



Corporate social responsibility report 2018



More than just Meat



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Ronald Lotgerink: **Building Balanced Chains based on sustainability**

A portrait of Ronald Lotgerink, a middle-aged man with grey hair, wearing a dark blue suit jacket over a light blue shirt. He is smiling and has his hands clasped in front of him, leaning on a metal railing. The background is a bright, slightly blurred outdoor setting.

“BBC changes the supply chain through commitment, trust and transparency into a healthy business based on modern technology”

– Ronald Lotgerink

I feel very privileged to present Vion's third corporate social responsibility (CSR) report. Transparency and an open, professional dialogue with our stakeholders are values that reflect the management's strategy. The European meat business as a whole, including Vion, is facing major challenges, as stated in the 'United Nations Sustainability Development Goals' and the 'Paris Agreement on Climate Change'. All these topics will change our lives substantially and also provide new opportunities. Food is an essential part of the dialogues that will drive these changes.

In the recent publication of the 'Business Benchmark on Farm Animal Welfare 2018', Vion has moved up one level to Tier 2. This benchmark evaluates the world's leading food producers, retailers and food service companies with regard to their management and transparency on animal welfare. Vion's steady improvement in this international leading business benchmark is a recognition of all the efforts Vion employees have made with respect to control of animal welfare. Within this CSR report, more tangible proof will be presented on major topics which are relevant for shaping the future of meat supply chains. It will be the way forward in Building Balanced Chains (BBC) in which sustainable attributes will be connected with the product along the supply chain to the consumer.

Animal protein: a wholesome part of the human diet

Food is more than nutrition. It is obvious that food, food preparation and eating are an invaluable part of most cultures. That also explains the overwhelming emotions which are related to our food. In this CSR report, rethinking eating habits is discussed largely from different perspectives. The Dutch Minister of Agriculture, Nature and Food Quality makes a clear statement concerning circularity in food with fair prices for all actors in the supply chain. She also addresses the consumer, asking them to take an active stand in reducing food waste and paying realistic prices for food items. An agriculture and food philosopher discusses the role of food in our society. Additionally, within this theme of nutrition, we have made room for two special groups of consumers with a high demand for high quality food: the elderly and leading sportsmen. These professional opinions from relevant stakeholders are valuable contributions to the stakeholder dialogue on sustainable consumption.

Focus 2018

During 2018, the most relevant material topics continued to become more tangible.

Food safety remains our top-priority. A milestone in 2018 was the conclusion of two leading scientific projects on the transmission of antibiotic resistance in which Vion was partnered with many universities. In short, the conclusion was that refrainment of critical antibiotics for men in animals resulted in the control of the transmission of antibiotic resistance through, for example, pork. This substantiates Vion's strategy which was already put in place a few years ago.

Animal welfare is a topic that has again attracted a lot of attention. Closed circuit television (CCTV) is now installed in all slaughterhouses and the local competent authorities are also using the footage. Within the concepts Good Farming Organic, Star and Balance, contracts with suppliers form part of the requirements to deliver within these concepts. Animal welfare attributes are also part of the requirements included in these contracts.

Footprint of animal production. Together with other stakeholders, a project was started to calculate the footprint of pig farms which supply within the Good Farming Star supply chain. The first results were astonishing and showed that these farms are producing pork with a carbon footprint equivalent to the carbon footprint of tofu, a vegetarian alternative for products of animal origin.

The **transparency** strategy has also evolved further. In the newly built slaughterhouse at Leeuwarden, a glass wall was installed to make the full process of slaughtering visible.

Building Balanced Chains

Tangible material topics are the result of many years' efforts. The next step is to connect these topics to the full supply chain. During the next year, these material topics will be translated into attributes that will be communicated along with the product to customers and the end-consumer. This enables customers and the consumer to make informed choices.

Balanced chains from farmer to consumer will result in segmented production. A fully transparent supply chain is a pre-requisite for trust. These balanced chains will also

be exclusive for all suppliers who fully commit to a specific concept of the supply chain. Building Balanced Chains can also provide partners in the future another economic perspective. Within a few years, using modern technology, it is our intention to strive towards new business balances which provide each player in the supply chain with a fair price and a healthy business perspective.

Trusted partners and stakeholders

Please join me on the journey I embarked on as CEO during the second half of 2018. Vion provides me with the opportunity to build further on new balanced chains. Trusted partners and stakeholders are indispensable on this journey. All original and wholehearted contributions of different stakeholders in this CSR report strengthen my ambitions to transform the meat supply chain into a sustainable food supply chain that adheres to the 'UN Sustainable Development Goals' and the 'Paris Agreement on Climate Change'.

Ronald Lotgerink
CEO Vion



"Farmers will remain at the basis of our food systems."

Carola Schouten

Minister of Agriculture, Nature and Food Quality



"Meat is a treat which you share with others."

Michiel Korthals

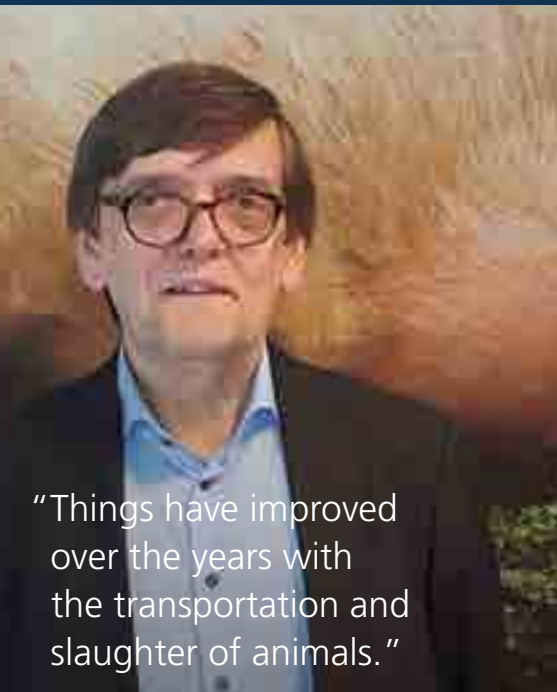
Emeritus Professor of Philosophy at Wageningen University and VU University Amsterdam



"With its drive towards transparency, Vion has become a food industry leader. FVZ Convenience and Salomon FoodWorld also benefit from this."

Kai Müller

Head of marketing and corporate communications at Transgourmet



"Things have improved over the years with the transportation and slaughter of animals."

Bert van den Berg

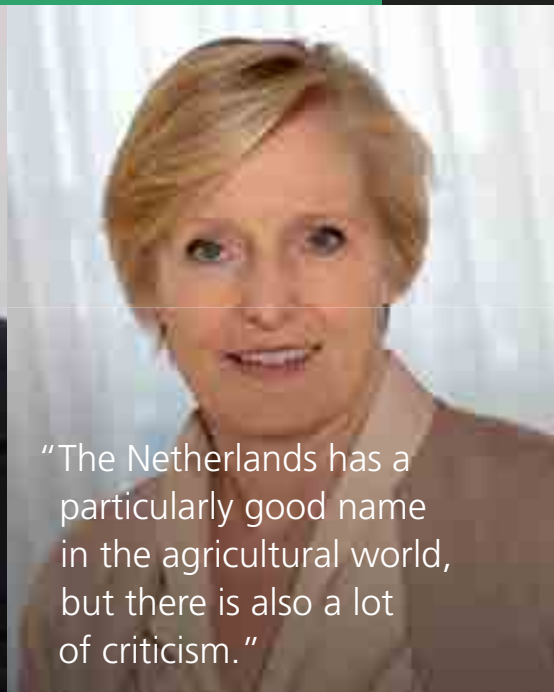
Programme manager of livestock farming at the Dierenbescherming (Dutch Society for the Protection of Animals)



"Deviations from animal welfare regulation harm the entire sector."

Prof. Dr. Eberhard Haunhorst

President of the Lower Saxony Office for Consumer Protection and Food Safety (LAVES)



"The Netherlands has a particularly good name in the agricultural world, but there is also a lot of criticism."

Monika Milz

Chairman of the Dutch Transparency Benchmark jury



"Adding value is important."

Simon Sedlmair

Cattle Breeder and Pioneer of 'Für Mehr Tierschutz'



"As a top athlete, good protein is crucial in the diet."

Photographer: Cor Vos

Tom Dumoulin

Dutch professional cyclist in the German Team 'Sunweb'



"25 grams of protein per meal is our focus."

Drs. Irene Linders and Maike Blokhuis

GGD Noord- and Oost-Gelderland



"At Vion, occupational safety is on a very solid footing."

Robert Schlosser

Sector Coordinator for the Meat Industry



"I'm someone who wants to grow."

Gheorghe Pastor

Foreman in training at Vion's expedition department



"The livestock sector is responsible for approximately 15 percent of greenhouse gas emissions."

Dr. Chris Rieker

Vice president, BASF Animal Nutrition



"It's good that Vion really takes a stand for the pig farmers."

Mari van Kilsdonk

Pig farmer, participant Good Farming Balance



"We have the Simmental Homestyle burger on our menu, because it is made using Austrian beef of excellent quality. Regional products are becoming increasingly important."

Sebastian Ziehaus

Head Chef at Bermuda Bräu, Austria

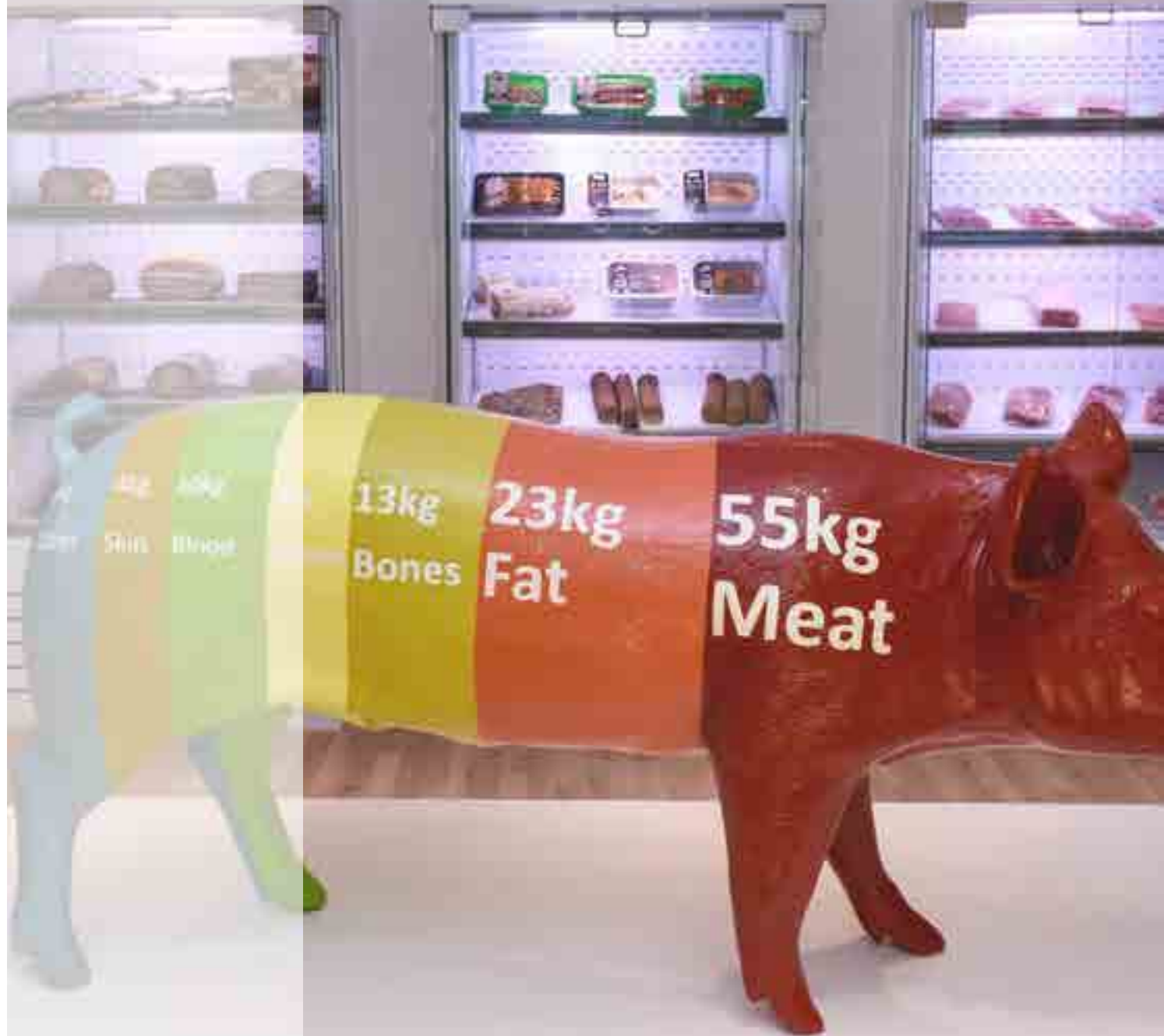
About Vion

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Company profile

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

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

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

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

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued depositary receipts for its shares to NCB-Ontwikkeling, which acts as the investment fund of ZLTO. ZLTO is an association for entrepreneurs working in the agricultural sector and has approximately 14,500 members in Noord-Brabant, Zeeland and the southern part of Gelderland.



11,900

Average number of employees in FTEs
in 2018 (including flex workers)

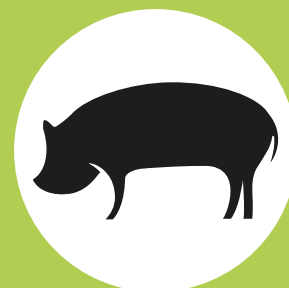


4.7

Revenue for 2018 in billion euros



Over 100 million
consumers per day enjoy our meat



298,000

Pigs processed per week



17,500

Cattle processed per week

Overview of 2018



January

- Vion increases its stake in BestHides to 60%.
- 'Simmental Pur' beef concept awarded Regional Star by trade journal 'Lebensmittel Praxis'.

February

- Vion starts production in new beef abattoir in Leeuwarden, which is equipped in accordance to the most up to date animal welfare and environmental criteria. It has a viewing gallery so that the process is fully visible for visitors!
- Vion Pork starts pilot with long term pricing (LTP) to decrease price risk in pig farming.



March

- Vion wins 'Keep on Learning' baton, an employer's prize awarded by the Dutch AgriFood Capital.
- Vion Perleberg receives 'Enterprise of the Year' award at the Prignitz Industry Ball for working far beyond the borders of the region.

April

- Vion Pork introduces a new barbecue concept 'Tomahawk' for the European market + premium Robusto ham on the Spanish market.



June

- Vion Perleberg celebrated its 25th anniversary with an open day welcoming over 1,000 visitors.





July

- Vion's Goldbeef entrecote has been awarded the gold medal at the World Steak Challenge.



August

- Opening of Vion's renovated cattle slaughterhouse in Waldkraiburg, where Temple Grandin's latest recommendations have been implemented.
- Vion cattle slaughterhouses in Waldkraiburg, Buchloe and Bad Bramstedt are the first to be certified according to the criteria 'Für Mehr Tierschutz' of the German Animal Welfare Association.



September

- Ronald Lotgerink succeeds Francis Kint as new CEO of Vion.
- Vion Emstek celebrates its 25th anniversary with an open day, symposium and new camera surveillance system in the live animals' area.



October

- Vion wins Hamel Business Award in Korea, particularly for its investments in sustainability and animal welfare.

November

- John Morssink succeeds Joost Sliepenbeek as new CFO of Vion.
- German pig farmers join Vion's demand-driven supply chain concept Good Farming Balance.
- Vion introduces innovation to the deep-frozen market with its Goldbeef Cool Cuts.



December

- De Groene Weg reaches the milestone of 100,000 organic pigs processed during 2018.

Mission, vision and strategy



Mission

Vion wants to be a **global leader and reliable partner** within the food supply chain that provides people around the world with safe meat products.



Vision

Vion's vision is to be a leading actor in the **consolidation and professionalisation** of the meat industry.



Strategy

To increase the value of Vion, for the benefit of all stakeholders (shareholders, suppliers, customers and employees).

1. Continuously improve our infrastructure and results

Our industry calls for state-of-the-art infrastructure to guarantee food safety and a competitive cost structure. By working and investing to make itself more efficient, Vion is creating benefits for the entire chain and industry, not the least so for the primary (farming) sector.

2. Position Vion as a game changer in selected themes of our industry

The meat industry is the subject of tough societal debates, covering four important themes: animal welfare, supply chain (traceability, food safety and product integrity), sustainability of meat production and human health. Vion intends to be an actor in implementing solutions.

3. Change the business mix

The meat industry, in particular pork is volatile. We want to reduce the variability of the company's earnings through: a recalibration of the size of our three major businesses, implementing new methods that reduce the volatility in the value chain and increasing our activities in more value-added products.

Core values



Quality



Transparency



Sustainability



Ambition



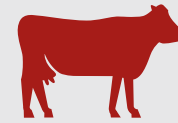
Pride

Three divisions

Vion has three divisions: Pork, Beef and Food Service, with 28 production sites located in the Netherlands and Germany and sales support offices in 13 countries (Europe, China/Hong Kong and Singapore).



The Pork Division processes approximately 298,000 pigs per week. The resulting meat is supplied to national and international retailers, as well as food service and food processing companies. Basic raw materials are delivered to industrial customers who process the pork into a wide range of meat products. Besides this, fresh pork is processed by Vion into semi-finished and finished products for the domestic and export retail markets.



The Beef Division processes approximately 17,500 cattle per week. The resulting meat is supplied to national and international retailers, as well as food service and food processing companies. Basic raw materials are delivered to industrial customers who process the beef into a wide range of meat products. Besides this, fresh beef is processed by Vion into semi-finished and finished products for the domestic and export retail markets, including the Vion Food Service Division.



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



Production sites



International sales support offices



Markets served

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

North America



36,000

42,000 2017
46,000 2016

Asia



507,000

521,000 2017 507,000 2016

Other countries

35,000

60,000 2017 46,000 2016

Europe

4,447,000 2017 4,160,000 2016

Germany

1,809,000

2,051,000 2017 2,028,000 2016

United Kingdom

179,000

205,000 2017 191,000 2016

Netherlands

616,000

654,000 2017 557,000 2016

Greece

160,000

180,000 2017 161,000 2016

Italy

446,000

466,000 2017 432,000 2016

Other European countries

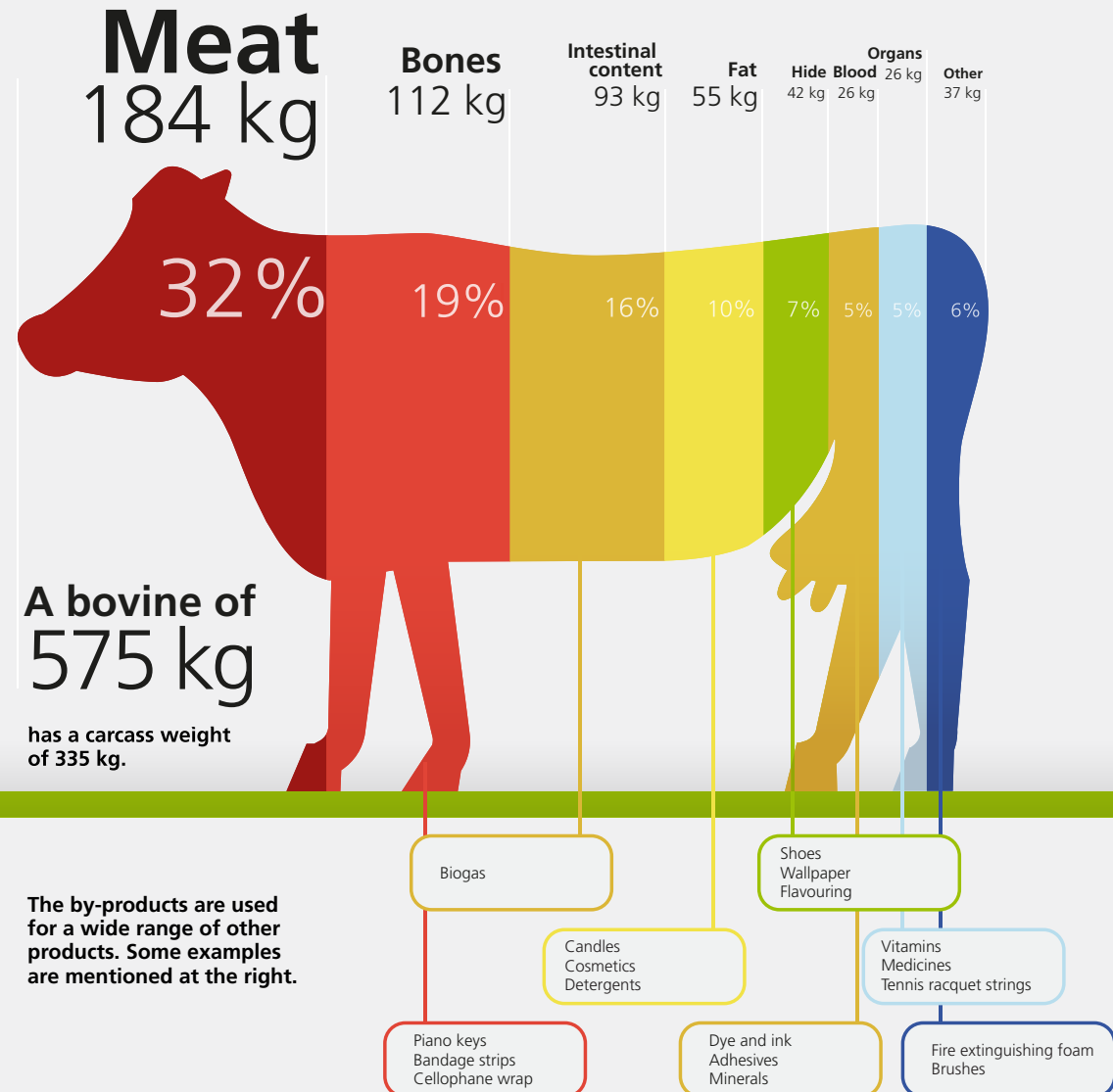
882,000

891,000 2017 791,000 2016

Net turnover per market in thousands of euros

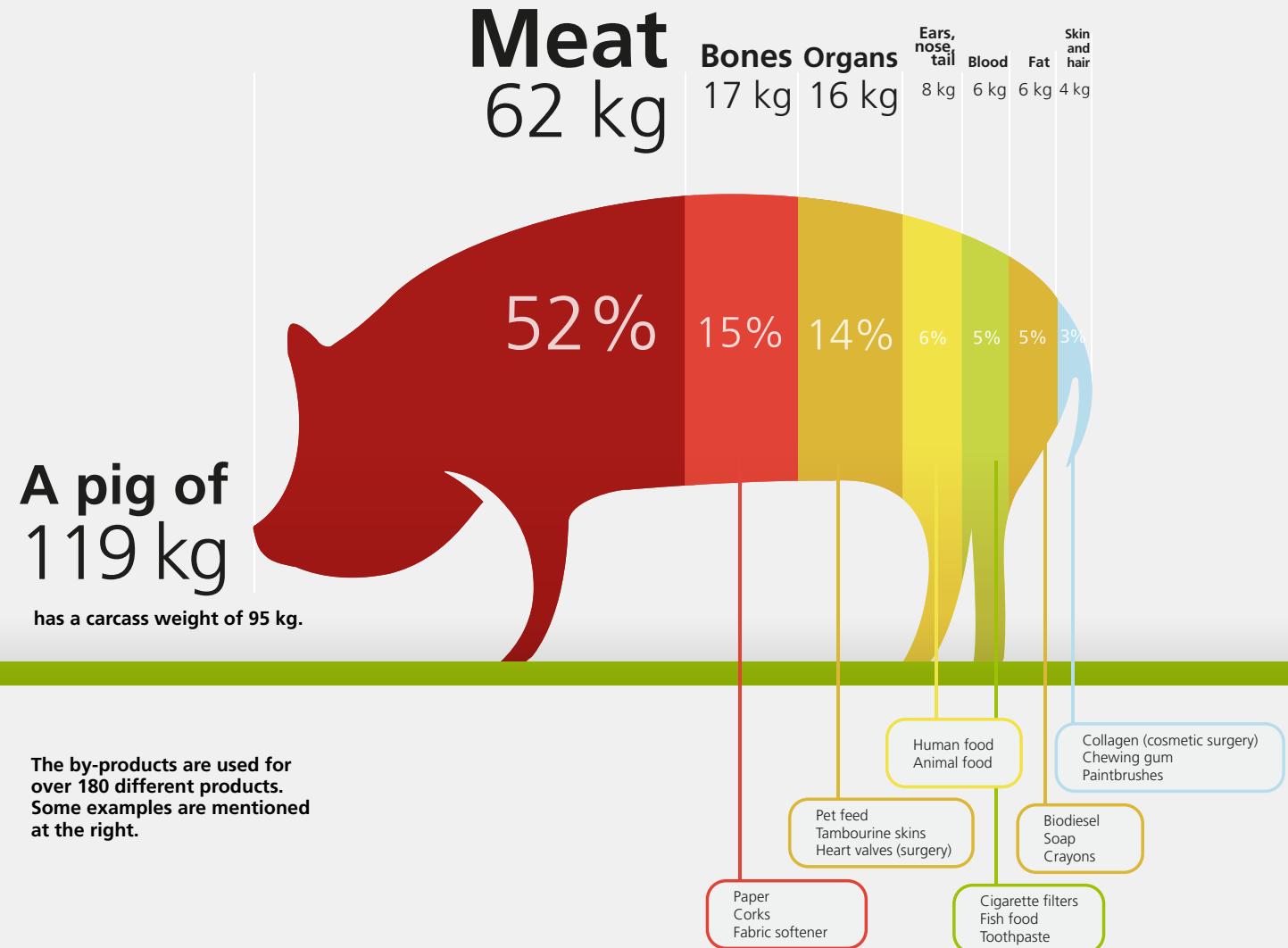
Our products

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



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

- Skin
- Organs
- Intestines



Our brands and chain concepts



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



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



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



Robusto is a premium quality ham for the top segment of the Italian and Spanish market. The ham is developed especially for the top producers of dried ham.



