find the best located factory close to the customer in order to shorten the transportation distance.
- We choose our logistic service providers under the requirement that they use the best possible truck options regarding CO₂ emissions. 97% of the trucks used by our top eight service providers are the Euro 5 or Euro 6.
- The trailers that are used for the temperature-controlled transportation of meat are being fitted with electrical refrigeration systems.
- We try to find alternatives for the long-distance trucks to customers in other countries. One example is the usage of trailers on trains from Germany and the Netherlands to Italy.

Sustainable packaging



The topic

Fresh meat is a volatile food item that needs cooling and hygienic packaging in order 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.

Vion's approach

To use the packaging materials as efficiently as possible, Vion takes the following steps:
Vion collaborates with its clients and peers in a system

of reusable plastic crates and big boxes. Within 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 produce other materials out of them.

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

Food waste avoidance



The topic

1/3 of the food produced in the world is wasted.

Vion's approach

Vion has hardly any waste of animals, as all the parts are valorised. Animal by-products not used for human consumption are used for animal feed or other purposes.

Food is often wasted in the downstream supply chain, and at the level of households before or after cooking.

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 the meat to the final customers. To avoid people cooking too high quantities that they cannot eat, Vion supports activities for appropriate package sizes at the end-consumer level.

Moreover, Vion advocates frozen food, as the shelf life of frozen food results in less waste. Vion Food Service is specialised in frozen food, supporting food service professionals to serve variety and give them the flexibility to adjust to the number of guests and their preferences.

Waste management



The topic

Waste should be disposed of and used in the most environmentally-friendly way.

Vion's approach

Vion has hardly any waste of animals, as all the parts are valorised. Animal by-products not used for human

consumption are used for animal feed or other purposes. Plastic and other technical waste is avoided where possible. Whenever unavoidable, it is separated and disposed of according to the national disposal legislation in our production countries.

Sustainable feed



The topic

Production and use of animal feed have an influence to sustainability of meat. Feed ingredients that are at risk need special attention, such as the soy production. Soy plantations may be associated with the destruction of rainforests, land expropriation and the excessive use of insecticides.

Vion's approach

Vion advocates the use of Round Table Responsible Soy (RTRS) certified soy and other feeds than soy, like local feeds. All pigs from Vion's Good Farming Star programme are fed with RTRS certified soy. We also advocate the efficient use of animal proteins in feed and the reacceptance of safe animal by-products unfit for human consumption to be converted in 'processed animal proteins'. These are a very valuable raw material in feed for pork and poultry.

Biodiversity



The topic

Destroying nature for the plantation of animal feed can cause a loss of biodiversity. Extensive land use for one crop used for animal feed can decrease soil fertility.

Vion's approach

Within organic production the use of insecticides is widely restricted, thus resulting in evident benefits for biodiversity. Please refer to the material topic 'organic' for further information.

Vion acknowledges that feed production places indirectly pressures on biodiversity. To support the fact finding efforts, Vion contributed as a case study to a research project on [biodiversity in life cycle assessments](#) in 2015.

Moreover, when farmers use soy for feed, Vion advocates the use of RTRS certified soy, as for RTRS certified soy contains strict requirements on the preservation of natural forests and other natural resources. All pigs from Vion's Good Farming Star programme are fed with RTRS certified soy.

About this report

This report has been prepared in accordance with the GRI Standards Core option. The report content was defined by a CSR steering committee by following the GRI requirements and by giving the most attention to the material CSR topics. The content is compiled with existing information and approved by the executive committee. We will explain how we implemented the four reporting principles for defining the report content.

Stakeholder inclusiveness

In defining the report content, we considered the interests of our stakeholders. These interests are well known to us through stakeholder engagement as part of our regular activities. One of the key elements is the continuous monitoring of consumers' preferences. Besides this, we monitor the media and engage with the scientific community. To open the dialogue and learn from each other, Vion organises stakeholder discussions and participates in round table discussions. In addition, Vion provides specific stakeholders with the opportunity to raise topics in interviews included in our quarterly German farmers' magazine proAgrar. See [page 22](#) and [appendix 2](#) for more information about our stakeholder engagement.

Sustainability context

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

- for organic we mentioned the effects on animal welfare and that organic livestock farming has positive and negative effects on the environment;
- we explained the role of meat in a healthy diet;
- we showed our part of 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 our business causes, or 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 stakeholders is assessed based on existing stakeholder information. The impact of Vion on a topic is based on the actual or potential impact Vion can make and how much influence Vion has on that topic. See [page 26](#) for more information about our materiality analysis and outcome.