Brands in the Netherlands



The **Good Farming Star** chain concept, which was introduced in 2010 pays extra attention to animal welfare and sustainability. Within this concept, Vion cooperates with 175 Good Farming Star pig farmers in the Netherlands. In the supermarkets of Dutch retailers, the meat carries 1 star of the Beter Leven (Better Life) quality mark.

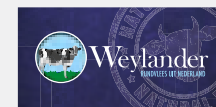
The main differences from regular pork are:

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

Furthermore, the programme complies with the sustainability requirements such as green energy and RTRS soy in the value chain. Good Farming Star offers known-origin meat from a selected group of farmers that is produced in a controlled and transparent supply chain.



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



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.



De Groene Weg has been the market leader in organic beef and pork in the Netherlands since 1981. This brand is supplied to customers in Europe. The products meet the European standards for organic production and the criteria for 3 stars from Beter Leven Keurmerk.

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

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

From January 1st, 2018, the pig farms of De Groene Weg also complies with the new EKO-label requirements. The EKO-label is a Dutch organic label that has requirements on 12 different themes that go beyond the European Organic label.



Brands Germany



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



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



Otto Nocker 'The gourmet professionals from the Allgäu region'.

Otto Nocker is a meat and sausage specialist from Germaringen (Bavaria, Germany). Otto Nocker covers a very wide range of classic Bavarian sausage specialties and tailor-made products for regional supermarkets, hotels and restaurants, international food service customers and business-to-business. The meat and sausages are sold among others through various meat markets in Bavaria.



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



Food Service brands



Salomon FoodWorld offers a wide range of innovative burgers, centre-of-plate and finger food products for the out-of-home market in various European countries.

Salomon FoodWorld's three successful concepts are Finger Food Hits, Handheld Snacks and Centre-of-Plate.



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

Our people



Our people make the difference

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

Why do our people make the difference?

The nature of our business requires a lot of craftsmanship and discipline. The biological nature of the pigs and cows result in a unique situation that every animal and every muscle is different and needs to be treated with know-how and craftsmanship, guaranteeing animal welfare and food safety at all times.

All the international food markets we serve, have their own meat consumption habits based on their rich historical cultures. These diverse market demands are met by our employees who create a lot of different and market specific high-quality products. On production lines and in our storage rooms, employees are continuously improving our semi-finished and finished products to select and make the perfect match between products, markets, customers and consumers.

Our management is equally crucial, because of the high level of complexity. Our business is, in essence, a *disassembly operation* with the objective of creating maximum value from an animal. Like butchers in past

centuries, we do this with full respect for the animals and consider it our duty to use every part of it for optimum value for our customers and the consumers. In such an operation, we know the price paid for livestock, but the allocation to specific components is the result of the determination of their value. To maximise the livestock's value, Vion sells its products to 6,500 customers in 100+ countries. There are many different types of customers, such as retailers, traders, wholesalers or industrial customers who further process our products. Due to constant market fluctuations, this "valorisation exercise" has different outcomes during the year and since Vion handles large volumes, management decisions have a significant impact.

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

There is no need to explain that this complexity requires a high level of knowledge and skills. Vion is therefore continuously attracting and maintaining young talent drawn to the agri-food industry and our broad food supply chain responsibility.

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

Vion's context

ABOUT
VION

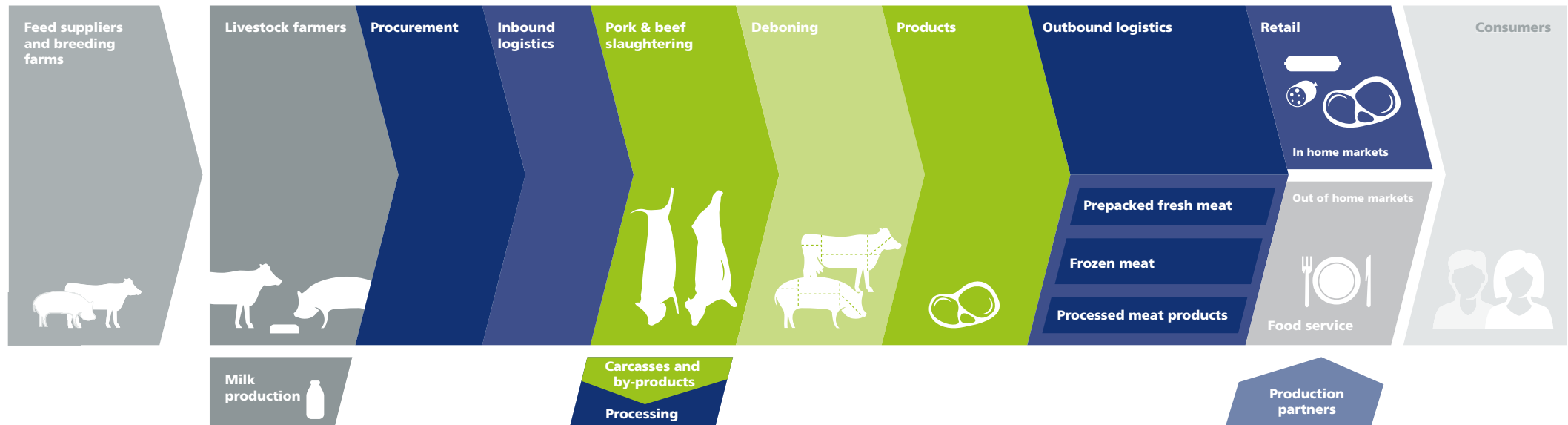
VION'S
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Value chain



Vion is a player in the middle of the meat supply chain. We have long-term relationships with our farmers, logistic partners and customers, to deliver safe and high-quality meat for consumers all around the world. There were no significant changes in the supply chain in 2018.

Our main suppliers are live animal suppliers. Almost all our live animal suppliers are located in our home countries of the Netherlands and Germany. The number of livestock farmers in our home markets is decreasing; while the average number of animals per farm is increasing. In 2018, almost 10,000 pig farmers and 53,000 cattle farmers delivered their animals to Vion.

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

Parts of the value chain in which Vion is active

Partly active

Not active

Our stakeholders

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

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

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

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 about the developments and requests of the entities we finally do our business for, the consumers.

On many material topics, we are working closely with our customers, suppliers, and other stakeholders like ZLTO, to realise improvements and to reach our targets. To open a dialogue and to learn from each other, Vion organises stakeholder discussions about (material) CSR topics and participates in round table discussions. These dialogues lead to the selection of our material topics, which are the basis of our CSR strategy, and to refining our approach to these topics. In addition, Vion provides specific stakeholders with the opportunity to share their opinion on the material topics in interviews for our quarterly German farmers' magazine proAgrar. See appendix 'Stakeholder engagement' on page 129 for an overview of our stakeholders and how we engage with them.





The view of...

Carola Schouten

Minister of Agriculture, Nature and Food Quality

"Farmers will remain at the basis of our food systems."

On 8 September 2018 the Dutch Minister of Agriculture Nature and Food Quality presented her vision. "Agriculture, Nature and Food: Valuable and connected. The Netherlands as leader in circular agriculture." This vision provides guidance for the agriculture sector that faces massive challenges in the current society.

What are in your opinion the challenges our food systems face?

Farming, horticulture and fisheries are essential sectors. Farmers, growers and fishermen feed the people. How this is done – globally – today, is not sustainable. Our planet can no longer sustain the burden of the current production methods and consumer behaviour. Emissions of greenhouse gases will need to be drastically reduced. We must put an end to wastage that occurs in various parts of the food chain, from primary production to the waste-bins in Dutch kitchens. Wastage is unnecessary and harmful. Individual producers tend to have a weak position in regard to their large buyers. Farmers, growers and fishermen are hard-working entrepreneurs and they deserve a solid and stable position in

the supply chain, good income and the prospect of being able to pass their business on to the next generation. Consumers who know where their food comes from, and therefore have respect for producer and product, can contribute to this process. A healthy living environment in which farmers and citizens happily co-exist remains an important issue. Agriculture holds an important key to further improvement of natural value in the Netherlands, but the sector can only achieve this if the entire system and all its participants, from farmer to citizen, cooperate.

The current Dutch food systems exist of many actors in the supply chain that all strive to be as efficient as possible and are mainly driven by individual price efficiency. Why would this NOT be sustainable?

Farming, horticulture and fisheries are constantly innovating in the Netherlands, making them global leaders. The stakeholders in these sectors, from producer to consumer, are closely interlinked and function very efficiently at low costs, and they are supported by world-class scientific research.

"Do it locally if you can, and regionally or internationally if you have to."

Our current system of agriculture is a supply chain, consisting of actors who each aim to gain the greatest economic benefit. Each party uses the raw materials at its disposal and processes these at the lowest costs and with the highest yield. However, individual parties still insufficiently consider the system as a whole. Regulation is also still mostly focused on parts of the system. This is a serious flaw, because the system contains many leaks, wastages, inefficiencies and other undesirable effects. The leaching of minerals from the soil and non-productive use of the large waste flows from

production are examples of this. This is untenable, because we only have one planet, with a limited supply of non-renewable raw materials. Furthermore, this style of production damages the ecosystem by putting pressure on biodiversity, contaminating soil, water and air and changing the planet into a greenhouse that, in the long term, will render large areas unliveable and unproductive.

Things need to change. Instead of constantly reducing the cost of products, we need to focus on constantly reducing the use of raw materials through a more efficient use within cycles. It is the government's goal to close the cycles in order to create circular food supply chains. Additional to this the government has three supplementary goals:

- The economic position of farmers in the supply chain should be such that they are able to earn a good income in circular agriculture;
- Food needs to be better appreciated by consumers, large scale users and the catering industry, also to avoid wastage. Food supply chains should be transparent.
- The Netherlands must retain a leading role in innovation of production methods, also in global food markets.

What are in your opinion the short term challenges of livestock farming?

In the circular approach, livestock farming makes an important contribution to efficient use of raw materials. The government's goal for the period up to 2030 is to reduce the size of nutrient cycles in the cattle feed sector and to close the loop at the lowest possible level. In addition, the government aims, also in the livestock sector, to prevent losses of food, waste flows, carbon, energy and water to the greatest extent possible. The aforementioned period will see a transition that results in livestock farmers increasingly using feed that they have grown themselves or have purchased from preferably local or regional producers. They will also use increasing amounts of waste products and by-products from the food industry in their animal feed.

How should these new food systems connect with the market?

Various pioneering enterprises and supply chain initiatives in pig and poultry farming have already made the leap to

“Things need to change. Instead of constantly reducing the cost of products, we need to focus on constantly reducing the use of raw materials through a more efficient use within cycles.”

greater sustainability on a larger scale. In this context, they have developed a revenue model in collaboration with the market. Another aspect of the increasing sustainability of livestock farming is the transition to integrated, sustainable and low-emission animal accommodation and rearing systems. These will improve the living environment for humans and animals and reduce or even prevent the emission of greenhouse gases, ammonia, offensive odours and small particulate matter. The accommodation gives the animals room to express their natural behaviour and is combined with good husbandry practices based on their specific needs. These factors, combined with good animal husbandry, will enable the use of antibiotics to be further reduced. With regard to dairy farming, outdoor grazing remains the guiding principle, as access to pastures is highly valued in society for reasons including animal welfare and landscape.

At the same time, attention for the relationship between nature and agriculture remains an urgent issue, as it is precisely in this relationship that the greatest gains for

biodiversity can currently be made. Biodiversity in natural areas seems to have been gradually recovering in recent years. At the moment the biggest task for achieving a healthy ecological system in the Netherlands is to be found in the agricultural sector. For instance on issues such as population decline among insects and among grassland and farmland birds.

If circular agriculture is to succeed, it is important to look at the range of possible agricultural practices with an open mind. This will be a transition in which entrepreneurs are encouraged to share their knowledge and experience with each other.

We are already seeing more and more businesses in the food chain offering sustainable products or services, or making extra efforts in other ways to meet the demands of society. They produce with animal welfare or environmental standards that go beyond the regulatory requirements, such as Beter Leven Keurmerk. Fair pricing also for the farmers is an indispensable part of these short and transparent supply chains.

How are you going to support and motivate the farmers and the consumers to make the right choices for the future?

Consumers also have a role to play in circular agriculture. It is important that they know that food production has a major impact on our living environment. This requires a shift in thinking, as until now the majority of consumers still choose low price and high convenience, whilst at the same time many people are making higher demands of their living environment and of the farmers and growers who work in it. The key to success lies in creating links between all parties who play a role in the transition to circular agriculture. The government is certainly not the only party that will determine the outcome. These links will come about if we, motivated by trust in and respect for each other, make ourselves accountable for our actions. We need to create space for the ambitions and strengths of farmers, growers, fishermen and their organisations, for other parties in the market and for students, lecturers and researchers. In this way, the future can be shaped and supported by society as a whole.



Trends in the market

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

Source: Trends based on the Vion Sector Analysis, Roland Berger, 2016

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

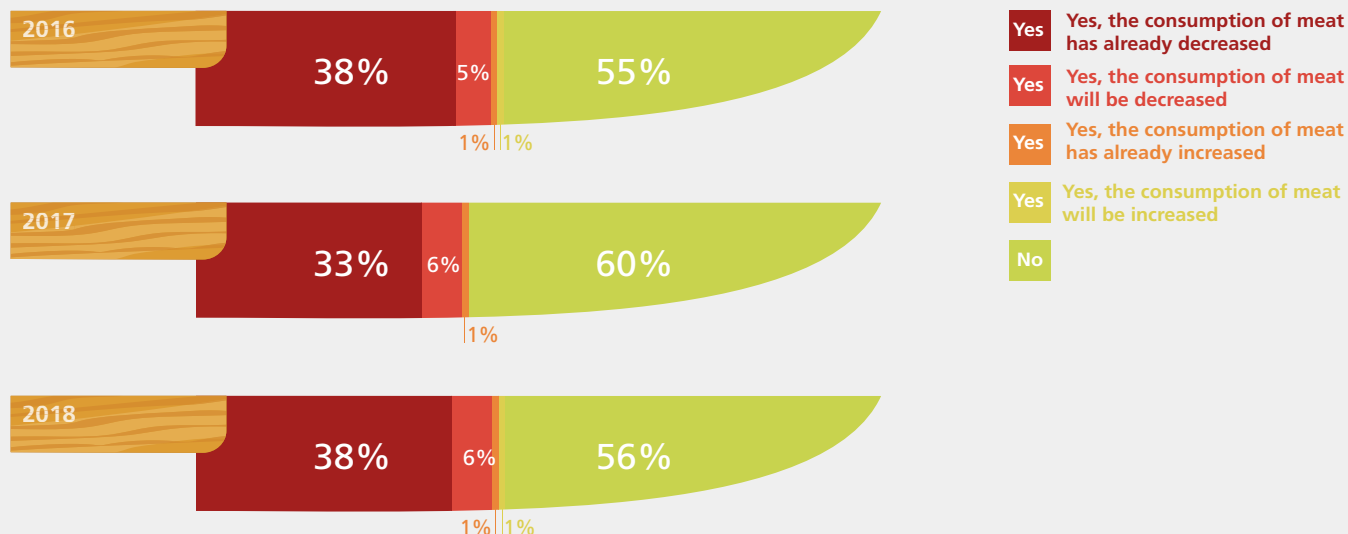
● Opportunity

● Opportunity and risk

● Risk

Trends in our home markets

Did any members of your family change their meat consumption / or do they intend to change their meat consumption?



Environmental concerns are increasingly seen as a reason to reduce eating meat

Why was meat consumption reduced?

	2016	2017	2018
More varied diet	43%	40%	40%
Environmental reasons	26%	27%	34%
Moral reasons (animal welfare)	30%	30%	32%

Why will meat consumption be reduced?

	2016	2017	2018
More varied diet	31%	36%	43%
Environmental reasons	25%	29%	40%
Moral reasons (animal welfare)	30%	39%	39%

Source: Vion Consumer Monitor in the Netherlands, 2018

Relevant CSR topics

With regard to our business, and the effect of the other companies in the supply chain on our business, we have developed a list of the relevant CSR topics for Vion. Based on frequent contact with our important stakeholders, the key issues of other stakeholders and research among consumers, we defined the relevant CSR topics for each stakeholder group. For an overview see: appendix 'Stakeholder Engagement' on page 129. The sources used for this analysis are part of our daily business and are used for strategic decision making.

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

We have listed 30 relevant topics:

- 18 social topics (including animal welfare).
- 9 environmental topics.
- 3 economic topics.

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

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

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

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

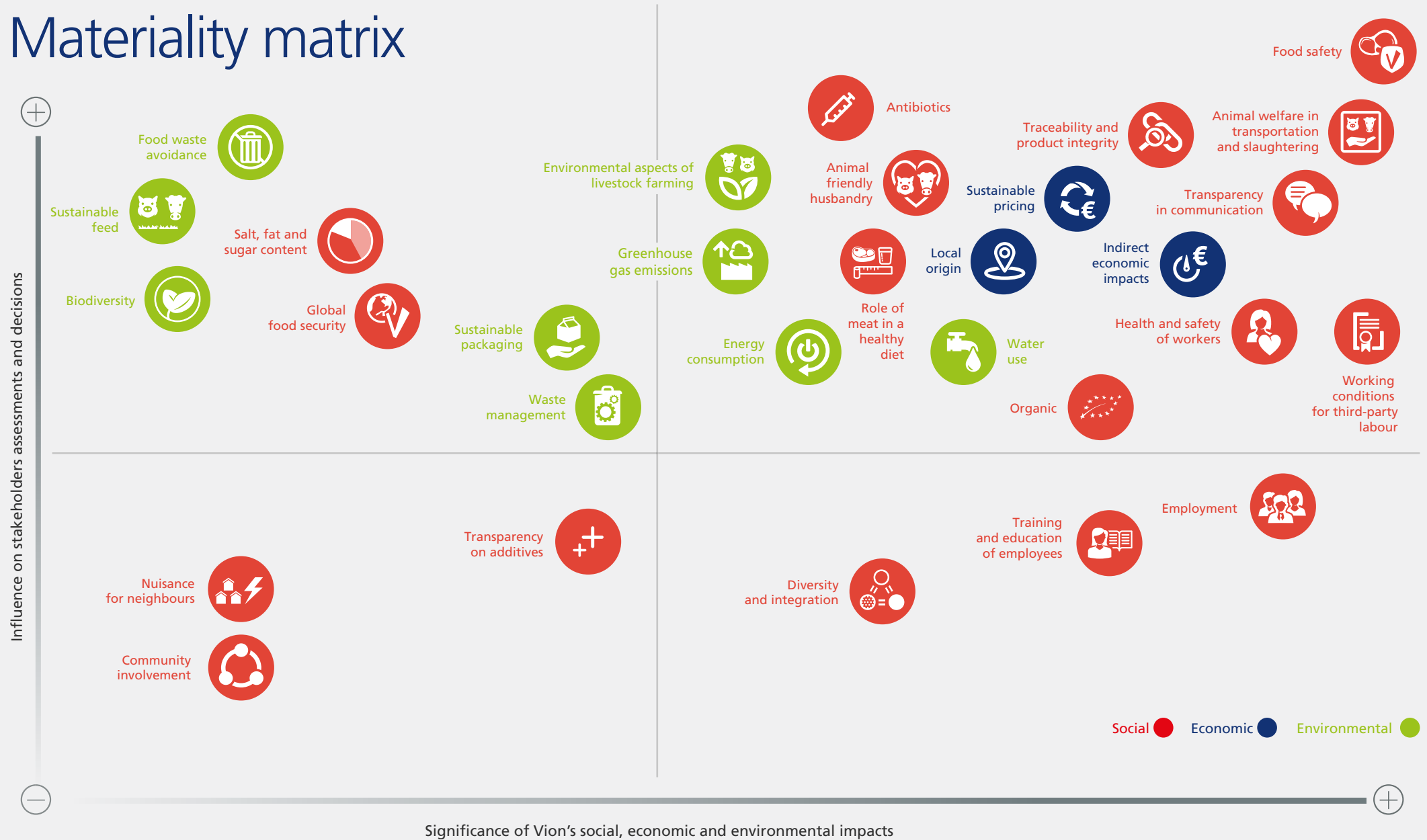
For the second dimension, we defined how much of an impact Vion can have on each topic, by itself or by influencing the other stakeholders. Each topic was evaluated as having a high, medium or low impact. The discussed outcome was plotted on the x-axis of the materiality matrix.

Some topics we can partly control ourselves, e.g. food safety and animal welfare in slaughtering. But for other topics, as we are in the middle of the food supply chain, we have an influence and we need to cooperate with others, e.g. our customers and suppliers, as is the case with the sustainable farming topics. These sustainable farming topics encompass a number of single social, environmental and economic 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 usage, energy consumption, waste management and manure storage
- Biodiversity
- Sustainable feed
- Local origin/regional
- Sustainable pricing

Materiality matrix



Vion's material topics

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

Social topics



Food safety



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 workers



Animal-friendly husbandry



Working conditions for third-party labour

Environmental topics



Energy consumption



Water use



Greenhouse gas emissions



Environmental aspects of livestock farming

Economic topics



Indirect economic impacts

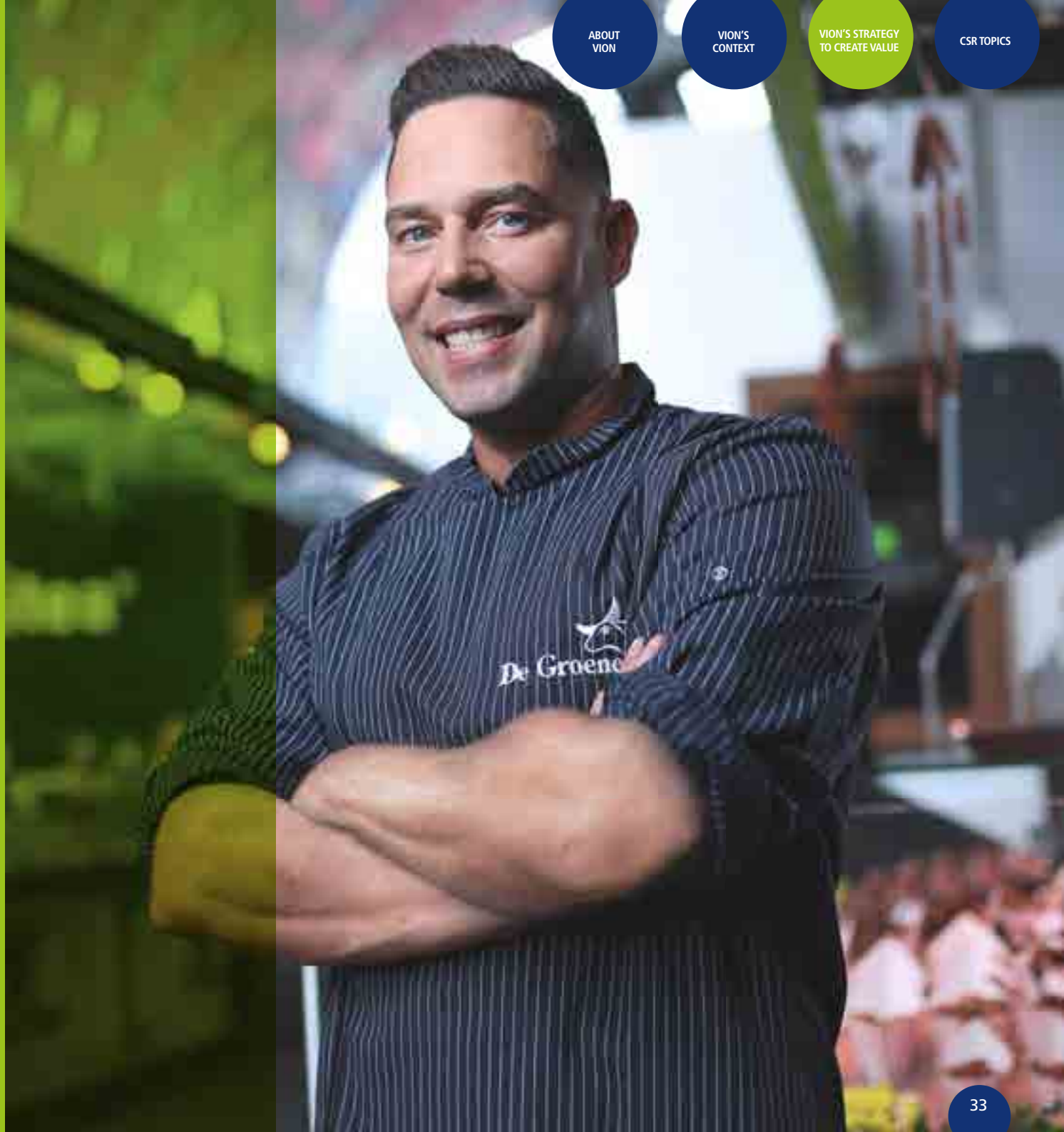


Local origin



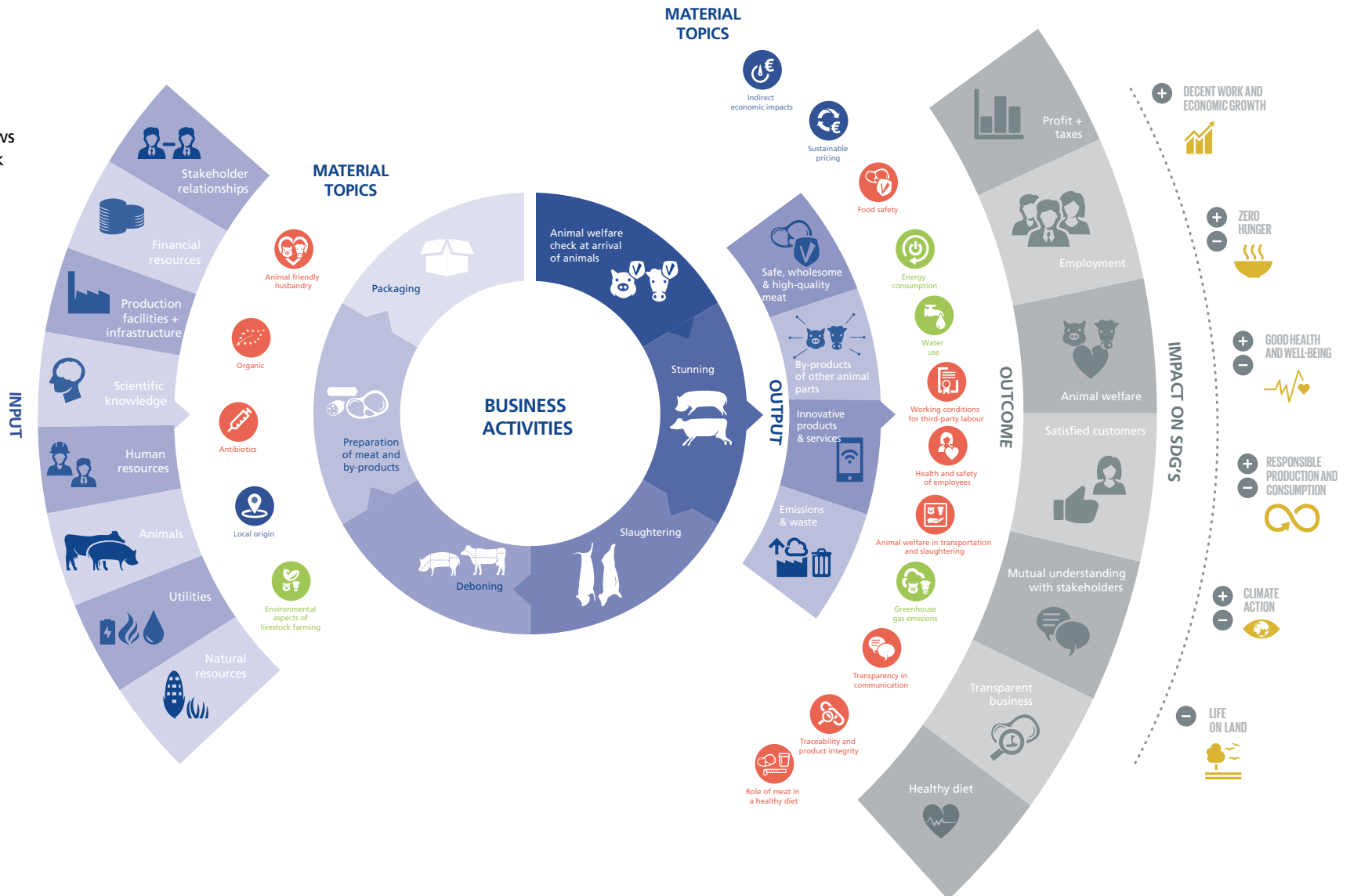
Sustainable pricing

Vion's strategy to create value



Value creation model

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



Building balanced chains

The European meat business is facing major challenges as stated in the United Nations Sustainability Development Goals and the Paris Agreement on Climate Change. Vion is built on a strong foundation of family farms and ZLTO. Together with the market and other stakeholders we can transform the meat business into a trusted and sustainable supplier of wholesome food for consumers and customers worldwide.

Balanced chains relate to:

Economic field	Social field	Environmental field
Long term commitment from producer to consumer	Connecting the whole supply chain, including the farmer with the consumer	Being transparent about the environmental footprint of consumer products

The Council for Animal Affairs recently reported that the 'welfare of production animals has improved over the past ten years'. It is up to the producers' chain to ensure the visibility of this confidence at the consumer level. The added value of our chain is of great importance for strengthening confidence in our food.

Our CSR strategy

Regarding decisions our management has to make, we consider the economic, social and environmental impacts of our decisions. In this way, we create more value both for our chain and for society at large.

Our strategic priorities within the CSR topics

Of the 17 material topics for which we strive to minimise negative impact or optimise positive impact in the chain, the following four topics are the most crucial for the day-to-day success of our business:



Food safety



Animal welfare in slaughtering



Product integrity and traceability



Transparency in communication

That is why, in our CSR policy, we give priority to these subjects and start with them in the chapter CSR topics. To stay a successful frontrunner, we use recognised standards on these topics, such as food safety standards, integrity standards, and animal welfare standards. On these topics, we set targets for the short and medium term and we want to continuously improve in the coming years.

External trends which have the most impact on the future for us and our chain, and thus on our strategy, are:

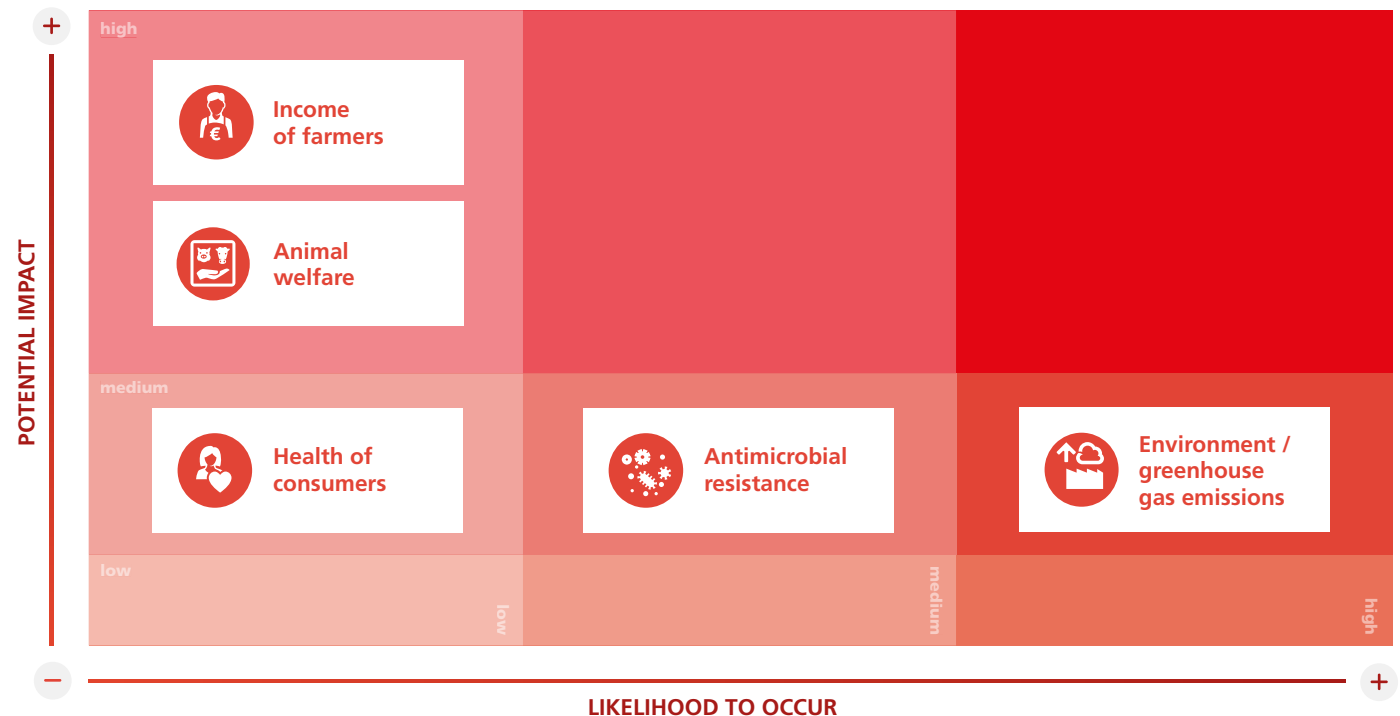
- **Volatility and price pressure in the chain** (risk for our farmers and ourselves)
- **Growing attention for environmental aspects of livestock farming** (risk and opportunity as CO₂ emissions of Western European livestock farming are relatively low compared to other places in the world)
- **Growing attention for health aspects of meat** (risk and opportunity within specific consumer groups)
- **Growing attention for animal welfare** (opportunity as we are a frontrunner on animal welfare and these concepts are under less price pressure)

We have a strategy in place for each of these aspects:

- Good Farming Balance, see page 102
- Fact and solution finding for minimising the negative impact of livestock farming, see page 95
- Fact finding and objective communication on health aspects of meat, see page 72
- Offering concepts with high animal welfare standards, see page 61

Managing risks in our value chain

We researched risks of potential negative impact on people, animals and the environment in our value chain, both internally and through dialogues and cooperation with stakeholders. Our suppliers are mainly based in the Netherlands and Germany. In our chain, there is a lot of attention paid to animal welfare, the environment, farmers' income, consumer health, and the use of antibiotics. However, there are always potential risks in these fields. Therefore, we act to minimise or avoid negative impacts. Main risks which could be caused by Vion itself are in the field of food safety and animal welfare at slaughtering. The management of our chain responsibility, research on the extent of negative impact, activities to minimise it, and monitoring systems are all part of our strategy and approach on these different topics. Please read more about our approach in the section on the respective material topics.



Risks (potential negative impact)

Possibly caused by

Approach



Animal welfare

Farmers, Transporters, Vion

There is growing attention for animal welfare in our chain. Read more about our approach in the material topics on animal welfare on page 48.



Environment / greenhouse gas emissions

Farmers, Transporters, Vion

Within our chain, GHG emissions are mainly produced at farms, more so at cattle farms than at pig farms. Read more about our approach in the material topics 'Environmental aspects of livestock farming' on page 95 and 'Greenhouse gas emissions' on page 91.



Income of farmers

Vion, customers, consumers

The number of farmers is declining, among others due to bankruptcy. Read more about how we help farmers to achieve a more stable income with Vion long-term price within Good Farming Balance in the material topic 'Sustainable pricing' on page 102.



Health of consumers

Vion, customers, consumers

Food safety is our top priority. Read more about our approach in the material topic 'Food safety' on page 44.



Antimicrobial resistance

Farmers

See our approach on minimising the risk on antimicrobial resistance in the material topic 'Antibiotics' on page 70.

Our contribution to the Sustainable Development Goals

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



2 ZERO HUNGER



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



By being **transparent**, we facilitate timely access to market information (target 2.c).



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



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



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



With our policy on **food safety and antibiotics** we help ensure access to safe, nutritious food all year round (target 2.1).



Vion's target on food safety contributes to this specific SDG target.

3 GOOD HEALTH AND WELL-BEING



Ensure healthy life, promote well-being for all at all the ages



Meat plays a role in a healthy diet, especially for pregnant women, children, athletes and the elderly. This reduces premature mortality from non-communicable diseases (target 3.4). The social component of food, such as meal preparations and eating together, improves human well-being, and improves good eating habits also for children and thus promoting health for children and adults.

8 DECENT WORK AND ECONOMIC GROWTH

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



Our focus on the **health and safety of workers** contribute to safe and secure working environments (target 8.8). Vion's targets on health and safety contribute to this specific SDG target.



Our efforts and results on **working conditions for third-party labour** lead to improved labour rights for workers, including migrant workers, and those in precarious employment (target 8.8). Vion's targets on health and safety contribute to this specific SDG target.



With our policy to secure and increase Vion's **indirect economic impacts** we support jobs, entrepreneurship and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises (target 8.3).



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



Our **transparency** also contributes to people having the relevant information and awareness for sustainable development and lifestyles (target 12.8).



We recognise the importance of **transparency in communication** and therefore we report yearly on our progress on sustainability (target 12.6).



With our focus on **animal welfare, local origin and water use, and environmental aspects of livestock farming**, we contribute to the sustainable management and efficient use of natural resources (target 12.2).



13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts



By investigating and promoting ways to reduce the **environmental aspects of livestock farming** we improve awareness-raising and institutional capacity on climate change mitigation and impact reduction (target 13.3).



By continuously targeting the **energy consumption** per ton sold, while not jeopardizing food safety, we improve awareness-raising and institutional capacity on climate change mitigation and impact reduction (target 13.3).



By achieving reductions in Vion's **greenhouse gas emissions** we reduce our impact on climate change (target 13.3).





The view of...

Michiel Korthals

Emeritus Professor of Philosophy at Wageningen University and VU University Amsterdam

Michiel Korthals has written the book 'Goed Eten' (Good Food). In this book, he examines the gap between food production and consumption. Central to the book are the direct relationship between food and daily life, the preference for regional ties over the world market, promoting food skills and paying fairer attention to different food styles.

'I studied as a philosopher in Heidelberg in the 1970s. At that time, German philosophy was very interesting for me as a Dutchman. Now you would probably go to the US or maybe even China. Also, Heidelberg was kind of seen as the cradle of European ideas, with people like Husserl, Gadamer and Heidegger. But I have to say, this was a very long time ago (50 years).'

In your book 'Goed Eten', you talk about the gap between food production and consumption. What do you mean by that?

'Most people no longer know where their food comes from and whether it is produced ethically. Just think about how the Netherlands imports a lot of grain, soy and cocoa, and that

"Meat is a treat which you share with others."

about 80% of our own food production goes abroad. This is possible because we produce very efficiently in a small country, but in fact it should also be possible for those other areas receiving the food to sustainably produce their own. Then we would have to produce much less. Because the point is that you are in the Netherlands, which has extra difficulties such as dust particles, water pollution, lack of animal welfare, and huge manure surpluses.

'I recently spoke with a number of food company managers. They said that by-products left over from the bread and pastry industry could make it unnecessary to import raw materials for animal feed from Thailand, Brazil and other countries. Fifty years ago, consumers did not know what animals ate, but now they want to know where their meat comes from and how it is produced. From a philosophy and ethics perspective, providing information to consumers is important so that they can make democratic choices.'

What is meant by a food democracy?

"A food democracy is a way to give people the freedom to make, prepare and eat their preferred foods, such as potatoes

"Most people no longer know where their food comes from."

and rice, while others can also make, prepare and eat their own preferred foods."

'The idea behind a food democracy centres on the fact that there are dilemmas in food production and a variety of opinions regarding solutions on, for example, environmental impact, animal welfare or the treatment of farmers. But people must have the choice themselves, so that they can choose the solution which best suits them.

'The other side of a food democracy is to be supported by institutions and organizations regarding the information we receive about our food. Transparency is very important in

helping us choose. Because if consumers don't know where their meat or milk comes from, they cannot make informed choices. That would make nonsense of a food democracy.'

Why should we not stint on meat or food in general?

'Meat is a luxury product. And you should not stint on a luxury product. I know a very good pastry chef in Amsterdam called Avezaath Beune, and everyone knows that with him, you pay a little more. He never stints and all his customers know that. We should not stint on food anyway, but it happens here because we have an abundance of food. When people get meat cheaper, they waste it—currently about a third of it. Meat is actually a treat which you share with others. And you don't give yourself a real treat every day; maybe once every two weeks. So, in that sense, you can consider meat a luxury product.'

You have to look, smell and see what happens

'For a company like Vion, it's important that you involve people. For example, using videos and spaces where you can look at the process in the slaughterhouse, but also where you can smell and see it. In addition, it's good to explain things, such as in annual and CSR reports.'

"Providing information to consumers is important so that they can make democratic choices."

The gap between eating and knowing

'Children really don't know that milk comes from cows. They also play outside less, but stay indoors gaming. It's really very important that children learn how something grows and lives, and how it feels. And that animals in nature often eat one another and also help one another.'

'We used to eat tongue, liver and sweetbread. So we bought offal (organ meat) because that was cheaper. Nowadays, we don't know anything about offal and this lack of food knowledge is limiting our choice of menu. We simply don't know how to prepare it and thus our options have changed. It's a new form of poverty.'

Dialogue with activists based on 'common ground'

'In recent years, you have seen a growing group of people turning against meat. There's not much you can do, but a dialogue is possible because there are points on which both the meat industry and activists agree, such as countering climate change. You could ask yourself how far a joint strategy might take you. What is your 'common ground'? Can we work towards a shared horizon of about twenty years with agreements on the production of meat, vegetables, fruit and alternatives? I'm not in favour of merging all these points of view. We are still looking to see which position one or the other wants to take.'

CSR topics

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS

CSR highlights of 2018

Social Topics

Food safety ▲

100% of our sales volume came from IFS Food or BRC approved plants. The target for the future is to keep this at 100%. This target contributes to SDG target 2.1.

Animal welfare in transportation and slaughtering ▼

In 99.90% of the animals, no restunning was needed. The target for 2019 is 99.96%. All of the animals were stunned before slaughtering.

Transparency in communication ▲

In the newly built slaughterhouse at Leeuwarden, a glass wall was installed to make the full process of slaughtering visible without interfering with production.

Traceability and product integrity ▲

82% of the sales volume originated from plants certified according to a specific product integrity standard. The target for 2019 is 85%.

Animal-friendly husbandry ▲

16% of the animals supplied to Vion were raised under certified higher animal welfare requirements (2.58 million animals).

Antibiotics ●

Antibiotics were absent in 99.96% of the animals delivered for slaughtering.

Role of meat in a healthy diet ▲

Vion developed fat reduced meat products with a higher percentage of proteins and less calories than regular products.

Organic ▲

0.8% of the animals supplied to Vion originated from organic farms (139,000 animals).

Health and safety of workers ▼

The absentee rate of our employees was 4.6%. The target for 2019 is 4.3%.

Working conditions for third-party labour ▲

Audits by Vion on quality of housing for third-party labour.

Environmental topics

Energy consumption ▲

The energy consumption was 710 MJ per tonne sold.

Greenhouse gas emissions ▲

The greenhouse gas emission intensity (scope 1 + 2) was 79 kg CO₂-equivalents per tonne sold.

Water use ▲

The total water usage was 1.91 m³ per tonne sold.

Environmental aspects of livestock farming ▲

Vion participated in sectorial discussions that led to recommendations for the Dutch government on how to reduce GHG emissions in the pork and beef supply chains.

Economic topics

Indirect economic impacts ●

33% of total Dutch and German cattle and pig farmers supplied animals to Vion (190,000 farmers).

Sustainable pricing ▲

Introduction of Good Farming Balance in Germany.

Local origin ●

94% of the animals supplied to Vion were raised locally (< 200 km radius).

Trends versus 2017

▲ Better performance ▼ Lower performance ● Stable performance



Food safety

The topic

Control of food safety is fundamental for Vion. Every day, more than 100 million consumers eat products that have been processed by Vion. The customers and consumers expect these products to be safe and wholesome.

Boundaries

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



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. Vion has chosen to adhere to the ISO 9001 standard for quality-oriented organisations, and all Vion establishments are ISO 9001 certified. Additionally, all Vion sites have incorporated the Vion-HACCP, which is globally accepted by all authorities. This common quality scheme paves the way for common monitoring processes and the effective benchmarking of the different operations for relevant items with respect to our customer demands and the control of crucial processes within Vion.

All of our meat processing plants are rigidly supervised by competent authorities. All these plants have, at all times of their 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 the food safety and customer requirements, all the production sites are certified according to the rules of the Global Food Safety Initiative (GFSI). The food safety standards that are used by Vion are: the British Retail Consortium (BRC) and the International Featured Standards Food (IFS Food). Vion publishes the quarterly inspection results and audit reports on its Dutch and German websites. In 2018, there was one public recall of a food item produced by Vion due to an undesirable microbiological contamination. The contamination was detected through Vion's own monitoring system and the customer was immediately informed, who then followed up the notification with the recall.

To control the risks in the supply chain, Vion requires its suppliers to adhere to and to certify their activities under a Good Agricultural Practice (GAP) scheme, such as GlobalGAP, the German QS (Qualität und Sicherheit), the Dutch Integrale

Keten Beheersing (IKB), and Holland Pork. These schemes are independently organised, and on-farm audits are carried out by independent certification bodies. As a major stakeholder, Vion contributes to the design and organisation of these schemes. A number of dairy companies have also organised their own quality schemes, where the design and on-farm controls are within their own hands. Vion procures dairy cows for slaughter from farmers that are members of these dairy schemes.

Vion is active in initiating food safety research and contributes to the scientific research projects of various universities and agencies. In 2018, Vion continued to work with IBM, ThermoFisher and Wageningen University to explore how new technologies can help us to further improve food safety. This consortium is using gene analysis to predict microbial risks in the supply chain of pork and beef. It is a very challenging project on the edge of exploring new technologies. Furthermore, through several public-private partnerships, Vion continued its work on improving food safety by studying how to control *Toxoplasma gondii* and *Mycobacterium avium* on farms. In 2018, Vion was also involved in initiating a research project on hepatitis E virus, with a large consortium of actors in the pig supply chain and two universities. This project will start in 2019 and run for four years.