Completeness

Vion's management approach and performance in the list of material topics received the most attention in the report, as these reflect Vion's significant impacts. Besides this, we 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 via csr@vionfood.com. In describing the impacts, we considered not only the impacts in the reporting period but also the possible future impacts. We defined the boundary per topic by the entities where the impact occurs and where Vion can report upon them.

This is Vion's first complete CSR report. We use an annual reporting cycle. In the last corporate annual report of 2015, published in April 2016, we briefly covered some CSR topics, but not according to the GRI guidelines. The list of material topics in this report is new, as we have conducted the materiality analysis for the first time. There are no restatements of information, such as a change in the measurement methods or time periods. The published data are compiled by the responsible departments, checked by the CSR steering committee, and approved by the executive board.

GRI Standard		Disclosure	Page	Remarks/reason for omission
GENERAL DISCLOSURES				
Organisational Profile				
GRI 102: General disclosures 2016	102-1	Name of the organisation	1, 84	<ul style="list-style-type: none"> Due to its high sensitivity in food safety and animal health, international meat trade is regulated in bilateral and multilateral trade agreements. Vion has gained export access to all destination countries where pork and beef export from the Netherlands and Germany is possible.
	102-2	Activities, brands, products, and services	6-12	
	102-3	Location of headquarters	6	
	102-4	Location of operations	9	
	102-5	Ownership and legal form	13	
	102-6	Markets served	10	
	102-7	Scale of the organisation	7	
	102-8	Information on employees and other workers	76	
	102-9	Supply chain	20	
	102-10	Significant changes to the organisation and its supply chain	20	
	102-11	Precautionary principle or approach	58	
	102-12	External initiatives	77-78	
	102-13	Membership of associations	77-78	
Strategy				
GRI 102: General disclosures 2016	102-14	Statement from senior decision-maker	4-5	
Ethics & integrity				
GRI 102: General disclosures 2016	102-16	Values, principles, standards, and norms of behaviour	15-16	
Governance				
GRI 102: General disclosures 2016	102-18	Governance structure	13-14	
Stakeholder engagement				
GRI 102: General disclosures 2016	102-40	List of stakeholder groups	77-78	
	102-41	Collective bargaining agreements	76	
	102-42	Identifying and selecting stakeholders	22	
	102-43	Approach to stakeholder engagement	71, 77-78	
	102-44	Key topics and concerns raised	80-82	

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	See annual report	• All activities of Vion Holding N.V. are included in the consolidated financial statements.
	102-46 Defining report content and topic boundaries	71	
	102-47 List of material topics	28	
	102-48 Restatement of information		• Not applicable, as this is our first CSR report.
	102-49 Changes in reporting		• Not applicable, as this is our first CSR report.
	102-50 Reporting period	1	
	102-51 Date of most recent report		• Not applicable, as this is our first CSR report.
	102-52 Reporting cycle		• We have an annual reporting cycle.
	102-53 Contact point for questions regarding the report and its contents	71, 84	
	102-54 Claims of reporting in accordance with the GRI standards	71	
	102-55 GRI content index	72-75	
	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			
Indirect economic impacts			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	59	
	103-2 Management approach	59	
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	59-60	
Local origin			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	63	
	103-2 Management approach	63	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	64	• We take the proportion of slaughtered animals coming from local suppliers, because this data is available.
Sustainable pricing			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	62	
	103-2 Management approach	62	


GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 300 Environmental topics 2016				
Energy consumption				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	56	
	103-2	Management approach	56	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	57	<ul style="list-style-type: none">The proportion of renewable fuel is unknown to us, as it is not specified by our suppliers.The energy used for heating and cooling is included in the fuel and electricity consumption, we cannot monitor that separately.The self-generated energy sold is too limited to report on.
	302-3	Energy intensity	57	
Water use				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	58	
	103-2	Management approach	58	
GRI 303: Water 2016	303-1	Water withdrawal by source	58	
GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016				
Health and safety of employees				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	52	
	103-2	Management approach	52	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	52-53	<ul style="list-style-type: none">We do not register incidents by gender, as we do not experience that this is a dominant factor in the amount or types of incidents.Injuries with no absence are not monitored, so we can only report on lost day rate and not 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	37	
	103-2	Management approach	37	
GRI 417: Marketing and labelling	417-1	Requirements for product information and labelling	37-38	
Food safety				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	30	
	103-2	Management approach	30	
GRI G4: Sector disclosures Food processing	FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	31	