? Dilemma

Food safety is maintained by hygienic slaughtering and keeping the product cool. The latter requires electricity for refrigeration, which negatively impacts the CO₂ footprint of meat. Although the contribution to greenhouse gas emissions of the slaughter phase is marginal compared to other parts of the chain (see topic on 'Environmental Aspects of Livestock Farming'), striving for a reduced footprint is Vion's goal. Electricity use cannot be lowered too far, because that would compromise the cold chain functioning and therefore the food safety, which is our number one priority.

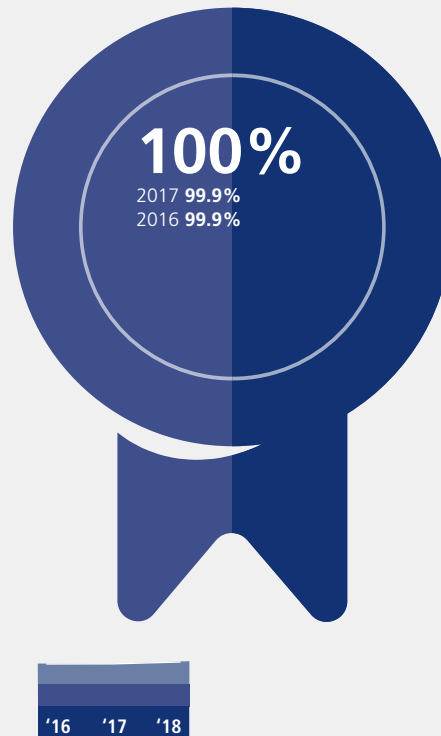


Food safety

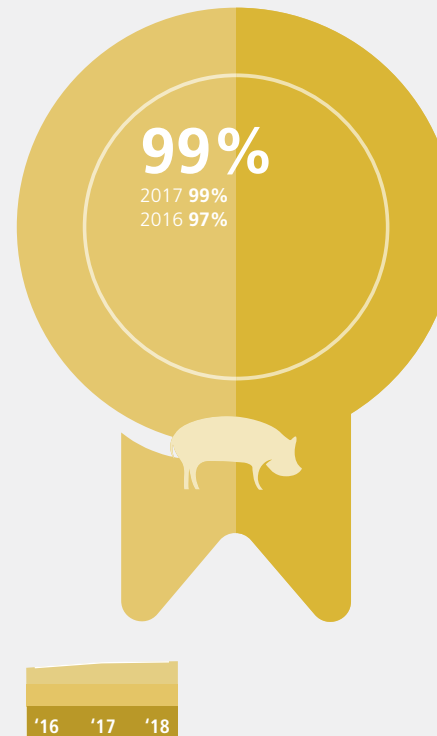


Results

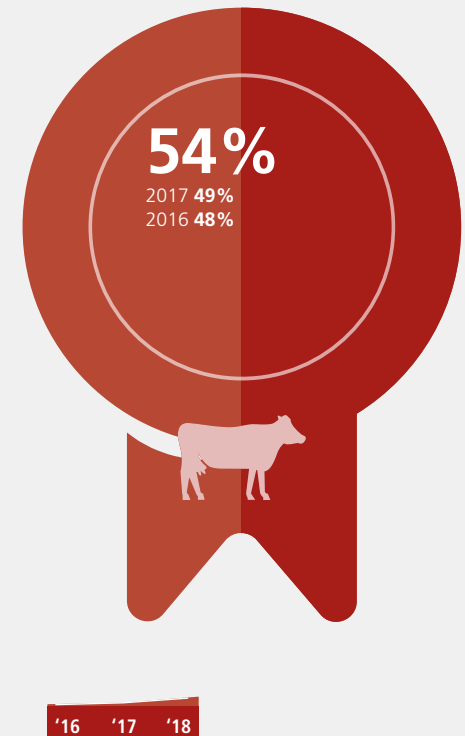
% sales volume from GFSI approved plants (IFS or BRC)



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



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



Clarification of the results

Our target for 2018 was for 100% of the supplied product volume to originate from GFSI approved plants. We achieved this goal and all our plants and the external production sites supplying to Vion are now GFSI approved.



Food safety

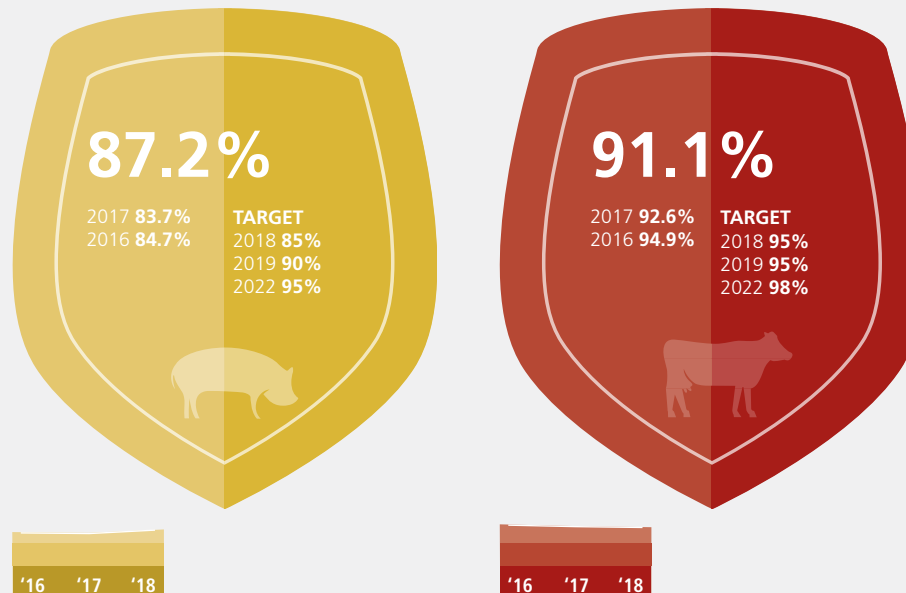
Outlook and targets

- Food safety control will remain the top priority.
- We will continue to encourage farmers to work according to certified Good Agricultural Practice schemes.
- We will continue to improve food safety through, among others, research on the potential of using modern technologies in microbiology.
- We aim for compliance to the Vion internal standard of 90% and 95%, for pork and beef respectively, in 2019. We aim to increase this compliance further to 95% and 98%, respectively, in 2022. These internal standards go far beyond the norms in legislation, so compliance with legal standards is assured at any time.



Results

% compliance with internal Vion microbiological standards for product hygiene



Clarification of the results

Products from live animals inevitably result in the presence of bacteria on the product. This in itself is not harmful and is a part of nature. Monitoring the amount of these bacteria provides a useful indication of hygienic working practices. We base our KPI for Food Safety on the microbiological load of the bacterium-family Enterobacteriaceae during the final steps of production. This family contains bacteria that in the vast majority of cases do not lead to illness. Therefore, there is also no EU or national regulation specifying a maximum contamination level, yet Vion specifies an internal standard. Given the natural variation in bacterial counts, it is unlikely that

all samplings will always comply to the internal standard. However, by striving for a percentage that is as high as possible, we can continuously improve our way of working and continuously reduce any microbiological food safety risks.



The view of...

Kai Müller

Head of marketing and corporate communications
at Transgourmet

"With its drive towards transparency, Vion has become a food industry leader. FVZ Convenience and Salomon FoodWorld also benefit from this."



Leading food wholesaler Transgourmet has set itself the goal of becoming the most sustainable company in its industry. This multi-channel supplier serving the restaurant, hotel, company catering, community facility and retail sectors feels a strong sense of responsibility to both humankind and nature.

In 2017, sales at Transgourmet Central and Eastern Europe reached €5.1 billion. The main office for Germany is in Riedstadt, Hesse. Kai Müller, 49, Director of Marketing, appreciates the 'safety, reliability and transparency in the supply chain' offered by Vion subsidiaries Salomon FoodWorld and FVZ Convenience. "We are united by a long-standing corporate partnership."

What is Transgourmet doing to meet its corporate social responsibility obligations?

Our main areas of activity are grouped into three pillars. They are 'Responsible Products and Procurement', 'Efficient Resource Use and Climate Action', and 'Good Working Conditions and Commitment'. We aim to combat food waste and reduce CO₂ emissions. We are committed to meeting

employee concerns and further developing the company. For our private label 'Transgourmet Ursprung' (Transgourmet Origins), we provide information on where a product comes from and how it was produced. We also share true stories from our producers.

Why does Transgourmet source schnitzel from FVZ Convenience and burgers and finger foods from Salomon FoodWorld?

We base our decisions on the quality of the products, which must always be delivered on time and in the correct amounts. Price is also a factor. But these days, customers also expect us to meet additional sustainability criteria. Above all, food should be safe and subject to testing, ensuring complete traceability and transparency in the supply chain. With its drive towards transparency, Vion has become a food industry leader in this respect. FVZ Convenience and Salomon FoodWorld also benefit from this, of course.

What sort of cooperation do you have with animal-friendly undertakings?

Everybody pulls together on this one. We truly appreciate the fact that Vion and its subsidiaries place animal welfare at the heart of all they do. We are working with NGOs to develop higher standards.

Could you envisage even closer cooperation with FVZ Convenience and Salomon FoodWorld in future?

I certainly could. These days, a food product's quality is closely linked with concept of authenticity. Like Salomon FoodWorld and FVZ Convenience, we also use touching testimonials to get our customers and users interested in new products. The Vion Group offers a broad range of goods from certified regional producers. With Vion Foodservice's experience and expertise, it may one day be possible to work together to develop customized private labels for specific target groups such as seniors, pre-schoolers, schoolchildren or restaurant-goers. However, at present, that is all still very much up in the air.



Animal welfare in transportation and slaughtering

The topic

The transport from the farm to the slaughterhouse, as well as the new environment within the meat processing plant, can be stressful for animals. Vion's plants receive many animals on a daily basis. It is our responsibility and that of our stakeholders to minimise the discomfort for the animals. This includes short transport distances to the slaughterhouse and an animal-friendly infrastructure in the meat processing plant to minimise discomfort.

Boundaries

The transport of live animals from the farms to the Vion plants is done by external transport companies and sometimes by Vion itself. Slaughtering happens within our own operations. External companies and our own operations are both taken into account when setting and measuring our targets.

Vion's approach

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

Animal welfare in transport

We control animal welfare during transport by:

- Having a decentralised network of appropriately-sized locations in relation to the livestock density in any given region. This enables animal transport distances of 200 km or below (80% of transportations) around 4 hours of transport time. In addition, the transport time of the remaining transports (20%) are all below 8 hours (legal requirement).
- Vion publishes the data on the livestock origins for each plant on its transparency website (www.vion-transparenz.de and www.vion-transparantie.nl).
- Restricted transportations during periods of hot weather (>27°C) in July 2018 in the Netherlands. Emergency measures taken during hot summer days (>27°C) include:
 - Optimizing transport logistics;
 - Fewer animals per truck;
 - Earlier start of slaughtering;
 - Fewer animals in the lairage area;
 - Additional ventilation and cooling supply in the lairage.
- Keeping 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.
- Examining every animal according to specialised animal welfare criteria, such as disturbed general condition, lameness, and heat-stress.
- Measuring and controlling the number of animals which had to go to emergency slaughter due to being in bad condition, and communicating feedback to transport companies.

- Measuring and controlling the transport fatality rates. In 2018, 99.98% of all animals transported for slaughter arrived alive at Vion's slaughter plants.
- Inspection of all animals by external official veterinarians during the ante mortem inspections at the time of unloading. We update the inspection findings on our Dutch and German transparency websites on a quarterly basis.
- Since 2018, Vion plants in Buchloe, Bad Bramstedt and Waldkraiburg were the first German plants certified according to the animal welfare label criteria "Für Mehr Tierschutz" of The German Animal Welfare Federation. With this certification, Vion commits itself to higher standards than legally required.

Vion's slaughtering procedures

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

- Having animal welfare officers in every plant, who are specifically qualified to assess the process and ensure the animal welfare guidelines at our production plants are met. All animal welfare officers receive regular training.
- Training all our employees who interact with live animals in animal welfare. Only trained staff are allowed to handle live animals.
- 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 the stunning by trained Vion staff.
- Evaluating the performance of the plants and the supplying farms by Vion's expert veterinary 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.



Animal welfare in transportation and slaughtering



- Performing corrective and preventive actions in the case of non-conformities. This is mandatory for every production site of Vion.

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

All animals slaughtered at any Vion plant are, without exception, always stunned before slaughtering. All stunning methods used at Vion plants are compliant with the permitted methods, as laid down in the EU regulation 1099/2009. To assure that the adverse effects to animal welfare during stunning are kept to the minimum, Vion has entered into a public-private partnership with Wageningen University to further optimise the process of CO₂ stunning. Furthermore, Vion plans to support a new research project on pig stunning with the Federal Research Institute for Animal Health, the Friedrich-Loeffler-Institut (FLI), Germany. All animals are individually observed by trained staff between stunning and bleeding. With each sign (e.g. eye reflects) that could be related to consciousness a re-stun of a carcass is mandatory. The number of re-stuns that are made are recorded to calculate the percentage successful stuns as KPI.

The standard for pork is:

- CO₂ backloader with a minimum of 4 animals per gondola.
- CO₂ concentration above 90% so that the pigs are quickly unconscious.

The standard for beef is:

- Restraining box with a device that restricts both the lateral and the vertical movement of the head of the animal.
- Pneumatic captive bolt for a precise shot. This standard exceeds the current legislation.

Vion has been continuously investing in improving and standardising its slaughter infrastructure.

Important steps have been achieved to ensure the new Vion standards at all sites. These are, amongst others:

- Continuous improvements on the automatic driving system for pigs;
- Rebuilding the bleeding area in Emstek;
- Continuous optimization of lairage areas and infrastructures in our plants which fulfil the latest animal welfare requirements;
- Rebuilding the lairage area in Buchloe;
- CCTV in every area where live animals are handled, including bleeding process and entrance to the scalding tunnel;
- Installing scales at three plants which weigh each stunned pig before and after bleeding in order to assess the bleeding's effectiveness.

Independent control

Similar 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 plants, a minimum of one official veterinarian is present in the lairage for ante mortem inspections and animal welfare supervision).
- Compliance with independent certification standards that include animal welfare aspects (QS / IKB).
- Compliance with independent animal welfare standards based on stakeholder dialogue (Beter Leven Keurmerk/ Tierschutzlabel 'Für mehr Tierschutz').
- Compliance with customer animal welfare standards (e.g. McDonalds, Tesco, Edeka Germany).

When the competent authorities issue warnings or fines for a specific element in our process which needs improvement, we always publish these inspection results on our Dutch website. In 2018, there was one incident of non-compliance with laws and regulations. The incident at Vion Boxel concerned the overnight housing of pigs in the lairage as a result of a severe production interruption.

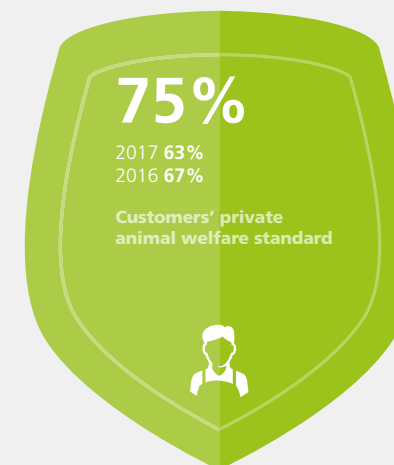


Animal welfare in transportation and slaughtering



Results

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





Animal welfare in transportation and slaughtering

Outlook and targets

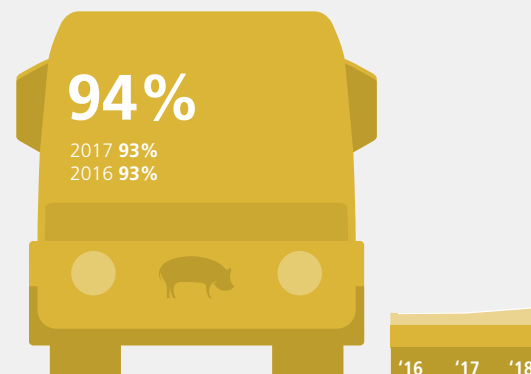
Our plans for 2019 include:

- Signing contracts with farmers and clients to build balanced chains;
- Starting the 'Vita Cow' project in order to increase sustainability in beef production. This project will focus in detail on the sustainable use of dairy cows;
- In 2019, Vion will support a new research project on pig stunning with the Friedlich-Loeffler-Institut, Germany.

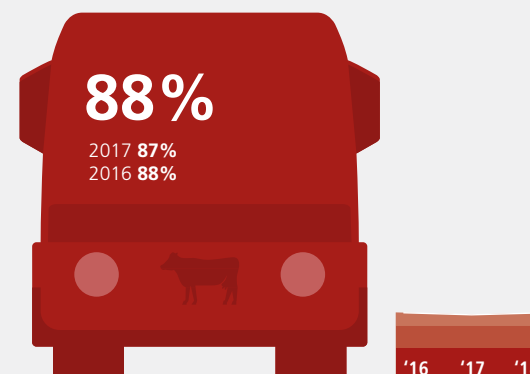
There is an ongoing scientific and public debate on performance levels and state-of-the-art slaughter technology. Vion is contributing to this debate by maintaining a close dialogue with the key experts and contributing to the research activities in this field.

Results

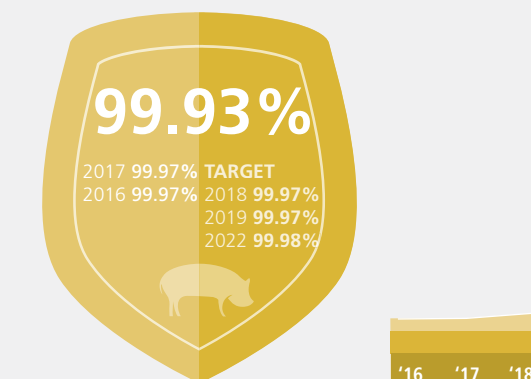
% pigs transported ≤ 200 km
(radius from farmer to meat processing plant)



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



No restun needed



Clarification of the results

When measuring the transport 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 transport distance travelled over the road.

Our very strict rules related to re-stunning will result in re-stunning of carcasses that in fact are effectively stunned. Due to the biological and physiological mechanisms in animals, a certain percentage of stunned

animals will show signs that could be interpreted as being related to consciousness despite effective stunning. The policy is better to be sure than wrong. This KPI therefore shows on one hand the effectiveness of the stunning and on the other hand the alertness of the workers on the line to take action when needed. The target for no restun needed will therefore never be 100%. The aim is for better and stricter monitoring and documentation of carcasses that show signs which could be interpreted as being related to consciousness despite effective stunning.



The view of...

Bert van den Berg

Programme manager of livestock farming at the Dierenbescherming (Dutch Society for the Protection of Animals)



"Things have improved over the years with the transportation and slaughter of animals."

We may be doing it less, but people eat a lot of meat and this is increasing worldwide. Keeping, transporting and slaughtering animals contain risks for animal welfare. Animal Protection wants to observe what happens, talk with those involved and advocate for improvements.

If we ask for further steps in animal welfare, we often hear from Vion that it has to deal with strong competition on the world market. At the end of 2009, it succeeded in making a breakthrough. Vion set up a chain with Dutch pig farmers to produce fresh pork for the largest Dutch supermarket Albert Heijn under the 'Beter Leven' (Better Life) quality mark with 1-star from Animal Protection. In 2016, Albert Heijn also switched to 1-star pork for meat products. Other Dutch supermarkets and meat producers would follow. After 2018, approximately 3 million pigs were kept under the 'Beter Leven' 1-star label and 1-star pork has a domestic market share of approx. 70%.

Better animal welfare is technically and economically possible

Vion's organic pork and beef is also sold in the Netherlands, mostly under 'Beter Leven', as a 3-star product. And in Germany, Vion sells pork and beef under the 'Führ mehr Tierschutz' (For More Animal Welfare) label from our colleagues in the Deutsche Tierschutzbund (German Animal Welfare Association). With this, Vion and animal welfare charities show that better animal welfare is technically and economically possible.

Based on public debate and new scientific insight, things have improved over the years with the transportation and slaughter of animals. For example, for pigs and cattle being taken to slaughter, Vion limits transport duration to 8 hours. However, transport conditions on cattle trucks, such as loading density, headroom, drinking during transportation and climate on board, can still be improved. In recent years, there were heat waves with temperatures over 30° Celsius, which led to severe heat stress in animals. This gave rise to problems, particularly at the pig slaughterhouse in Boxtel.

Despite various measures, Vion has not yet managed to entirely resolve the issue. The search is now on for short-term and long-term solutions.

As little anxiety and stress as possible

Vion's slaughterhouses are increasingly being adapted so that unloading, resting and animal-driving within the slaughterhouse causes as less fear and stress for the animals as possible. Vion's recent newly-built cattle slaughterhouse in Leeuwarden was designed specifically to create high comfort levels for cattle.

The stunning of animals remains a concern. CO₂-immersion for pigs is a particular cause for discussion because, for 15 to 30 seconds, the pigs react to the irritation of this gas on their throats. Together with Wageningen University & Research, Vion is looking into optimizing CO₂ stunning. Research is also being done into alternative stunning methods.

In conclusion, Vion and the Dutch Society for the Protection of Animals have a long lasting and respectful relationship. I trust that we will continue that in the future.



The view of...

Prof. Dr. Eberhard Haunhorst

President of the Lower Saxony Office for Consumer Protection and Food Safety (LAVES)

Infringements of animal welfare regulations relating to beef cattle were uncovered in two Lower Saxony slaughterhouses at the end of 2018. A process of dialogue was launched in Lower Saxony to identify problem areas and to come up with solutions from the perspective of monitoring and the food sector.

Infringement of animal welfare regulations in Lower Saxony slaughterhouses at the end of 2018 – who is responsible?

Under EU law, food business operators and producers are primarily responsible for the safety of the foodstuffs that they produce. They must ensure that the foodstuffs comply with the requirements of food legislation at all stages of production, processing and marketing. In addition to food safety and consumer protection, these include consideration of animal health and welfare, crop protection and the environment. Operators are required to discharge their responsibility comprehensively. This imposes stringent requirements on the operation and on personnel. As a matter of principle, the implementation of conditions

“Deviations from animal welfare regulation harm the entire sector.”

compliant with animal welfare in slaughtering, and also in rearing and transporting the animals, is not an additional “competitive factor”, but rather a requirement for all businesses. Deviations from animal welfare regulation harm the entire sector.

How are slaughterhouses monitored?

Food sector businesses (slaughterhouse operators) have to carry out self-inspections as part of their responsibility for the operation and the products.

The authorities conduct official controls of the operations under the EU control regulation (auditing of the self-inspections). The two courses of action run parallel to each other.

Official controls are focussed on tests of slaughter animals and meat. This is a mandatory inspection on the basis of EU Regulation (EC) No. 854/2004, which is carried out under veterinary supervision, at the end of which the licence to slaughter is issued, provided that the conditions are fulfilled. Veterinarians and professional assistants inspect all animals



before slaughter and are present for the entire duration of the inspection of slaughter animals and meat (100% control). Official controls in respect to animal welfare in the various sections of a slaughter house (unloading area, stabling, corridors, slaughtering area etc.) are usually performed only in form of spot checks.

“The implementation of conditions compliant with animal welfare is a requirement for all businesses.”

What are the options for improvement?

Improvements in quality with respect to animal welfare are needed both from food business operators / slaughterhouse operators and official inspections.

Stringent requirements are imposed on slaughterhouse staff. For this reason, the relevant qualifications and regular training of the slaughterhouse staff employed are of key importance (e.g. thorough knowledge and skills with regard to handling animals in accordance with animal welfare, the use and handling of devices for stunning, the use of the exsanguination (bleeding) cut, check on effectiveness of stunning and/or death etc.). Food business operators should ensure regular in-service training and instruction of their staff, allowing sufficient time for this in the workflow.

There is often also a need for further improvement in the area of internal controls that have to be conducted by the businesses themselves. Internal controls create the basis for proper operational processes in conformity with the law – particularly also in the area of animal welfare – and must be ensured regularly. The internal control policy should be checked at intervals by the business operator and taught in training courses. It is essential that the internal controls are carried out in a self-critical way and that their results also lead to corresponding measures.

“The relevant qualifications and regular training of the slaughterhouse staff are of key importance”

The quality of official controls should also be improved. Official control staff must also undergo regular instruction and in-service training - in particular with respect to aspects related to animal welfare in slaughterhouses - and must be in possession of comprehensive expert knowledge. Official controls in general should be more focussed on animal welfare.

Regular independent checks and testing of the suitability of technical equipment in the slaughterhouses should be made obligatory (e.g. inspection by LAVES engineers). It is important to recognise shortcomings in the processes and to remedy them. To that end, standards for uniform

implementation of slaughtering by food business operators and control by the competent authority should be specified (e.g. evaluation of the effects of stunning; number of unsuccessful stunning events etc.). The use of video technology for animal welfare during slaughter is a further measure that should be debated.

In principle, slaughterhouses should not be seen in isolation with respect to animal welfare controls; rather the entire chain, including the rearing, fattening and transport of animals, should be incorporated.

The State of Lower Saxony intends to implement the highest possible level of animal welfare and since the end of 2018 has conducted unannounced controls of specific aspects (LAVES and communal veterinary offices) in slaughtering businesses.



Transparency in communication

The topic

Meat is the subject 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 it has often rightfully been criticised for this. 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 have chosen not to 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 some processed or unprocessed meat originating from Vion. 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 necessary to safeguard our supply chain.



Vion's approach

As any multinational company involved in food production and especially in meat production, we are being monitored by many stakeholders. We feel responsible to act as a good citizen in all the parts of the world where we are active. We also feel responsible for the well-being of our employees. Sometimes we are faced with scandals in our business. The increasing attention of the media and politicians is often a result of these scandals and the business we are active in. We understand this, and we respond with a high level of transparency about how we conduct our business and what measures Vion is taking to prevent mistakes and to promote a safe and good working environment for all concerned. We have chosen to have open communication with all our stakeholders and to act upon this by publishing this CSR report and by operating our websites on transparency www.vion-transparantie.nl and www.vion-transparenz.de. On these websites, direct dialogue is possible with veterinarians and specialists on all the topics concerning our processes and activities. We promote an open and transparent environment in our industry in several media outlets and at global seminars and congresses.

In 2014, Vion was the first company in the industry to start publishing the official veterinary audits on its Dutch company website. In 2016, we were the first in Germany to launch our website www.vion-transparenz.de and, in 2017, Vion opened the www.vion-transparantie.nl website for the Dutch market. These websites are a decisive step towards creating and almost forcing the transparency theme and are an instrument for dialogue with society at large. They provide neutral and objective information without direct judgments. On these websites we also publish, for the first time in the industry, insights into our production processes including audiovisual materials, photos and text stories. Moreover, we communicate the results of our official ante and post mortem meat

inspections, as well as the residue monitoring and independent quality assurance audits of our production plants.

The transparency websites and the publication of audits on our websites are part of our strategy. The new websites have received widespread attention in both public and industry media. We are especially happy that the farming sector is supporting our approach. Vion is stimulating open debates through social media postings and dialogues on several industry and consumer platforms, such as Dutch Agri Food Week, Nederland Voedselland and HAS Voedseldialoog, as well as being active as a speaker in several stakeholder dialogues and conferences.

Communication highlights in 2018

VNONCW 'Groene Groeiers' meeting

On June 14th, Vion organised a VNONCW 'Groene Groeiers' meeting at Vion headquarters. 60 stakeholders discussed circularity in the meat chain and the reduction of CO₂ emissions. The meeting was the starting point of a project under the leadership of Vion to reduce the CO₂ emissions in pig farming and increase circularity in the pig supply chain.

TV Programme about Vion Waldkraiburg

The Bavarian TV channel (BR) broadcasted the report 'Cattle Slaughterhouse: More animal welfare at the slaughterhouse in Waldkraiburg' in an agricultural programme called 'Unser Land'. As part of the opening, the Vion facility in Waldkraiburg opened its doors to the production process. Filmmakers were allowed to film the redesigned unloading and lairage area for cattle and the cutting and deboning premises.



Transparency in communication

▶ Outlook and targets

For the year 2019, we have planned a Vion CSR stakeholder survey. In this survey, we invite stakeholders to give their view on issues in the meat industry and important topics they prioritize from their perspectives. We believe it is relevant to invite our stakeholders in order to have balanced view on the industry we are active in. We will use the stakeholder survey results as guidance for our new CSR report 2019 and report about them.

We increasingly see conversations around our brands and the industry. These conversations often take place on social media platforms. At Vion, we monitor and sometimes engage in these conversations when we can add facts or help stakeholders to find what they are looking for. In 2019, we will install Vion webcare to facilitate discussions and allow proactive engagement with our audiences.

Vion will continue to strive for openness and transparency, with a special focus on the following 4 themes: food safety, animal welfare, traceability and product integrity, and transparency in communication. We believe that building strong supply chains, building trust between partners and open communication will facilitate the sustainable development of Vion and its stakeholders.

Open days

In Germany, Vion sites Perleberg, Waldkraiburg and Emstek held open days for local communities. During these open days, stakeholders were welcomed to see all activities and ask questions about the processes.

Symposium at Vion Emstek location

In September, Vion organised a symposium at its location in Emstek. 170 stakeholders participated in an inspiring dialogue about the theme 'food chains of the future'. At the end of the symposium, Bundesminister Barbara Otte-Kinast (of Food Supply, Agriculture and Consumer protection) and Vion's CEO Ronald Lotgerink launched a new camera surveillance system in the live animals' area of the Vion Emstek location. This contributes to animal welfare and a transparent way of working.

Preview new location Leeuwarden

In January, Vion organised a preview for stakeholders and customers at the new beef abattoir in Leeuwarden, in the north of the Netherlands. Vion invested almost 20 million euros in the site, which is equipped in accordance with the latest animal welfare and environmental criteria.

Zembla TV documentary

In December 2018, the TV documentary programme 'Zembla' did a show about legionella in water purifying installations. In the documentary, the footage shown included Hydrobusiness, the company Vion hired to clean the water from our facility in Boxtel. In close cooperation with health authorities, Hydrobusiness and the mayor of the City of Boxtel, we set up a crisis team to create capacity for information sharing and problem solving for the community. Read more about our approach in the topic 'Nuisance for neighbours' on page 111.

Dialogue with The Save Movement NGO

The Save Movement is composed of groups around the world who bear witness to pigs, cows, chickens and other farmed animals en route to slaughter. They want to raise awareness about the plight of farmed animals, to help people become vegan, and to build a mass-based, grassroots animal justice movement. The Save Movement visited Vion in Boxtel 3 times in 2018 for a Pig Save and 1 time in Leeuwarden for a Cow Save. During these Saves members take pictures and video footage. The Save Movement is invited by Vion to comfort the pigs on the premises of Vion to prevent dangerous situations. In Boxtel close to the parking area of the trucks that transport the pigs, a designated area is created for The Save Movement to express their compassion to the animals. Compassion for animals is a fundamental principal that guides both The Save Movement and Vion in this dialogue.

External recognition

Hamel Business Award

The Hamel Business Award 2018 was awarded to Vion on 19 October in Seoul, South Korea. The Hamel Business Award is an award for companies which make substantial contributions to business and economic relations between Korea and the Netherlands. Winners of the award are selected by an independent jury, based on business performance, innovations for a sustainable future and contributions to Dutch-Korean economic relations.

Animal welfare label 'Für Mehr Tierschutz'

Animal welfare label 'Für Mehr Tierschutz' was awarded to three Vion facilities in 2018. Bad Bramstedt, Waldkraiburg and Buchloe are the first German slaughterhouses to bring onto the market beef products from dairy cows with animal welfare label 'Für Mehr Tierschutz'.



The view of...

Monika Milz

Chairman of the Dutch Transparency Benchmark jury

"The Netherlands has a particularly good name in the agricultural world, but there is also a lot of criticism."



How important is the Transparency Benchmark for companies such as Vion?

"From an international perspective, it is extremely important for companies to obtain and retain a good market position. The Netherlands has a particularly good name in the agricultural world, but there is also a lot of criticism. The producers and the government realise that it is important to apply a quality benchmark for a sustainable future. If you ask Dutch astronaut Andre Kuipers what he saw from space, he would tell you that the Netherlands is unbelievably illuminated. Our air is extremely polluted and, as a densely populated country, our way of living is extremely damaging for the environment. We are an incredibly densely populated country with many animals. And we are also a coastal country. Large vessels arrive in the Port of Rotterdam with cargo from across the world. Where soya, which forms a basis for all kinds of animal feed, arrives and is processed into high-quality animal feed. We transport this animal feed from the port to the farms and the meat industry, which then sells its high-quality product in the international market. And in all these steps, money is earned and people are employed."

Managing nature

"Someone once told me that the Netherlands is the world's biggest producer of "shit", and that's true. But this manure is valuable. And if you can see it this way and you're prepared to investigate how you can produce raw materials from this manure and how you can create a target group from these very highly educated farmers, then you can kill two birds with one stone. That's the future for agricultural entrepreneurs who, as well as being producers, contribute throughout the chain to manage our living environment. And to achieve a better balance regarding the environmental load."

Intensive livestock farming puts intense pressure on our surface water, our soil and our air. But the answer is not to prohibit the farming community and everything associated with it; the answer is to search for solutions that are sustainable and that fit within the current interpretation of circularity. Because this knowledge has become much broader over the past twenty years. The knowledge we had at the turn of the century has largely been replaced with new knowledge. If we look now at the agricultural supply chain, you still see the glorification of the farming community with the conservatism of those days, but when

I visit a modern farm, I see very modern, well-educated and creative managers of high-quality production processes. In many cases they have an even higher sense of responsibility than in many other production processes."

"Search for solutions that are sustainable and that fit within the current interpretation of circularity."

Meat as industry product

"The challenge of our time is that we shouldn't confine ourselves to simplistic good and bad philosophies, but that we should accept life as it is. We shouldn't avoid the issue. We should use the high-quality knowledge and skills that we have here in Western Europe to feed other, less successful economies. We need to learn to communicate in openness and transparency and be respectful of other people's choices.

I find it important that children realise from an early age how important good nutrition is. In a nuanced way. In societal communications the supply chain "from farmer to plate" is much more important to explain how nutrition affects the health of a person. The way to conduct that conversation in the supply chain should be, as we say in German: "Ein Gespräch auf Augenhöhe". You take each other seriously and you search together for improvements that are possible. And when I'm talking about the supply chain, I mean right up to the health insurer. Because a poor diet or incorrect nutrition has a tremendous impact on healthcare costs in our society. In doing this, we're really working on the foundation of sustainability. Here, supply chain transparency is the start of chain communication, you could say. You learn from this, you progress and you innovate."

"We need to learn to communicate in openness and transparency and be respectful of other people's choices."

Nutrition is medicine

"In a society with high levels of obesity, you should aim to do business responsibly. What are we actually doing? We suddenly see diabetes occurring in societies that were previously very healthy. This can't be happening! Taking supply chain responsibility is also a step in the direction towards being accountable. And you clarify this in a report like this one. A step further is that you are creative in your decision-making and introduce the participation of important players to that chain. Because as soon as you do that, you show that you take it very seriously and you arrive at new solutions that are good for more than just your returns."

'Build a system of young entrepreneurs who broaden their horizons in the chain'

"My gut tells me that we're now at a turning point in society and the fascinating part of the Vion world and the supply chain is that it is as old as the road to Rome. Particularly in the agricultural world, governing together provides strength; use this governance in its societal function and don't only think about returns or your company's own horizons.

I'm convinced that there are also young entrepreneurs in livestock farming who would like to broaden their horizons with other parties in the supply chain. This would result in a generation of entrepreneurs who can gain a lot more knowledge at the start of their careers. An additional advantage is that, in doing so, you increase the competences in the supply chain and build a training system into the supply chain, which strengthens the whole chain. This produces knowledge and thus the innovation strength for a sustainable future. Because to manage the supply chain well, you first need to study it very closely."



Traceability and product integrity



The topic

Consumers want to know the origin of their meat and to receive information about the welfare of the animals. Traceability helps to provide these insights and thereby drives the improvement of animal welfare and sustainability in the supply chain.

Product integrity and the correct labelling of products are fundamental for being a trustworthy supplier for our customers and the more than 100 million consumers that consume our meat every day.

Traceability and product integrity are also instrumental to ensure food safety and to minimise the possibilities of food fraud.



Boundaries

To provide insights to our consumers, we work together with our suppliers and our customers to improve our traceability and product integrity. To reach 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 our meat products are derived from animals that are fully traceable. Animals are marked by ear tags or other unique forms of identification. The underlying databases allow for traceability to the place of birth for all the pigs and cattle that we slaughter.

After slaughter, the carcasses and deboned products are kept in separate batches, each with the same specifications. Typical batch specifications are: the same origin, quality programmes (e.g., organic, "Geprüfte Qualität Bayern", Good Farming Star), breeds and production dates. All relevant information is placed on the consumer pack labels, which provides guidance in the consumers' choices. The end product is always traceable to a small group of livestock farmers.

Traceability is routinely tested in all Vion plants as part of internal and external audits. Trace tests are initiated on a random product and the results are verified and reported. Technologies such as the GS1 system, Mynetfair or the proprietary systems of key customers are supported and enable our customers to communicate specific product related information, such as the origin of the animal and slaughterhouse, via the QR-code-based internet services. Vion has also developed systems that assure traceability of single beef steaks in consumer packages back to a specific farm. We expect strong developments in the coming years, especially in the field of data transfer. It is important to define, together with the providers of these technologies, what additional data should be collected along the supply chain and which data should be communicated to the consumer, such as the farm of origin. Together with other stakeholders in the pork supply chain, Vion is developing a product traceability system which works by monitoring the DNA fingerprint of animals at the farm. With this technology, the end user is able to check the origin of the product with a simple DNA test that shows the farm of origin.

Product integrity

In organising product and process integrity, supply chain transparency 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, Vion works with many stakeholders, including the Dutch Standard Setting Agency (NEN-ISO), the German International Featured Standard (IFS Food), the German integrity system Orgainvent, and the Herkunftssicherungssystem LQB-Herkunft of the Landwirtschaftliche Qualitätssicherung Bayern GmbH.

In recent years, Vion was pilot partner in developing and setting up the new Dutch Centraal Bureau Levensmiddelenhandel (CBL) Integrity Assessment. Independent external assessors supervise Vion's operations in relation to traceability and its product integrity processes in an integrated way. Vion is cooperating with these standard setting bodies to develop this CBL integrity assessment to be an internationally recognised assessment within the IFS family. In November 2018, the integration of CBL within IFS product integrity assessments has been adopted by the IFS steering committee, of which Vion is a member. The first assessment within the IFS environment will be carried out on Vion's premises in 2019. These integrity assessments require evidence on how the company assures and verifies product related information on labels, including:

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

With the revised IFS standard version 6.1, the chapter 'Food Fraud' has been included in the audit's scope. Since July 2018, with the help of IFS certification, we are checking on the extent our company protects itself from food fraud. This requires extensive analysis of the flow of goods in order to identify potential dangers and to implement preventive measures. This is particularly intense for our meat production sites, where a variety of ingredients – such as spices – are purchased from external suppliers.



Traceability and product integrity

Outlook and targets

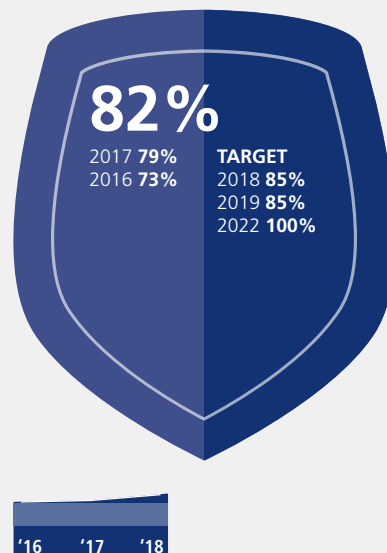
Vion will continue to work according to independent integrity systems. The IFS product integrity assessments will be rolled out on German sites in 2019. Our ultimate target is to have all of our sales volumes approved under a specific integrity standard.

- Target 2019: 85%
- Target 2022: 100%

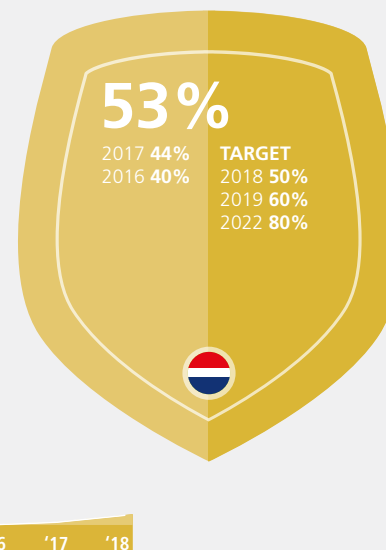


Results

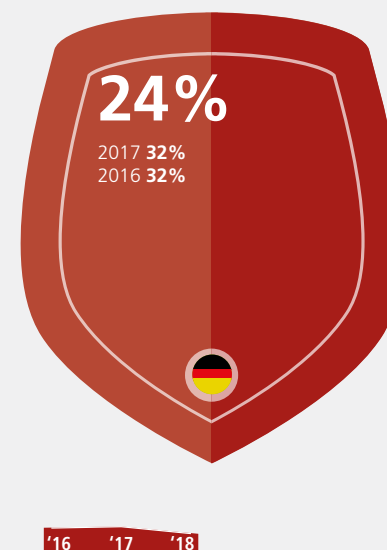
% external sold volume with a specific integrity standard



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



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



Clarification of the results

The CBL product integrity assessments are demanded by Dutch retailers in the market programme "Varken van Morgen", which is adopted by all Dutch retailers for fresh pork. The translation of the CBL Integrity Assessments into an independent assessments within the International Featured Standards (IFS) family has been realised during 2018. It is expected that the Product Integrity Assessment of IFS will be available for manufacturers outside the Netherlands from the second half of 2019 onwards.

So far, the Orgainvent 'Herkunft' Standard and the LQB-Herkunft are only operational in Germany and is mainly related to beef, respectively beef and pork. These standards offer state-of-the-art independent traceability and

integrity certification. The decrease in percentage external sold volume from plants with German Orgainvent or LQB-Herkunft integrity standard is especially caused by the decrease in beef sales volumes in these plants.

Other certification standards (such as QS, tested quality – Bavaria "GQ-Bayern") that include requirements for traceability and product integrity are not considered in these topline results but are in use by Vion. Therefore, all of Vion's sales volumes are subject to some form of external certification regarding traceability and product integrity.



Animal-friendly husbandry

The topic

Vion, as a processor of 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 farms. In the supply chain of meat retailers, food services and producers are cooperating with other stakeholders to match the increasing demand for more animal-friendly meat in the market. This is resulting in an impressive improvement of animal welfare at the farms. However, as an entity in the middle of the supply chain, Vion can offer the market the choice of 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

Compliance with the legal standards for animal welfare in the 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 its stakeholders in the supply chain to further elaborate and strengthen the relevant programmes for Good Agricultural Practice, especially IKB, QS and GlobalGAP.

To meet the societal demands for higher animal welfare standards in animal husbandry, Vion provides its 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 production, 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' (awarded '1 star' by Beter Leven Keurmerk) and 'De Groene Weg' (organic and awarded '3 stars' by Beter Leven Keurmerk).

The German Animal Welfare Association has published guidelines for the beef marketing programme 'For More Animal Welfare' in the summer of 2018 in Germany. This includes special animal protection criteria which distinguishes between entry level (one star) and premium level (two stars). The Vion Beef Division has become the first beef producer to have several slaughterhouses certified according to the German Animal Welfare Association's criteria and markets the meat of these certified animals. All these programmes create a substantial and economically feasible market access for farmers that produce animals according to these animal welfare schemes.

Improved animal-friendly husbandry through exchanges of data

Vion has made a commitment 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. Through 'FarmingNet®', farmers in the pig sector currently receive data from slaughterhouses and in future this will also apply to the field of cattle. The OPTIcow project, conducted in collaboration with ZLTO, connects the dairy farmer to the slaughter data of his individual cattle. With this data, the dairy farmer, the nutritionist, and the veterinarian can improve the health management of a herd.

Pigs

Netherlands

In the Netherlands, together with several 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 '1 star' from Beter Leven Keurmerk. The main differences between '1 star' by Beter Leven Keurmerk and regular husbandry are:

- The pigs have more space.
- The pens are enriched with objects to create a more attractive environment for the animals 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. Vion is fully transparent in this market programme, and provides individual farmers with the possibility to tell their own story to consumers. When buying these products, the consumer can scan a QR-code on the product package and follow the end product



Animal-friendly husbandry



back through the supply chain, right to the farmers (www.goodfarmingstar.com).

Vion delivers organic pork via the 'De Groene Weg' market programme, which originated 37 years ago and is a steady market leader for organic meat. The pork produced under this programme fulfils the EU organic and the '3 star' Beter Leven Keurmerk requirements.

The main advantages in the organic system are:

- The pigs have more space.
- The pens are enriched with straw bedding.
- The pigs have outdoor access.
- The transportation time to the slaughterhouse is a maximum of 6 hours.

The supply base has increased further as De Groene Weg has grown from 85 Dutch organic pig farmers in 2017 to 95 farmers in 2018. The organic pork is mainly produced for the Dutch and German markets. In 2018, De Groene Weg reached the milestone of processing over 100,000 pigs in the Netherlands.

Germany

Vion has used the experience of this animal welfare label to provide input as a partner of the 'Initiative Tierwohl' (ITW, animal welfare initiative) in the development of the concept, which is being implemented together with retail partners (www.initiative-tierwohl.de). Within this system, several German retailers annually collect € 80 million that is transferred to the 2,248 participating pig farmers who raise their pigs with additional requirements that they can choose from a set of modules concerning animal welfare and sustainability. The first phase of 'animal welfare initiative' ITW has expired. In the second phase (2018 - 2020), further mandatory criteria now apply, such as 10% more space and the use of organic material to play with.

Vion also participates in tests to ensure the product's economic efficiency in the pork sector. These tests examine the customer chain and will show to what extent consumers are willing to pay for additional animal welfare.

Public debate on pigs

To improve animal welfare on farms, Vion contributes through many years of research and development, and actively participates in the public debate. In support of raising entire boars, Vion supports scientific studies in which a system to detect tainted boars was developed to prevent any negative organoleptic effects on the meat. Our detection system allows Vion to accept all the pigs from farmers that raise entire boars, reducing the need for castration. Vion supports the LabelFit project of the Education and Knowledge Centre (LSZ) in Boxberg. This organization is the competence centre for pig production in Baden-Württemberg. The aim of this collaborative project involving stakeholders from science, industry and associations is to gain insights in the piglet production of the German Animal Welfare Association's label for 'More Animal Welfare' and to obtain findings on how animal husbandry with an intact tail can be achieved. Vion provides its extensive network and experience from previous projects.

In 2018, Vion continued to contribute to specific public debates, mainly through round table discussions, conferences and R&D projects. The main areas have been: ways to minimise the tail docking of piglets; organ findings and their use for health management in pigs; transport of animals at extreme temperatures; and the good health of animals with reduced antibiotic use.

Cattle

Vion mainly slaughters dairy cattle and the offspring of dairy cattle. As such, Vion contributes to the use of by-products of 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. Dual-purpose breeds, such as Simmental, are not only seen as providing more tasty beef and their production as being more environmentally-friendly, but their robustness also generally related to fewer diseases and a longer lifespan of the cows. More than 45% of our cattle are either pure Simmental or are cross-breed dairy/beef. Vion pays a higher price for these



Animal-friendly husbandry



animals and sells the Simmental beef through 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 delivers organic beef through the 'De Groene Weg' concept, in which beef is produced according to the EU organic requirements. These are likely to become premium levels within the animal welfare label, as the organic requirements already contain a number of advanced animal welfare requirements including the requirements for floors, larger spaces in stables and mandatory outside access.