GRI Content Index

GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016				
Animal friendly husbandry				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	39	
	103-2	Management approach	39-40	
GRI G4: Sector disclosures Food processing	FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	41-43	
Organic				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	49	
	103-2	Management approach	49	
GRI G4: Sector disclosures Food processing	FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	50	
Antibiotics				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	45	
	103-2	Management approach	45	
GRI G4: Sector disclosures Food processing	FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	45-46	
Animal welfare in transportation and slaughtering				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	32	
	103-2	Management approach	32-33	
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	32-33	
Role of meat in a healthy diet				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	47	
	103-2	Management approach	47-48	
Transparency in communication				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	35	
	103-2	Management approach	35	
Working conditions for third party labour				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	54	
	103-2	Management approach	54	

Appendix 1 – employees and third-party workers

Vion	2014	2015	2016
Total number of own employees with a permanent employment contract	4,105	3,989	4,122
• Male	3,255	3,126	3,210
• Female	850	863	912
Total number of own employees with a temporary employment contract	518	484	534
• Male	331	318	357
• Female	187	166	177
Total number of full-time employees	3,164	3,055	3,456
• Male	2,693	2,583	2,874
• Female	471	472	582
Total number of part-time employees	1,459	1,419	1,201
• Male	891	861	693
• Female	568	657	507
% of total employees covered by collective bargaining agreements	94.7%	94.6%	94.2%
Total number of third party labour	6,912	6,649	7,732
• 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	46.0%	45.9%	47.9%

 Vion Netherlands	2014	2015	2016
Total number of own employees with a permanent employment contract	1,631	1,664	1,772
• Male	1,273	1,282	1,358
• Female	358	382	414
Total number of own employees with a temporary employment contract	206	213	228
• Male	98	103	115
• Female	108	110	113
Total number of full-time employees	1,441	1,337	1,447
• Male	1,271	1,159	1,237
• Female	170	178	210
Total number of part-time employees	396	540	553
• Male	100	226	236
• Female	296	314	317
% of total employees covered by collective bargaining agreements	100%	100%	100%
Total number of third party labour	2,841	2,711	3,444
• 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	100%	100%	100%

 Vion Germany	2014	2015	2016
Total number of own employees with a permanent employment contract	2,474	2,325	2,350
• Male	1,982	1,844	1,852
• Female	492	481	498
Total number of own employees with a temporary employment contract	312	271	306
• Male	233	215	242
• Female	79	56	64
Total number of full-time employees	1,723	1,718	2,009
• Male	1,422	1,424	1,637
• Female	301	294	372
Total number of part-time employees	1,063	879	648
• Male	791	635	457
• Female	272	343	190
% of total employees covered by collective bargaining agreements	87.9%	86.9%	86.2%
Total number of third party labour	4,071	3,938	4,288
• 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	8.4%	8.6%	6.1%

All the number of employees are fte's. Fte data on external workers are reported by our 3rd party labour providers.

In 2016, we had 115 extra employees in our sales support offices outside the Netherlands and Germany. In 2016, the total number of Vion employees was 4,237.

Appendix 2 – stakeholder engagement

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	ENGAGEMENT FREQUENCY AND METHOD
Consumers	<ul style="list-style-type: none"> • In our home markets of the Netherlands and Germany • Around the world 	<ul style="list-style-type: none"> • Yearly Consumer Monitor in the Netherlands and Germany • Yearly Food Service Consumer Trend Analysis
Customers	<ul style="list-style-type: none"> • Retail • Industry (manufacturers) • Foodservice 	<ul style="list-style-type: none"> • Ad hoc direct talks by Sales and Quality Assurance • Biennial Client Satisfaction Analysis
Suppliers	<ul style="list-style-type: none"> • Animal suppliers: Farmers, De Groene Weg, Waddenvleesgroep • Food suppliers • Non-food suppliers 	<ul style="list-style-type: none"> • Ad hoc dialogues by Purchasing department and Quality Assurance • Workshops • Yearly farmers' association meetings
Farmer associations	<ul style="list-style-type: none"> • LTO (Landen Tuinbouworganisatie) • ZLTO (Zuidelijke Landen Tuinbouworganisatie) • NVV (Nederlandse Vakbond Varkenshouders) • 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 	<ul style="list-style-type: none"> • Ad hoc bilateral meetings • Yearly sector meetings • Yearly farmers' association supervisory boards
Financial stakeholders	<ul style="list-style-type: none"> • Shareholder ZLTO • Bank • Shareholders of parts of Vion's subsidiary companies 	<ul style="list-style-type: none"> • Ad hoc direct talks by the Board • Quarterly supervisory board meetings
Public authorities	<ul style="list-style-type: none"> • National, regional and local government • Public auditors like NVWA 	<ul style="list-style-type: none"> • Ad hoc direct talks by Public Affairs, Quality Assurance and line management • Engagement in Topsector Agri & Food, round tables other specific projects and dialogues
Round tables	<ul style="list-style-type: none"> • RTRS: Round Table Responsible Soy • National technical workgroup • Varken van Morgen • Topsector Agrifood • SAI Beef Working Group • Runde Tische Tierschutz • Initiative Tierwohl • Koordinierungsplattform Ferkelkastration • SPA = Sozialpolitischer Ausschuss der Fleischindustrie 	<ul style="list-style-type: none"> • Round table meetings and technical advisory group meetings
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, Verbraucherzentrale Bundesverband 	<ul style="list-style-type: none"> • Ad hoc direct talks, council or round table discussions with some NGOs • Collaboration in European Animal Welfare Platform