Germany

Vion is member of a task force which developed the requirements of the label 'For More Animal Welfare', aiming to establish these criteria as the standard for dairy cows of the German Animal Welfare Association. On 1 July 2018, the German Animal Welfare Association published guidelines for the marketing of beef with this label. Vion Beef Germany was the first to have several slaughterhouses certified in August and September 2018 according to the criteria of this label. Since then, Vion has been slaughtering dairy cattle from more than 50 farms under this programme.

Public debate on cattle

Within the beef sector, there are also several 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 provides this information as feedback to the farmers. During 2018, 0.4% of all female cattle processed 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.

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 regarding their management and reporting of farm animal welfare. In 2018, Vion improved its performance to Tier 2 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 report concerning 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.bbfa.com.

? Dilemma

The introduction of a substantially higher level of animal welfare in meat supply chains has shown to be successful when the retailers, meat processors and food service creates a market with a product that is recognised for its higher level of animal welfare by the consumer. Cooperation with animal welfare NGOs is absolutely necessary in this respect. But the consumers also need guidance when choosing a product on the shelf. Transparency of the farmers with all kind of communication instruments, such as websites, is needed, and all the stakeholders really need to cooperate before this will fly.

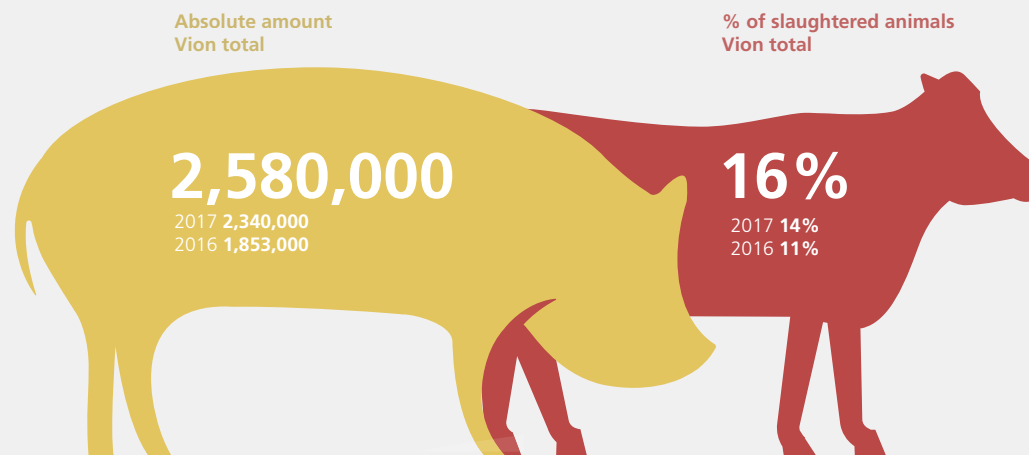


Animal-friendly husbandry



Results

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



Absolute amount the Netherlands

2016	2017	2018
1,156,000	1,526,000	1,366,000



% of raised under certified higher animal welfare requirements in the Netherlands

2016	2017	2018
16%	21%	18%



Absolute amount Germany

2016	2017	2018
697,000	814,000	1,213,000



% of raised under certified higher animal welfare requirements in Germany

2016	2017	2018
7%	9%	14%



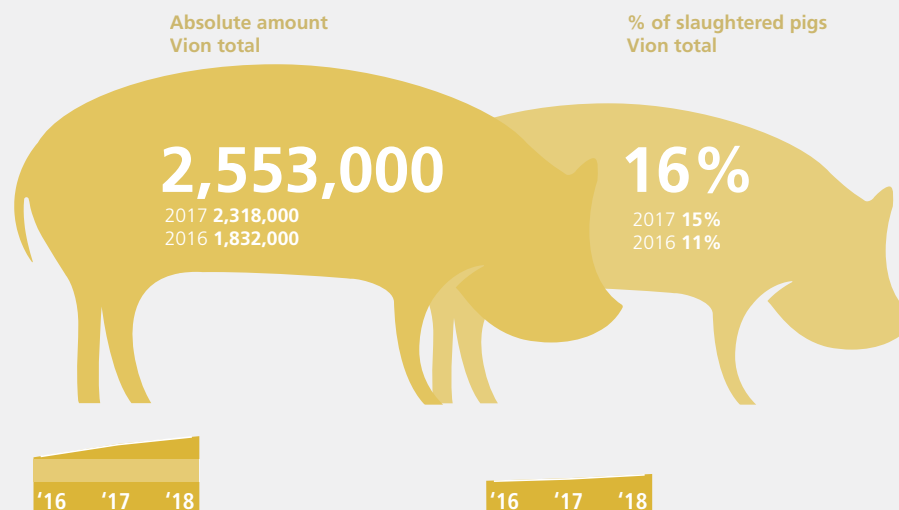


Animal-friendly husbandry



Results

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



Absolute amount the Netherlands

2016	2017	2018
1,155,000	1,523,000	1,363,000



% of raised under certified higher animal welfare requirements in the Netherlands

2016	2017	2018
16%	21%	18%



Absolute amount Germany

2016	2017	2018
677,000	795,000	1,190,000



% of raised under certified higher animal welfare requirements in Germany

2016	2017	2018
8%	9%	15%



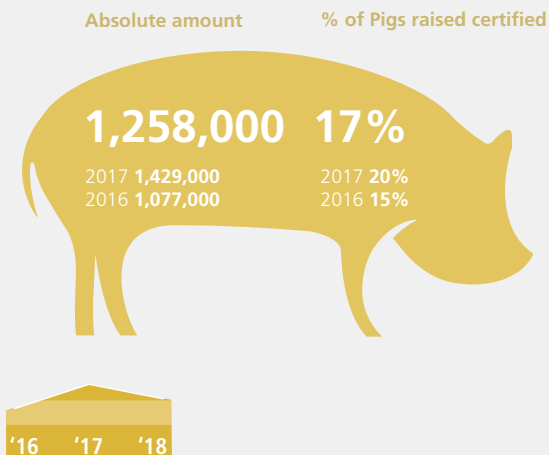


Animal-friendly husbandry

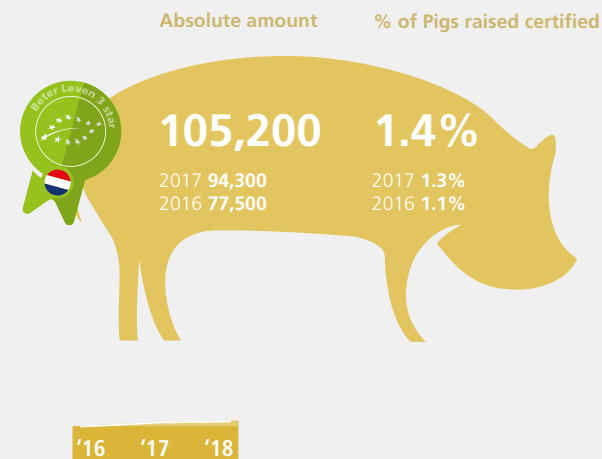


Results

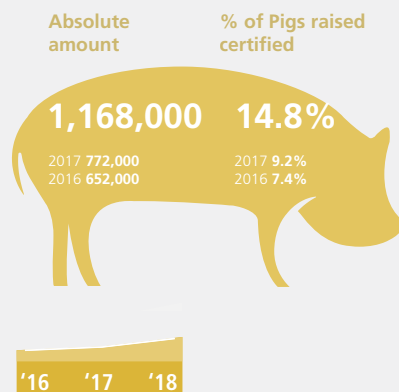
The Netherlands: Beter Leven 1 star



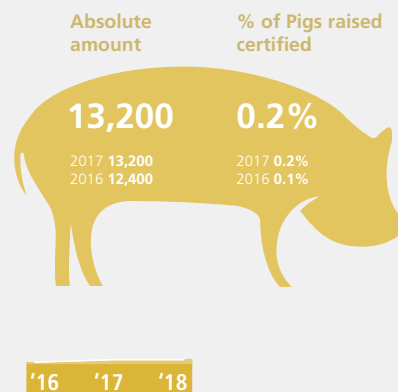
The Netherlands: Beter Leven 3 stars / EU Organic



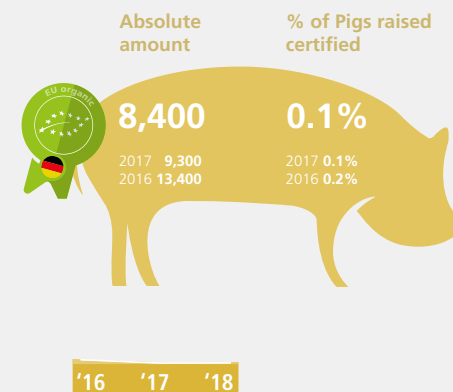
Germany: Initiative Tierwohl



Germany: Für Mehr Tierschutz 'Einstiegsstufe'



Germany: EU Organic





Animal-friendly husbandry



Results

Entire boars (not castrated) of total male pigs slaughtered



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





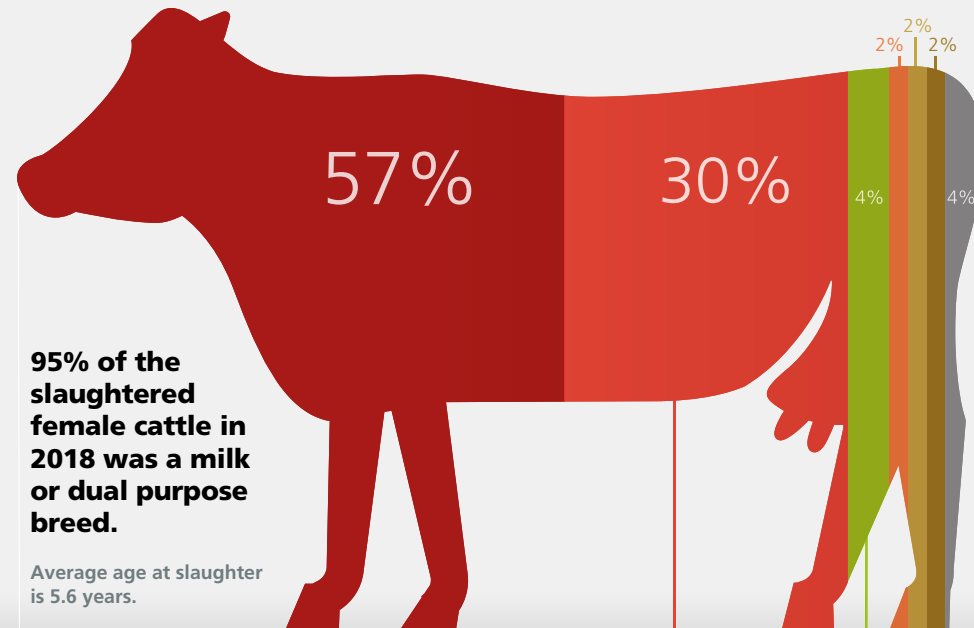
Animal-friendly husbandry

Outlook and targets

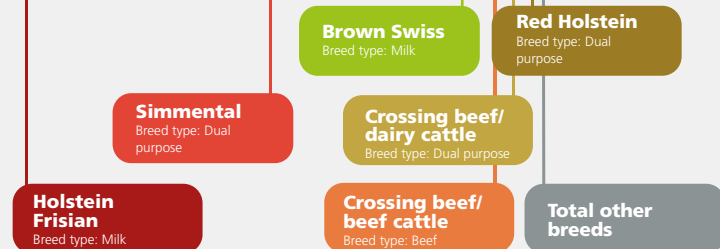
- Enhance our role as the market leader of animal welfare certified pork and beef in our home markets of Germany and the Netherlands. Explore the market possibilities in other markets.
- Seek further opportunities to enlarge the percentage of animals that are raised under animal welfare programmes by bringing the demand and the production to a higher level.
- Play an active role in animal welfare topics of public concern and contribute to practical solutions through our own research and development.
- Continue to dialogue with NGOs on animal welfare issues in the entire supply chain.
- The ambition for 2018, to develop and operationalise the Dutch Beter Leven Keurmerk for dairy cattle, was shown to be too ambitious given the complexity of the sector. Nevertheless, Vion is still striving to realise such an animal welfare label for cattle during the coming years.
- Creating transparency about the label's content so that the consumer can make a well-informed choice.

Results

Breed types slaughtered female cattle*



* Percentage of slaughtered female cattle.



Clarification of the results

The number and percentage of slaughtered pigs raised according to 'Beter Leven' 1-star requirements have declined due to less demand despite sufficient supply.

In the Netherlands, we only slaughter Holstein Frisian dairy cattle.



The view of...

Simon Sedlmair

Cattle Breeder and Pioneer
of 'Für Mehr Tierschutz'

Simon Sedlmair is a proud farmer. Supported by a pitchfork, the 60-year-old stands happily smiling in the middle of an open stable where his 300 dairy cows enjoy plenty of space. You can see they're having a good time. Sedlmair has no complaints. He is a pioneer in the animal welfare label for cattle, and has been enjoying good business with his Fleckvieh cattle which is resting, eating and running around behind him.

The Sedlmairs farm is out on the green meadow in Puchschlagen, a small farming village in Upper Bavaria. There is a wonderful wooden stable, the technical equipment for the dairy industry is connected in an ultra-modern glazed tract. A Gropper dairy tanker is parked in front of the gate. "We've got the dairy industry running through our veins," says the farmer. This shouldn't be overlooked. And as proof he lets the numbers speak for themselves: 2.5 million litres of milk per year - on average, his animals deliver 9,800 litres. This is remarkable for Fleckvieh cattle, a dual purpose breed. Simon Sedlmair and his sons Simon (32) and Mathias (33) rely on milk and meat. They were among the first to have been



"Adding value is important."

certified by the German Animal Welfare Association for the animal welfare label for milk. And since August 2018, the farm has been delivering its cows to Vion for the animal welfare label for beef. The cows come from controlled farms that have been delivering their milk to dairies certified for the animal welfare label for a long time. The Sedlmairs did not need persuading, as a meat supplier, they were immediately onboard.

"I've always looked at where I'm better and where I have room for improvement," says Simon Sedlmair. "Adding value is important and if I can add to it, then I will." His two sons focus on the welfare of the animals. "I don't mind," says the father. And so they put the entire farm onto the animal welfare label, because a parallel approach is not allowed. The most important is intensive observation of the livestock, which can result in diseases being discovered at a very early stage. The basis for delivering the milk for the animal welfare label was already laid when Gropper dairy launched the programme in 2013 and was looking for suppliers. But the other criteria are also met by the Sedlmairs: Dehorning the calves and closing off the blood vessels may only be done

with painkillers and under sedation by a vet, the animals must be given the opportunity to scrub themselves, e.g. be given rotating brushes, and organic bedding material to increase their comfort. A running surface of at least six square meters must be available per animal, and tethering is prohibited, of course.

The initial impulse for the animal welfare label for beef came in 2018 from Vion. According to the strategy, if the Fleckvieh cattle deliver milk for the label, then the meat must also be marketed according to the German Animal Welfare Association criteria. This is especially well-suited to the Simmental Fleckvieh cattle, developed as a dual-use breed by Vion in recent years as a quality brand.

Simon Sedlmair, along with other farmers, now delivers his cows from the animal protection label programme to Vion's slaughterhouses certified by the German Animal Protection Association for the label in Buchloe, Waldkraiburg and Bad Bramstedt. For Simon Sedlmair, the investment in the new barn pays off twice. He sells his milk and also the meat now for a premium due to the animal welfare label.



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 for veterinary reasons. 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, Vion recognises that there is a need to strictly regulate and enforce the use of antimicrobials in today's livestock production. The regulatory framework already ensures that the administration of growth promoting substances or the preventive use of antibiotics are not allowed. Prescriptions of antibiotics and their administration can only be performed by veterinarians after visiting a farm, and last-resort antibiotics can only be used 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 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. To secure animal welfare, a farmer must have the ability to treat a sick animal. Antibiotics that are not crucial for humans are available for this purpose. Pigs from herds that have been treated with antibiotics that are a last resort to humans, such as 3rd and 4th generation cephalosporins, are not accepted by Vion. Farmers are required to declare the use of antibiotics and veterinary drugs to Vion prior to slaughter.

Furthermore, the competent authorities, as well as Vion, run monitoring programmes on the presence of antibiotic residues in pork and beef. Close to 100,000 pork and beef samples from around 50,000 animals were taken in Germany and the Netherlands in 2018 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 charts for the results). In 2018, the most frequently found excessive residue was benzylpenicillin (9), followed by oxytetracycline (5) and doxycycline (4). Farmers who supply animals which exceed the MRL are contacted to ascertain the cause and are prompted to take

measures to prevent this from happening again in the future. Meanwhile, the deliveries from those farms to Vion are put on hold until these measures are effective.

Scientific research on reductions of antibiotic usage

Vion is actively involved in different scientific projects concerning antimicrobial resistance. 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 via food. In 2018, an EU-funded 5-year project on antimicrobial usage and transmission of antimicrobial resistance genes, in which Vion participated, came to an end. This project showed that antibiotic usage varies widely across Europe. Intervention studies on farrow-to-finish pig farms showed ways to further reduce antibiotic usage. However, usage in the Netherlands has already decreased substantially in the past decade. We expect a further decrease to be achieved through coaching individual farmers and also by finding an optimal balance between animal health, welfare and productivity. To study this concept in more detail, Vion enrolled in an EU-funded research project to look at the potential of precision livestock farming to reduce antibiotic usage further. The project started in February 2019.

? Dilemma

The main item of concern for public health is the spread of antibiotic resistant bacteria and resistance genes. The risks need to be mitigated, resulting in a demand to reduce antibiotic use as far as possible. However, such a reduction needs to be conscientious, and not lead to animal suffering. Figures have shown that a multi-effort control programme in the full supply chain is effective in reducing the need for antibiotic treatment. With this effective programme, it is still possible to cure sick animals for reasons of assuring animal health and welfare and preventing the spread of disease by using antimicrobials that are not crucial to humans.



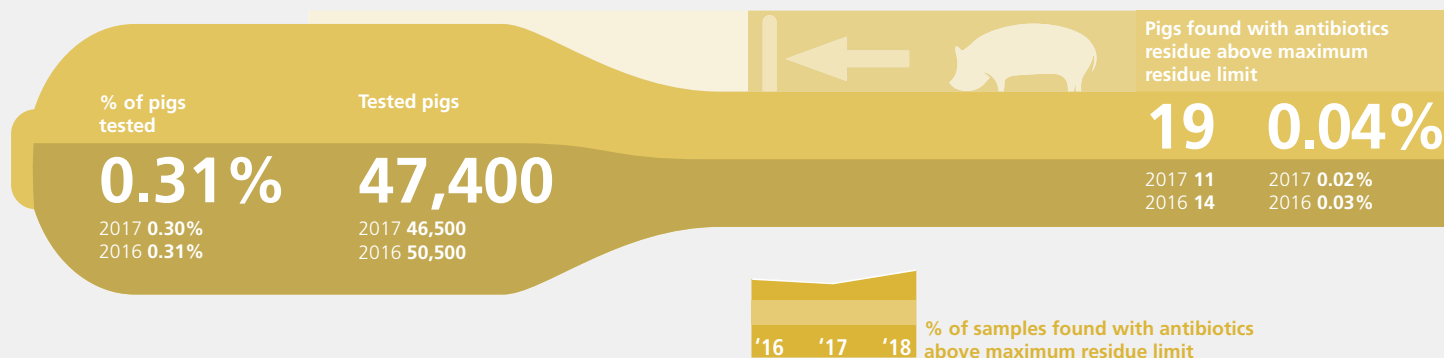
Antibiotics

Outlook and targets

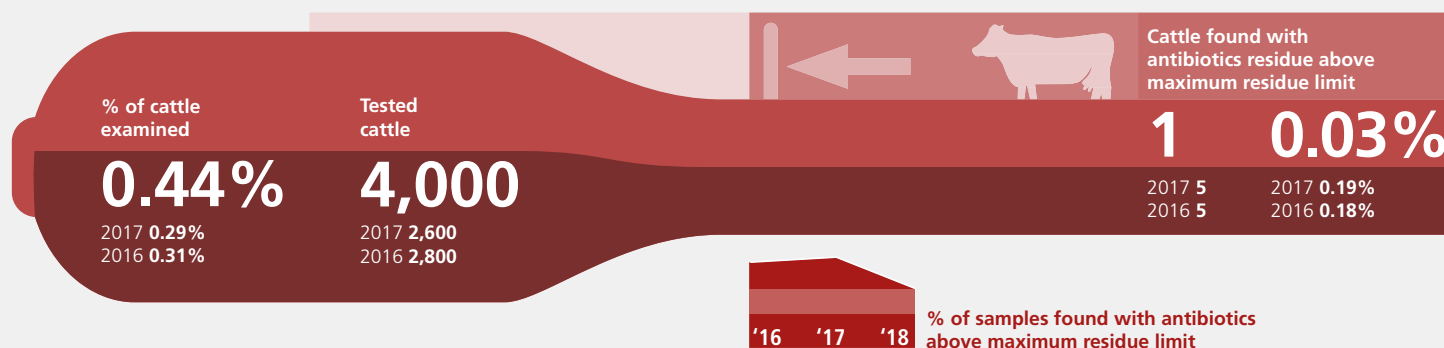
- The data on antibiotics shows that the clear majority of farms now reach acceptable levels. The relatively small proportion of farms that have not been able to do so will be further supported and stimulated to reduce antimicrobial use.
- In Vion's strategy, critical antibiotics are restricted from use on farms and the antibiotic usage is further reduced as far as possible, while balancing safe antibiotic usage with animal welfare.
- Vion will put an emphasis on increasing knowledge on the health protection of livestock using innovations to guarantee the welfare of the animals. One of the benefits of such an approach will be a further reduction in the use of antibiotics.

Results

Pigs found with antibiotics residue above maximum residue limit



Cattle found with antibiotics residue above maximum residue limit



Clarification of the results

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



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 based on science.

Boundaries

The impact is made by both scientists and the media. Vion collaborates with science and the media to show 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 Vion actively works together with independent research institutes. It is important that consumers receive a full picture of scientifically valid information: therefore, Vion provides its stakeholders with the outcomes of these research projects.

Meat is a good source of proteins, minerals and vitamins in a healthy diet

The protein content of meat is about between 22% and 27%. It is of a high quality and contains all 8 essential amino acids needed for the growth and maintenance of the human body. Proteins of animal origin are more easily digested and absorbed more quickly and effectively by the body when compared to plant proteins^{1,2}. Meat contains creatine, a nitrogen-containing compound that improves protein synthesis and provides muscles with energy, encouraging healthy muscles.

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. Meat contains minerals that are relevant for muscle growth like zinc, which promotes muscle repair, and iron, which boosts energy levels and combats fatigue.

Role of meat in muscle growth and strength

Vion is focusing on the impact of essential amino acids on the muscle protein turnover in relation to muscle strength. For children, an 80-100 gram portion of most types of meat, representing 20 to 25 grams of high quality protein, is a simple way to achieve their daily protein intake of essential amino acids. In addition, 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 children³.

As an adult, meat's high nutritional density can help in limiting calories but not essential nutrients. Several studies suggest that diets with a higher proportion of protein are effective for healthy body weight. Meat proteins may also contribute to satiety and therefore reduce overall energy intake. The energy resorption of protein is substantially lower than that of carbohydrates and fat.

Our muscles are constantly under construction and are being refreshed by so-called catabolic (breakdown) and anabolic (build up) processes. Every two months, we basically construct a new set of muscles. As we get older, our muscle mass begins to decline. The muscles represent about 45% of the body weight between the ages of 20 and 30; dropping to only 27% by the age of 70. The consumption of 1.0 to 1.3 g of protein per kg of body weight per day, combined with twice-weekly progressive exercise, reduces this age-related muscle mass loss⁴. Furthermore, recent reports show that an evenly distributed consumption of protein during the day is very relevant for the elderly to maintain their muscle mass. Protein of animal origin is the ideal source of protein for the elderly. A protein intake of 20-25 gram four times during the day is suggested if you want to promote health.

Grams of protein per food item

Food item	Serving size	g protein per serving
Egg	1 medium egg	8
Milk	200 ml	7
Green beans	100 g	3
Pork tenderloin	100 g	23
Walnuts	50 g	7

Source: www.voedingswaardetabel.nl/voedingswaarde



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 health benefits of meat outweigh the negatives, it is recommended to maintain a balanced diet according to the required needs per age group.



Protein enriched product development

In 2018, Vion developed fat reduced meat products with a higher percentage of proteins and less calories than regular products. Vion is further studying the possibility of producing protein enriched meat products. 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. It would be beneficial to eat a protein enhanced snack later in the evening to have sufficient essential amino acids available for the muscle protein turnover during a night's sleep.

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 to remain healthy⁵. 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 is directly linked to heart disease and cancer.

Fears have grown about the amount of fat in all meats, particularly saturated fat. Meat is often viewed with concern for the health of the heart, but not all the scientific studies agree on this point. Traditionally, too much saturated fat was thought to increase the risk of cardiovascular disease and high cholesterol. However, progressing research suggests that individual saturated fatty acids have their own important biological functions in the body and may play a role in cancer prevention by stopping the development of cancer cells, as well as being involved in the cell messaging and immune functions⁶.

The World Cancer Research Fund (WCRF) has published data with convincing evidence that there is an increased risk of cancer with the consumption of more than 50 grams of processed meat per day during an entire lifetime⁷. The meat industry has been reducing the salt and nitrite levels in most meat products. These new figures suggest that the reduction of salt in processed meats, and specifically, the substantial

reduction in the use of nitrite and nitrate salts, is starting to have an effect on the cancer risk reduction. The dilemma is that a further reduction in nitrites is difficult to achieve without increasing other bacterial related health risks. The consumption of 50 grams of processed meat on average per day is not common in European meat consumption. Vion advises all consumers to eat moderately and consume a large variation of food items, together with sufficient exercise for the body.

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The view of...

Tom Dumoulin

Dutch Professional cyclist in the German Team 'Sunweb'

"As a top athlete, good protein is crucial in the diet."



Photographer: Cor Vos

Tom Dumoulin is currently the best cyclist in the Netherlands who has achieved some notable successes: In 2018, second place in the final ranking of both the Giro d'Italia and the Tour de France; in 2017, winner of the Giro d'Italia and world champion, in both individual and team time trials. After his holiday in Nepal, we interviewed Tom Dumoulin in Maastricht about nutrition and being a top sportsman.

Top sport and food: Do you know exactly what you're eating?

"Yes, these days I do. Two years ago, we started calculating the amount of kilojoules I burned every day. There is a power meter on the bike – I use that to determine exactly how much energy I use during a race or training period. For example, if I cycle for five hours, I calculate how many kilojoules I've burned. I then have to replace that amount of energy with food. But it's always something of an estimate. For instance, if I go for a walk after cycling, I burn more than if I lie in bed for an hour. During a tour, our day is actually very simple: to cycle and rest. So it's easy to calculate our

basal metabolic rate. It differs a little from person to person, but after a bit of trial and error along with monitoring your weight, you get a pretty good idea." Tom is advised by leading professional nutritionists from academic hospitals.

Cycling and ice baths

"We don't do ice baths anymore. Those kinds of hypes come and go. We now know what we burn every day and we can adjust our diet to this. You always want to prevent a situation where your energy is depleted after a few days because you're burning more than you eat. It's not a problem if you eat a bit less at some point, but if you do this for a whole week, you'll hit the wall – something you really don't want to do because it results in reduced performance. Eating too much doesn't help either because you then have to take that extra body weight uphill. The mountain stages are very important, so you have to be the right weight and have enough energy available for your muscles. At the end of a stage, we measure how much energy I've lost and try to pick that up right away. That's how we do it nowadays"

'As a top athlete, good protein is crucial in the diet'

After high school, Tom studied Health Sciences for a year – an excellent foundation for his sports career.

"Yes, I've become pretty knowledgeable on the subject. As a tour cyclist, it's important for me to develop the exact muscles I need for cycling. Other muscles are less important and are actually ballast in the mountain stages. That's why you hardly see me in a gym. Every six to eight weeks, a person's muscle mass is renewed, whether you're young or old, athlete or non-athlete. Based on training and good

"I calculate how many kilojoules I've burned, and replace that amount of energy with food."

Stakeholder dialogue

nutrition, you can precisely determine which muscles are developed and which aren't. 'That was a funny thing during our holiday in Nepal: I had muscle pain from walking in the mountains and my wife didn't! My walking muscles were insufficiently developed, which was the intention of the training. I develop my muscles to deliver good performance in the big rounds; not on the sprint but on the heavy Cols. A sprinter has to, for example, develop his arm and shoulder muscles more to achieve maximum force explosion during the sprint. I'm not trained to do that. This also helps me in the time trials, because then I can cycle at a good flat pace.'

For good muscle mass: 25 grams of protein six times a day

'I spread my protein consumption across the day to achieve the desired level of muscle building. As a top athlete, we learn to consume proteins throughout the day, so that they're always available for building muscle. Muscle breakdown and build-up continues throughout the day, so it's always important to have high quality amino acids available within the diet. I get a large proportion of these high-quality proteins from animal proteins, such as eggs, dairy products and meat. These animal proteins show the desired amino acid pattern for my muscles. A smaller proportion of proteins are of vegetable origin. There is a cyclist in our team who is a vegetarian tending towards vegan and you see that he regularly has difficulty in maintaining his fitness level.'

Is eating protein throughout the day healthy for everyone?

'What you often see people do is eat almost no protein during the day and then eat a large piece of steak at dinner. Doing that means you end up with more than 50 grams of protein which your body can't utilise properly. I consume proteins throughout the day: in the mornings that means meat, cheese and eggs, and during the day I also have meat and other proteins. Before bedtime, it's something dairy again, like curd cheese. During the course, I get my necessary proteins with protein bars and my energy with gels which enables quick or slow absorption at the time I require it.'

'I also enjoy good food!'

'I really enjoy having a barbeque in my garden with some teammates. When it comes to preparing food, I'm very traditional in having meat at home. We ate water buffalo in Nepal, which tasted good and also seems to be very healthy. What you often see with beef is that the leaner the meat, the less tasty it is. Tasty meat often has more fat because that's where the taste is. But water buffalo has a very low fat percentage, yet you still get a juicy piece of meat with a soft structure – it's really tasty.'

"Based on training and good nutrition, you can precisely determine which muscles are developed and which aren't."

"I think the societal debate on meat is important, especially in recent years with these films on animal abuse, which should be addressed. In my view, humans are omnivores, so we don't all have to become vegetarians; eating meat in moderation fits our dietary pattern. For me, it must also be animal-friendly. If the animal has had a good life, during which it could graze outdoors, for example, then I have no problem with it, but the films I occasionally saw on the internet did not make me happy. That kind of abuse has to be stopped and, as with everything, those exceptions must confirm the rule that animals must be treated with respect."



The views of...

Drs. Irene Linders and Maike Blokhuis, Local Public Health Officials at the GGD Noord- en Oost-Gelderland, and Prof. Lisette de Groot, Professor of Nutrition for the Elderly at Wageningen University

"25 grams of protein per meal is our focus."



"The combination of strength training and sufficient protein on the menu is essential for maintaining muscle mass in the elderly."

Getting out of bed, getting up from a chair or making a cup of tea: many such everyday activities can no longer be taken for granted by the elderly. With increasing age, it becomes more difficult to maintain muscle strength and muscle mass. Irene Linders, health promotion advisor at the GGD Noord- en Oost-Gelderland, gladly assists the elderly with this topic. 'In the Netherlands, we want people to be vital and live independently at home as long as possible. This means maintaining independent movement and that requires good basic stability, which reduces the chance of falling. Because that's where it often starts: a fall, a fracture and then you end up in a situation where recovery and returning to the old physical level is so important yet so difficult. However, if muscle mass and muscle strength are up to standard, you see that people can stand and move more confidently. They also need less care or physical aids and they recover faster.'



Source: www.garn.nl

'The cause of decreasing muscle mass and strength lies in the decreasing ability of older muscles to respond to the signal function of proteins or amino acids for muscle building,' says Lisette de Groot, Professor of Nutrition for the Elderly at Wageningen University. 'Older people need more protein to have the same muscle mass as young people.' Under the name ProMuscle, Prof. De Groot carried out a series of controlled experiments

which showed convincingly that a combination of strength training and sufficient protein consumption had a strong positive effect on the muscle mass of elderly participants.

But how can you put this into practice?

This was the reason Prof. De Groot, together with Irene Linders and colleagues, set up the 'ProMuscle in Practice' project. With this project, the functionality and self-reliance of vulnerable elderly people is improved in their daily practice through a combination of exercise and nutrition. Movement is mainly focused on strength training in gyms or during physiotherapy, while diet is focused on the right amount of protein. To begin with, elderly participants are offered a course called 'Fit with Protein' which is designed to increase their knowledge on the necessity and possibilities of protein intake. This course was offered in a number of municipalities by Maike Blokhuis, a colleague of Irene at the GGD.

Maike: 'During the course, we explain what proteins are and why they are important. For example, many elderly people don't know that, in addition to your muscles, your hormones consist of proteins and that proteins are useful for your immune system. They also don't know their protein requirements. In 'ProMuscle in Practice', we aim for a protein intake of 25 g per main meal, ensuring sufficient protein available throughout the day. In order to help them make a conscious and correct choice, we pay a lot of attention to the supply of various protein sources. Reading product labels and using Apps are also discussed. How much protein is there in a product? This way, elderly people learn to make varied, balanced choices which leads to tasty meals.'

Irene: 'A traditional breakfast often turned out to be a rusk with jam and a cup of tea, without protein. The goal of ProMuscle is to enable people to vary and play more with their protein consumption so that, combined with more exercise, it will result in better muscle strength and more muscle mass.'

Prof. De Groot is clear on where animal proteins fit into the diet: 'Proteins of animal origin are the most studied, and therefore most of our findings are based on this. In addition, animal products contain a number of essential micronutrients, such as vitamin B12 and vitamin D, all of which may benefit the health of the elderly.'

Just as in the controlled experiments, good results were achieved in practice. But in addition to improved results in muscle strength and condition, both Irene and Maike noticed the social side of eating.

Irene: 'Eating is really a social activity among the elderly. If you have to eat alone, you also run the risk of eating less. Eating "together" stimulates.'

This social component of taking meals together – in preparation, tasting and talking – is a nice lateral result of 'ProMuscle in Practice' to counter the prevailing loneliness among the elderly.



Organic

The topic

Society is changing – consumers want responsibly produced foods from sustainable food supply chains and a high level of animal welfare. That is why Vion is active in the growing market of organic meat. The turnover of organic meat in the Netherlands is consistently increasing by on average 6 to 7 percent a year. In the Scandinavian countries and France, the growth of the organic market is currently even higher, with more than 20% per year. In the South European countries, the demand for organic meat is also increasing. Next to the direct benefits, the experience gained in our organic market concepts will also lead to new insights and possibilities that the company can apply in other market concepts.



Vion's approach

The Netherlands

Vion's organic concept De Groene Weg

To guarantee a certified value chain, Vion organises the production of organic meat at De Groene Weg. De Groene Weg is fully dedicated towards producing organic meat; both pork and beef. As a central player in the organic supply chain, with an integrated approach from the pig-breeder to the end-consumer, Vion has had 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 the demand and supply. For that purpose, the company works closely with both organic pig farmers and market parties such as its own butcher shops, retail outlets and the Vion international sales agencies. The 95 farmers who supply their pigs to De Groene Weg are members of a suppliers' association. The processing of the organic pigs occurs in Vion's specialised meat processing plant located in Groenlo. In addition to this, De Groene Weg also processes organic beef. These are mainly dairy cows that for the most part originate from organic dairy farms in the Netherlands, Germany, and Austria.

Demand-driven way of working

The market for organic meat is growing rapidly, by on average 7% annually. With 12 butcher shops 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, and the second largest in Europe. Market demand is the basis for the success of 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 North Western Europe; whereas the market for organic beef is predominantly domestic.

Requirements for organic farming

The differences in organic pig and beef farming, compared to conventional 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 products can be used.
- Animals are from an organic origin.
- Specific standards for the housing of animals, such as daylight, space, ventilation, outdoor grazing, and the possibility to conduct natural behaviour.
- Feed is organic, and only a limited part of the feed may consist of concentrated feedstuffs.
- Natural/homeopathic veterinary medicines can be used on the prescription of a veterinarian, and only in specific circumstances will the use of regular veterinary products or antibiotics be allowed.

On top of the EU organic requirements, Vion requires its Dutch organic pork suppliers to comply with EKO-code norms of De Groene Weg. Examples are:

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

Contribution to animal welfare

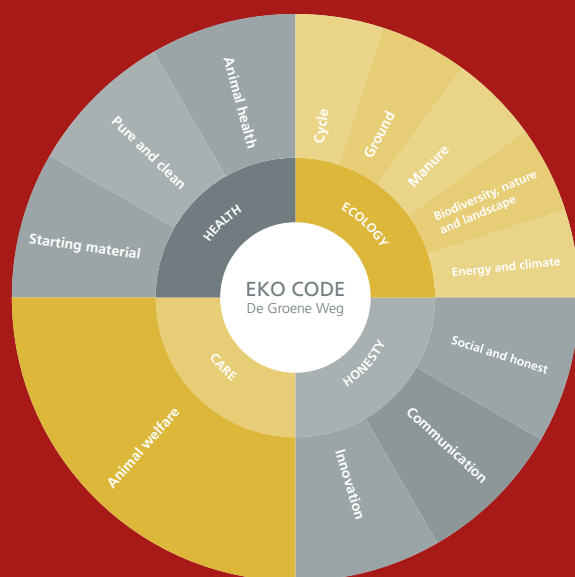
With De Groene Weg, Vion contributes to animal welfare. Organic meat of De Groene Weg has received '3 stars' from Beter Leven Keurmerk (Better Life quality label) of the Dieren-bescherming (Dutch Society for the Protection of Animals). Vion is transparent about the story behind the De Groene Weg meat. Information about the organic farmers within the De Groene Weg suppliers' association is shown on the website of De Groene Weg. De Groene Weg uses a maximum transportation distance for piglets of 60 km to minimise the negative effects on the piglets' health as much as possible. De Groene Weg prefers suppliers who maintain all the stages of a fattening pigs' life on one farm – from birth to the end of fattening – as this reduces the number of transport movements.



Organic

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.



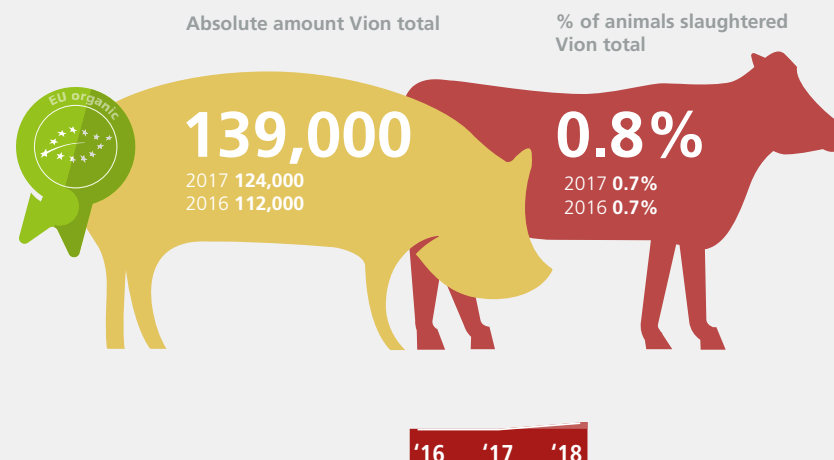
EKO-code for Dutch pig suppliers within De Groene Weg

EKO-code for Dutch pig suppliers within De Groene Weg
De Groene Weg has developed a so-called EKO-code, together with the base of pig suppliers and the 'EKO' foundation. This foundation promotes the development of activities to improve the sustainability of products, including certification with an EKO quality label. With the introduction of the EKO-code, De Groene Weg gives a proactive interpretation to the new requirements of the EKO label (quality mark).

From 1 January 2018, the foundation forms the EKO-label in accordance with the 4 principles of the international organic umbrella movement IFOAM: the principles of Honesty, Care, Health and Ecology. In order to achieve this, the foundation has formulated twelve themes. The EKO-code is a scoring instrument based on these twelve themes, for example the use of renewable energy, soil use, biodiversity and circular economy. Every supplier is expected to set at least two objectives each year, resulting in a higher score in the next year when these objectives are achieved. This approach

Results

Animals slaughtered with EU organic certificate



ensures a continuous improvement of the sustainability of the organic pork chain at De Groene Weg.

Germany

The slaughter numbers for organic pork in Germany are dedicated to one customer. Apart from this, we provide some of our customers with organic pork from the Netherlands. In Germany, the organic production of cattle is growing steadily. Not only is the number of organic dairy farms around organic dairy plants increasing, but the number of organic suckler cow farms is also growing. In 2018, Vion recorded an increase of more than 17% in slaughter of organic cattle, compared to 2017. We will strive to develop this market segment according to the market demand.

? Dilemma

Allowing pigs outdoor access stimulates the natural behaviour of pigs and improves the welfare of the animals. The downside of outdoor access, however, is that exposure to pathogens can occur more easily compared to stables, where the biosafety systems reduce the risk of pathogen introduction. Depending on the pathogen, such exposure might negatively influence the food safety.

	Absolute amount the Netherlands		
	2016	2017	2018
	79,300	94,900	108,000
	Absolute amount Germany		
	2016	2017	2018
	33,100	28,700	31,100
	% of animals slaughtered the Netherlands		
	2016	2017	2018
	1.1%	1.3%	1.4%
	% of animals slaughtered Germany		
	2016	2017	2018
	0.3%	0.3%	0.4%



Organic

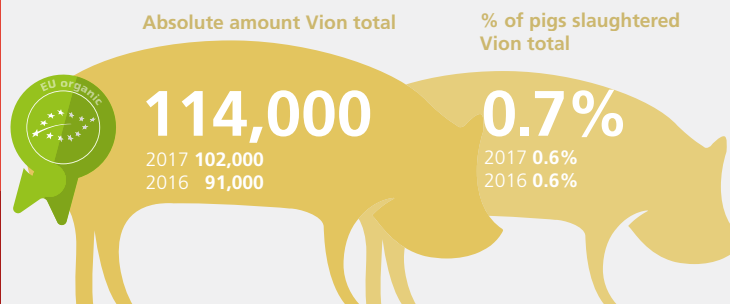
Outlook and targets

Vion will seek to further grow this special market segment in a market-driven way. In 2018, De Groene Weg reached the milestone of slaughtering more than 100,000 organic pigs in one year. This target was originally set for 2020. The ambition of De Groene Weg is to continue growing over the coming years.



Results

Pigs slaughtered with EU Organic certificate



'16 '17 '18

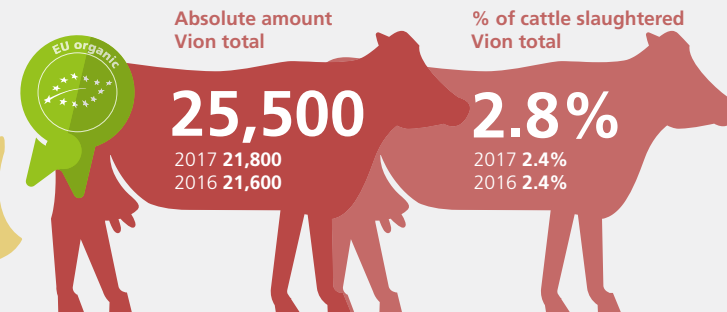
Absolute amount the Netherlands % of pigs slaughtered the Netherlands

	2016	2017	2018		2016	2017	2018
Absolute amount the Netherlands	77,400	92,500	105,200	% of pigs slaughtered the Netherlands	1.1%	1.3%	1.4%

Absolute amount Germany % of pigs slaughtered Germany

	2016	2017	2018		2016	2017	2018
Absolute amount Germany	13,400	9,300	8,400	% of pigs slaughtered Germany	0.2%	0.1%	0.1%

Cattle slaughtered with EU Organic certificate



'16 '17 '18

Absolute amount the Netherlands % of cattle slaughtered the Netherlands

	2016	2017	2018		2016	2017	2018
Absolute amount the Netherlands	1,800	2,400	2,800	% of cattle slaughtered the Netherlands	1.4%	1.6%	1.8%

Absolute amount Germany % of cattle slaughtered Germany

	2016	2017	2018		2016	2017	2018
Absolute amount Germany	19,700	19,400	22,700	% of cattle slaughtered Germany	2.5%	2.6%	3.0%

Clarification of the results

Overall, we are seeing growing organic volumes in a growing organic market. In total, Vion's organic sales volume grew in 2018 by 13% compared to 2017.

The Dutch figures for processed organic pigs show an increase of 14% from 2017 to 2018 as a result of a positive development in consumer demand. Also, processed organic cattle in the Netherlands increased from 2017 to

2018 by 14%. To fulfil the demand for organic beef in the Netherlands, we also debone the cattle carcasses originating from other regions (mainly from Germany and Austria).

The organic pigs slaughtered in Germany are currently dedicated for a single customer. This volume shows a decline of 9%. Whereas the German volume of organic cattle slaughtered shows an increase of 17%.



Health and safety of workers

The topic

The employees in our Vion manufacturing facilities are our most important asset in producing the high-quality foods our customers demand. For this reason, maintaining and promoting the health and safety of the people working at Vion is our most important goal. Our focus is therefore primarily on prevention.

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

Our goal goes hand in hand with the increasing demands of our customers, who are also careful in ensuring the health and safety of their employees in their supply chain.

Boundary

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

Vion's approach

Vion offers and ensures a safe and healthy workplace environment. Several procedures, directions, general instructions and regulations apply to prevent accidents. Internal occupational safety audits are systematically carried out. The managing directors of the sites regularly review the occupational safety management system as part of their management review.

We aim for as few accidents as possible. Unfortunately, we have not yet arrived at the finish line and have also had some accidents in 2018. Once again, there was no fatal accident at work within Vion or any personnel service provider. As in the previous year, the most common accidents were: cuts, injuries due to slips, tripping and falls, as well as injuries caused by internal transport.

Every accident is investigated and treated as a reason for improvement. In 2018, there was a serious accident involving an external mechanic who crashed out of a lifting platform. As a result, more and more external companies, such as electrical companies or fitters, are obliged by us to comply with the regulations of occupational health and safety. From 2019, this should apply to all locations.

In 2018, two serious accidents occurred on our band saws, which injured employees from personnel service providers. The band saws were technically improved, and the work instructions and work steps checked, revised and adapted. In Dutch production sites, a special glove made of stainless steel was put to use to further reduce the existing high residual risk on the band saw. This glove was also introduced at some German sites in 2018 and is expected to minimize the risk of accidents on band saws at all locations in 2019.

Vion employs a larger number of foreign workers who do not understand the language of the country in which they work. We have noticed that these employees often signal that they understand the health and safety regulations when in reality they don't. That's why we now use pictograms and also translate key Health and Safety of Employees (HSE) policies into their native languages to make sure employees are aware of the biggest dangers. In our canteens, we also try to sensitize employees from personnel service providers with videos we developed ourselves explaining the rules in occupational safety.

The unsafe behaviour of employees is one of the main reasons accidents occur. In the future, our focus will be even more on understanding employees' behaviours and changing them to sustainable safe behaviour. This requires a lot of effort and perseverance. However, we are sure that every accident can be avoided and we continue to work towards this goal. The focus is on the behaviour of each individual employee.

Vion puts workplace safety first as part of Vion's good governance measures. In the end, besides the personal suffering caused by accidents, it is also a more economical way of working because there is less time lost through injuries. This means working at a speed which is efficient and which simultaneously allows us to meet all safety regulations.



Health and safety of workers



Netherlands

At all Dutch plants the 'Arbo' management system is applicable. In the course of 2017 and 2018, all 294 managers have completed the 'Arbo' Conscious Management course, which included self-studying, one day of training and an exam on 16 subjects. Every Vion plant in the Netherlands has a works council. These works councils participate in different health and safety working groups. Besides this, the works council is represented in each plant's 'Arbo' committee.