Appendix 2 – stakeholder engagement

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	ENGAGEMENT FREQUENCY AND METHOD
Employees and worker's councils	<ul style="list-style-type: none"> • Own employees • Flex employees • Corporate worker's council • Local worker's councils 	<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
Trade unions	<ul style="list-style-type: none"> • Corporate and local worker's councils • Trade Unions: FNV, CNV, de Unie, NGG 	<ul style="list-style-type: none"> • Frequent (at least monthly) informal meetings • Quarterly formal meetings • Collective bargaining agreements • FNLI Taskforce Human Capital Agenda Food
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) • GFSI (Global Food Safety Initiative) • VDF (Verband der Fleischwirtschaft) • German Meat 	<ul style="list-style-type: none"> • Membership in board of COV and VDF • Membership of FNLI and Innofood Twente
Competitors	<ul style="list-style-type: none"> • Tönnies • Danish Crown • Westfleisch • Müller • Gosschalk • Compaxo • Van Rooij • Hogeslag • Food service competitors 	<ul style="list-style-type: none"> • Ad hoc or in trade organisations • SAI Platform
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 • Orgalment • Milieukeur 	<ul style="list-style-type: none"> • Yearly audits • Direct membership in the governing bodies or technical advisory groups of a number of certification schemes

Appendix 2 – stakeholder engagement

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	ENGAGEMENT FREQUENCY AND METHOD
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, TiHo (Tierärztliche Hochschule) Hannover 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) 	<ul style="list-style-type: none"> Ad hoc direct talks Joint research projects Scientific publications
Media	<ul style="list-style-type: none"> Branch Newspapers Online media 	<ul style="list-style-type: none"> Proactive dialogues and reactive answer to media requests
Neighbours		<ul style="list-style-type: none"> Open days in case of (re)new(ed) production sites Formal dialogues in case of specific enlargement approval procedures

Appendix 3 – relevance of 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 tables	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Food safety	•	•	•		•	•				•	•		•		•	•	•	
Traceability and product integrity	•	•	•		•	•	•	•	•	•	•		•		•	•	•	
Transparency in communication	•	•	•		•	•	•	•	•	•	•		•				•	
Animal welfare in transportation and slaughtering	•	•	•	•	•	•	•	•			•		•	•	•	•	•	
Animal friendly husbandry	•	•	•	•	•	•	•	•					•	•	•	•	•	
Antibiotics	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	
Role of meat in a healthy diet	•	•	•	•	•	•				•	•		•	•		•	•	
Organic	•	•	•	•	•	•		•	•				•	•	•	•	•	
Health and safety of employees		•			•	•					•	•		•	•			
Working conditions third party labour		•			•	•					•	•	•	•			•	
Global food security			•	•	•	•	•		•				•			•	•	
Salt, fat and sugar content	•	•	•			•				•			•	•		•	•	
Transparency on additives	•	•	•							•				•			•	
Employment			•		•	•					•	•		•				
Training and education of employees		•	•	•	•			•			•	•		•	•			
Diversity and integration						•					•	•						
Nuisance for neighbours						•												•
Community involvement	•																	•

Appendix 3 – relevance of 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 tables	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Energy consumption	•	•			•	•			•						•			
Water use	•	•			•	•			•						•			
Environmental aspects of farming	•	•	•	•	•	•	•		•				•	•	•	•	•	
Sustainable packaging	•	•			•	•			•		•							
Greenhouse gas emissions	•	•			•	•			•				•	•	•	•		
Food waste avoidance	•	•	•		•	•	•	•	•		•			•		•	•	
Waste management	•				•	•			•						•	•		
Sustainable feed	•	•	•	•		•	•	•	•	•				•	•	•		
Biodiversity			•	•		•	•		•						•	•	•	

Appendix 3 – relevance of 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 tables	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Indirect economic impacts		•	•	•	•	•								•				
Sustainable pricing models	•	•	•	•	•	•	•	•					•	•			•	
Local origin	•	•	•	•		•	•		•					•	•			

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