We use the 'Safety Culture Ladder' model to assess and improve the consciousness of safe working conditions. The higher the level of safety consciousness, the higher is the score on the ladder, ranging from 1 to 5. Each year, we conduct an internal audit in every plant to measure the level of consciousness. The average level improved from 3.06 in 2017 to 3.42 in 2018. Our target for 2018 was 3.28 and aims to reach level 4 eventually. In 2018, an interim audit took place at four locations which underperformed. All these locations showed improvement in the interim audit.

Safety Culture Ladder



Germany

Every Vion plant in Germany has a functioning occupational health and safety system to prevent accidents as far as possible. An important part of this system is the Occupational Health and Safety Committee, which meets at least once a quarter. Participating in these meetings are the management, the workers' council, the safety specialist and the company physician. This steering committee discusses further activities and analyses past events.

All of our German plants work closely together with the Berufsgenossenschaft Nahrungsmittel und Gastgewerbe (BGN), into which the former Fleischerei-Berufsgenossenschaft (FBG) merged. Once a year, all managing directors and plant managers meet at BGN's invitation to discuss current topics in occupational safety and health, both generally and for Vion in particular.

In 2017 and 2018, all sites were audited by an internal occupational health and safety system. In 2018, the majority of our meat production sites passed the audit on BGN's 'Sicherheit mit System', which translates as 'Safety by System', which is a health and safety management system. The audit is almost in line with ISO 18001. The other meat production plants will be certified in 2019, so that all plants have introduced a certified occupational health and safety management system. This is a unique feature of Vion in the German meat processing industry, as we are the first company to certify all meat production locations.

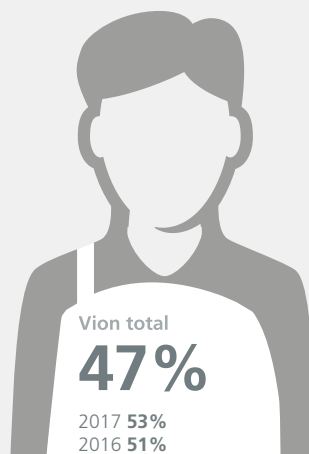


Health and safety of workers



Results

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



Safety Culture ladder



1,000-man quote



? Dilemma

Vion works together with personnel service providers at its locations. Under German law, we are not allowed to interfere with the operation of the personnel service providers. Nevertheless, German occupational safety and health laws give us the task of coordinating the cooperation of several employers in one plant. We take this responsibility very seriously and work on sites with designated coordinators who discuss and work on mutual threats. We are thus able to provide employees from personnel service providers a safe place to work at our locations. Furthermore, we demand that personnel service providers build up a suitable occupational safety organization and carry out random checks. In addition to safety experts, company physicians and evacuation helpers, this also includes the existence of risk assessment and the necessary instructions.

In 2018, too, we worked on the goal of obtaining accident statistics from our personnel service providers, although we haven't always succeeded in this. Nevertheless, in 2018, we made significant progress in cooperation with personnel service providers on occupational safety and health as we have introduced a compliance obligation in the frame contracts. Joint health and safety committee meetings will now be held to discuss current accidents and other joint activities. This has led to a better perception of the issue among personnel service providers and ultimately also helped to reduce accidents. We will further intensify our efforts to get statistics from personnel service providers. The number of old contracts which have already been replaced by new frame contracts has been considerably increased. We expect to be able to report on all accidents in 2019, including third-party labour employees.



Health and safety of workers

Outlook and targets

Vion strives to reduce the number of accidents through continuous awareness-raising and to provide a safe workplace for all employees. In addition, we have set ourselves the goal of reducing the overall absentee rate to 4.3% in 2019.

Netherlands

- The average level on the Safety Culture Ladder is targeted at 3.6 in 2019. An 'Arbo' Conscious Working training programme will start for all workers in 2019. Besides this, all managers will have to complete the 'Arbo' Conscious Management e-learning module.
- Our absentee rate target for 2019 is a maximum of 4.3%.
- Vion Netherlands intends to reduce the LTI rate in 2019 by 8% compared to 2018. This target contributes to the SDG target of 8.8 with regard to safe and secure working environments.

Germany

- Vion Germany targets an accident rate (LTIFR) of less than 20 as a medium-term goal. In 2018 the LTIFR was at 29.06. The LTIFR is calculated as the number of accidents per 1 million hours worked.
- Vion Germany aims for a better 1000-man-quote (TMQ) than in the rest of the meat industry. In 2017, the TMQ of the meat industry was 57.5%, while Vion had a TMQ of 37% in 2018.
- In Germany, an absentee rate of 4.3% is expected in 2019.

Results

Absentee rate

Vion total



4.6%

2017 4.5% TARGET
2016 4.7% 2018 4.3%
2019 4.3%
2022 4.2%

The Netherlands



4.9%

2017 4.3% TARGET
2016 4.3% 2018 4.2%
2019 4.3%
2022 4.3%

Germany



4.5%

2017 4.5% TARGET
2016 4.8% 2018 4.3%
2019 4.3%
2022 4.0%

Lost day rate

	2016	2017	2018	Target 2019
Vion total	n/a	1.4%	1.3%	1.2%
The Netherlands	3.5%	0.6%	0.9%	0.7%
Germany	n/a	2.2%	1.7%	1.5%

Lost time injuries

	2016	2017	2018	Target 2019
Vion total	n/a	191	169	140
The Netherlands	45	35	49	40
Germany	n/a	156	120	100



Clarification of the results

The overall absentee rate increased from 4.5% in 2017 to 4.6% in 2018, with 4.9% in the Netherlands and 4.5% in Germany.

Netherlands

In 2018, we saw an increase in the medium-term absenteeism at almost every location. This concerns mainly non-occupational diseases and an increasing number of addictions. Short-term absenteeism is still very low (<1%).

LTIs have increased to 49 in 2018. This is partly due to more attention to safety and therefore more accurate registration. The target for 2019 is a maximum of 40.

Germany

We attribute the significant improvements at Vion Germany to the introduction of the certified health & safety management system in all plants, which led to an increased awareness of management and employees in health & safety issues.

The decrease of the 1,000-man quote shows that the more severe accidents are getting less, and our actions show some impact. However with regard to the minor injuries, we are still not there where we want to be. But the decrease in the major issues gives us the opportunity to put more effort in the reduction of minor health risks. So we are confident to reach our accident rate (LTIFR) target of 20 in the next years.



The view of...

Robert Schlosser

Sector Coordinator for the Meat Industry

"At Vion, occupational safety is on a very solid footing."

Professional associations in Germany have the task of preventing accidents at work, occupational illness and work-related risks to health. Employees who have suffered an accident or illness at work are rehabilitated by the professional associations on a medical, professional and social level. The professional associations take over government tasks from the social security system and are financed by compulsory contributions from the member companies. Every company in Germany is a member of one of the nine professional associations.

Vion and the hotel and restaurant association have had a strong partnership in occupational safety and health (OSH) for many years. Robert Schlosser, sector coordinator for the meat industry, advises occupational safety stakeholders and directors at Vion with regard to occupational safety. He is also the main point of contact for the works councils. "At Vion occupational safety is on a very solid footing, and in my view, the clear positioning of the company management for OSH is very

positive," Robert Schlosser emphasises his sound relationship with Vion.

At Vion, a continuous positive development in occupational safety and health is principally demonstrable. There is a high level of cooperation between the company management, executives, employees, and occupational safety experts. This Vion team copes with emergency situations in occupational safety, which naturally also exist, very constructively and in a goal-oriented way. I recall a serious incident in Buchloe in particular, in which all Vion actors behaved in an exemplary fashion.

Two years ago, Vion introduced Health and Safety management. Two experts are now coordinating occupational safety and the activities at the individual sites. As a result, occupational safety has once again received a significant boost in the right direction. This can also be seen in the number of accidents, which are steadily declining. Of course, there is still a lot to do at some

point, but I am convinced that Vion is on the right path in this regard. The auditing of all Vion locations with our OSH management certificate "Sicher mit System" is a unique selling point in the meat industry. No other corporate group has achieved this as yet.

The continued sensitisation of managers to their responsibilities in OSH should be maintained. Every supervisor, even if he only has one employee, must be aware that he is responsible for occupational safety in his area. We have been able to provide strong support to Vion in this area over the last few years by providing training for all managers at their locations. We do this training in all companies wishing to be certified according to our occupational health and safety management system. This is another advantage of the professional associations. The seminars and training provided by the BGN do not cost the company any money. The consistent handling of identified improvements in occupational safety should be pursued further. Otherwise, Vion is on a very good path.



Working conditions for third-party labour

The topic

Approximately 60% of the workers at Vion are hired via third-party labour. The legal settings for these workers 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.



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.

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 'Erkenningsregeling voor Vion-inleenbedrijven' (ERVI) policy years ago, which is 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.

In accordance with 'ERVI', 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. This is checked by retrieving and archiving documents, and by external and internal audits. Besides this, there are targeted checks of third-party workers' pay slips to ensure compliance with the Collective Labour Agreement (CLA). Flexible workers are informed of this legislation by Vion during the introduction session and at the handover of the 'Working at Vion for Flexible Workers' folder.

Third-party labour providers which comply to the CLA of 'Algemene Bond Uitzendondernemingen' (ABU) or 'Nederlandse Bond voor Bemiddelings- en Uitzendondernemingen' (NBBU), can offer long-term temporary employment contracts of 5.5 years to the flexible workers at Vion. Vion works with these providers at all the Dutch sites.

In 2018, we worked on a long-term Workforce Management plan for our workforce (own and flex employees). The objective is to increase the group of our own employees: for example, by hiring school leavers and lateral entrants, but also by allowing flex workers—after a few years working at Vion via a flex agency—to be permanently employed at Vion. Furthermore, Vion will cut its flexible shell into a real flex and a semi-flexible shell, in which flex employees in the latter shell will receive a long-term contract (ULT: Uitzendovereenkomst Lange Termijn) via the flex agency. This leads to more (social) security for flex workers and less unwanted outflow of flex workers.

Additionally in 2018, a set of short-term actions was implemented, which should primarily reduce the undesired outflow of flex workers and optimize their introduction:

- introduction programmes are standardised;
- a profile for job coaches and regular evaluation interviews with job coaches;
- a recruitment film to be made to inform potential flex workers in advance about working at Vion;
- KPIs are formulated with regard to Workforce Management;
- minors in hours of flex employees are reduced to virtually zero.

As a third objective within Workforce Management, attention was paid to flex workers' accommodation. In order to take the next step in optimizing flex workers' housing conditions, Vion visits locations where flex employees are housed twice a year. In 2018, this already took place twice and dozens of locations were visited. These were selected randomly by Vion and the flex agency was notified one day in advance (in respect of flex workers' privacy). No abuses in housing were found during this. However, some minor issues were discussed with the relevant agencies and sometimes Vion found the state of housing to be outdated. Agencies should take appropriate action and Vion will monitor this.



Working conditions for third-party labour



Germany

In the past, there were some grievance cases in the German meat industry concerning inadequate accommodation or wages. Vion supports 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) have 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 to further improve the conditions for foreign third-party labour employees regarding 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 also 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.

? Dilemma

We have noticed that other industries are tending to increase their external workforce. In combination with a general shortage of the workforce in Germany, this leads to a workforce shortage for our external service providers. We are putting efforts into integrating the Eastern European workforce in Germany, e.g. by offering language courses. But the better they are integrated, the more attractive they become for other industries which can offer them more attractive working conditions. This puts us in a dilemma, as our efforts on integration raise the fluctuation rate of the external workforce, thereby intensifying the shortage of the workforce. However, we have not decided to limit our integration efforts.

This shortage of workforce leads us to another dilemma in terms of insourcing employees. The meat industry relies heavily on external third-party labour. The workforce demand cannot be satisfied on the regional labour market and is dependent on a workforce from Eastern Europe. Also, even after the introduction of the minimum wage, the costs for third party labour are still

lower than for employing internal employees. To insource all of the workforce externally would lead to a significant cost disadvantage and would compromise the competitiveness of Vion. Therefore, Vion's main focus is on raising the industry standards for employing an external workforce and gradually aligning the wages and working conditions for the external workforce with the internal workforce in the industry, up to a point where the difference is negligible. Vion actively participates in the negotiations on the raising of the minimum wage.

At the same time, we are looking for a deeper cooperation with reliable third-party labour providers, as only these have experience with, and consistent access to the labour markets in Eastern Europe. Trying to insource an external workforce without the cooperation with our current service providers would involve the high risk of losing the majority of the workforce, and therefore reaching a production standstill, as the providers would withdraw their employees and turn to our competitors or other industries to continue their business.



Working conditions for third-party labour

▶ Outlook and targets

Vion strives to reduce its number of external employees and to insource parts of the external workforce. This is a step-by-step process and implies finding a new cooperation model with the current external workforce providers. This involves highly complex legal issues and the factual situation. Possible solutions include a joint venture with one or more of our current reliable third-party labour providers, or the insourcing of the external workforce step-by-step in cooperation with the current providers and simultaneously changing their business model into that of a recruiting agency.

In 2018, Vion terminated a contract for the beef slaughtering department in Bad Bramstedt with a third-party labour provider who didn't cooperate well with our external auditor with regard to auditing the minimum wage. The slaughtering activities were transferred to a known and reliable partner. Due to the tightening of already strict laws for third-party labour, including a significant rise in liability for undue conduct of third-party labour providers, we further intensified our auditing and established a new position of responsibility for negotiating contracts and further auditing of third-party labour providers.

In 2018, we implemented a selection criteria catalogue for third-party labour providers which includes the following social criteria:

- Compliance with the Vion code of conduct and the code of conduct for the meat industry, especially with regard to paying the minimum wage and providing reasonable accommodation and supplying information to the employees on the whistleblower procedure.
- Compliance with the meat industry's self-commitment for more attractive working conditions, especially when employing a workforce under the rules of the German social and labour law.
- Implementation of health and safety standards and proper documentation, including the reliable reporting of accidents and injuries.
- Good cooperation with an external auditor for the minimum wage, especially the timely and proper documentation of the payroll.
- Proper organisation and administration of employees.



The view of...

Gheorghe Pastor

Foreman in training at Vion's expedition department



"I'm someone who wants to grow."

'Two years ago, I came to the Netherlands from Romania. I was well educated, but the economic situation there was difficult. Like many of my compatriots, I couldn't find work. I'm someone who wants to grow, but my own furniture company went bankrupt. In that situation, you will also look across the border. I joined an employment agency in the Netherlands and that's how I ended up at Vion in Tilburg.'

Keeping your head

'I was in the packing division. Working through an employment agency was not all roses. You don't have your own home and you all sleep in one room. The hours are long and sometimes you have to argue over a payment. Still, I made sure that it did not affect my work during the day. No matter what kind of work you do, you have to keep your head if you want to grow. I do what I have to do! After about half a year, I felt that I had learned all I could in the packing division. My manager, Adri Verhoeven, also saw that and thought I had more in me.'

Learning step by step

'I got the offer to take on more responsibility working with the expedition department. You have to be really sharp over there: When freight comes in, where does it have to go, in which packaging, how much and how? Who's going to do it? I work with registration systems and ensure that all documentation is correct. That has to be done right or an order might go astray, and Italy ends up getting the meat that was meant for Spain. I learn everything step by step, from one computer to five at a time. Adri stands by me; we work very closely together. He says that I have a lot in me, that I'm sharp and can maintain an overview. These compliments give me energy.'

A word in English

'I have Dutch lessons every week and can make myself completely understood. Some colleagues who also came in through the employment agency nod 'yes' when they don't really understand, out of embarrassment. Or they find it scary to pick up the phone. I just do it immediately, also in Dutch. If I really can't manage it, I'll fix it with a word in English.'

And I always look ahead. My dream is to move on to Sales, just like I used to in Romania, albeit not with furniture. That's what I'm discussing with my colleagues and managers. And because I started at the bottom, I know the company through and through. That means I can also sell it better.'

Everyone in their place

'After a year working via the employment agency, I got a permanent contract from Vion. This meant I could rent my own home! Meanwhile, my wife and children moved to the Netherlands. My wife found it difficult in the first month, suddenly being in a new country. But that's all over now and she too now works at Vion. My children already found their place - that was no problem. It's funny, in Romania it was a daily struggle to get them to school. But here, every morning, they're already out of bed when I go to wake them up. I don't know what's happening at Dutch schools, but they seem to really like it!'



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 to ensure appropriate cleaning and disinfection.

Boundaries

For energy consumption, we take into account all of our own operations. The energy consumption of the farmers is a 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 our 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. This has led to improved insight and a clear overview of energy reduction potential.

A number of Vion plants have implemented the latest energy efficiency technology. These include plants with combined heating and power systems, 15 plants with heat recovery systems, a plant using heating from an biogas plant that utilises the organic waste of the plant, and one plant that uses district heating. With its combined heating and power plants, Vion is also an energy producer.

In 2018, the following main investments were implemented to improve our energy efficiency:

- Refrigeration installations were optimized at six sites.
- New, energy-saving air compressors were installed at two sites.
- Two plants introduced the knife disinfection system that no longer requires a water temperature of 82°C.

In 2019, additional major investments on energy efficiency are planned, including:

- improvements to the cooling systems in selected sites,
- the installation of heat recovery systems in the sewage and slaughter area (singeing oven) and
- the implementation of energy saving measures based on the outcomes of specific energy management audits.

? Dilemma

For food safety reasons, it is challenging to reduce our energy consumption. The more intensively the meat processing plants are cleaned, the more energy is consumed. Lower temperatures in the production area also correlate to a higher energy consumption. 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 a reduced energy consumption are not infinite as food safety is our priority.



Energy consumption

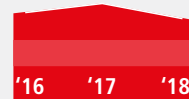
Outlook and targets

- Vion significantly invested in the modernisation of multiple plants in the last year, this will lead to improvements on energy consumption.
- The coming years, Vion will continue to improve its energy monitoring systems and will continue to improve via investments, best practices and good housekeeping.
- During tenders Vion takes this production mix of the participating energy suppliers into consideration when the financial impact of the best proposals does not lead to a financial difference.



Results

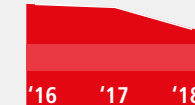
Energy efficiency (in MJ / tonne sold)



Electricity consumption in MJ / tonne sold			
2016	2017	2018	
349	348	332	

Fuel (gas + oil) consumption in MJ / tonne sold			
2016	2017	2018	
384	398	378	

Total energy consumption (in GJ)



Total electricity consumption (in GJ)			
2016	2017	2018	
776,000	758,000	721,000	

Non-renewable electricity (in GJ)			
2016	2017	2018	
776,000	757,000	721,000	

Renewable electricity (in GJ)			
2016	2017	2018	
0	0	0	

Total fuel (gas + oil) consumption (in GJ)			
2016	2017	2018	
855,000	866,000	822,000	

Non-renewable fuel (in GJ)			
2016	2017	2018	
845,000	854,000	814,000	

Renewable fuel (in GJ)			
2016	2017	2018	
9,972	12,398	7,855	

Energy purchased for consumption (in GJ)			
2016	2017	2018	
1,615,000	1,590,000	1,496,000	

Self-generated energy consumption (in GJ)			
2016	2017	2018	
17,000	34,000	47,000	

Self generated energy sold (in GJ)			
2016	2017	2018	
0	0	0	

Clarification of the results

Vion focuses successfully on energy reduction. Vion does not use renewable electricity yet. The weighted overall average country production for renewable electricity is 14.5% in the Netherlands (2017)¹ and 40.4% in Germany (2018)².

References

- 1 *Hernieuwbare energie in Nederland 2017*, CBS, 2018, page 20.
- 2 https://www.energy-charts.de/ren_share_de.htm?source=ren-share&period=annual&year=all



Greenhouse gas emissions

The topic

Greenhouse gas (GHG) emissions cause global warming. The reduction of greenhouse gas emissions is a matter of worldwide concern and according to the Paris Agreement, we must strive to reach the target of a maximum temperature increase of 1.5°C to slow global warming by 2050. The Dutch government strives for a reduction of 95% of GHG-emissions in 2050 compared to 1990. The German government has set itself the goal of reducing greenhouse gas emissions by 80-95% by 2050. Vion needs quite a large amount of energy in its operations; for example, for cooling the meat, for cleaning and for transportation. As such, Vion has a role in reducing CO₂ emissions.

Boundaries

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

Vion's approach

Energy use is needed to produce the meat in our production sites. The meat needs to be cooled to preserve the quality and ensure food safety to our customers and consumers. Our processing plants need to be cleaned thoroughly each day for the same reasons. Also, the animals and products need to be transported to and from different sites to reach their destinations. Vion believes in using energy wisely and tries to reduce CO₂ emissions by:

- Increasing the energy-efficiency of processes and machines using state-of-the-art technology;
- Consistent use of ammonia refrigerant (NH₃) in Vion's refrigeration systems;
- Optimisation of the flow of goods and logistics activities to reduce CO₂ emissions.

Increasing the energy efficiency

Examples of the increase in energy efficiency include investments in new cooling processes and refrigeration techniques. In Boxtel, cooling unit capacity was expanded by 17%, employing state-of-the-art cooling systems with respect to efficiency. In Apeldoorn, the existing refrigeration system was replaced by refrigeration which used evaporative cooling. This technique has much higher energy efficiency and as a result, total power consumption can be reduced.

Consistent use of ammonia refrigerant (NH₃) in Vion refrigeration systems

Vion is continuously expanding its use of ammonia refrigerant in its cooling systems. Ammonia does not contribute to ozone depletion (Ozone Depletion Potential = 0), nor does it display a greenhouse gas effect (Global Warming Potential = 0), while displaying very good physical and thermodynamic properties.

Optimisation of the flow of goods and logistics activities to reduce CO₂ emissions

Owing to increased transparency in the planning and enhanced cooperation of individual locations in the field of logistics, the efficiency of transportation could be improved. The utilisation of trucks was enhanced, leading to less empty runs and completely avoiding the transport of empty transport containers. In 2018, Vion's internal pooling of empty transport containers was optimised. The distance driven by the trucks was reduced by a total of approximately 100,000 km. This project will continue in 2019.

Furthermore, Vion is currently examining the possibility of adding electric cars to its fleet. In 2018, the first electric car was integrated into the car pool. The range of electric vehicles is continuously increasing and their usage is becoming more realistic. After a successful testing and evaluation phase, an expansion of the electric vehicle fleet is planned.

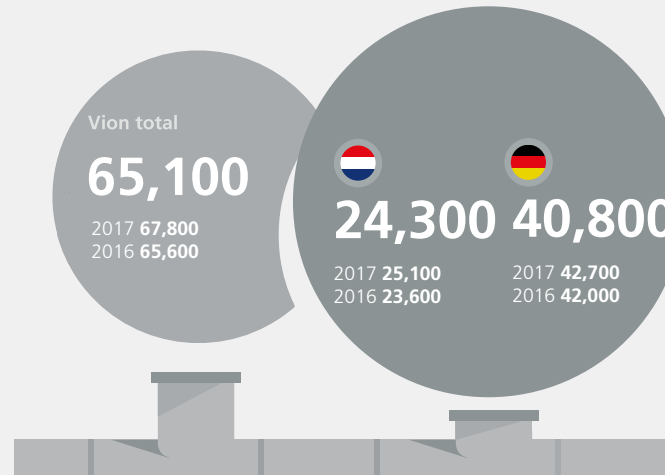


Greenhouse gas emissions

▶ Outlook and targets

- At least 20% of the cargo shipped from Rotterdam will be transported within the Netherlands by inland shipping.
- Vion has the ambition to increase the volume of empty containers among the cargo shipped from Rotterdam further to 50%.
- To further reduce CO₂ emissions in the logistics sector, we have decided to participate in the non-profit initiative 'Lean and Green Germany' and are already working to implement the requirements. The goal of Lean and Green Germany is to certify participating companies for their success in reducing their carbon footprints in warehousing and logistics processes. As the first participant from the meat processing industry, Vion also wants to sensitise the company for more climate protection and at the same time ensure greater cost efficiency.
- Through an optimized combination of delivery logistics and procurement logistics, the company's own fleet and the forwarding agents deployed by Vion can be utilized even more efficiently so as to reduce CO₂ emissions.
- In the beginning of 2019, two new fully electric refrigerated trailers will be put to use by our transporter for the transportation of our meat. These trucks are 100% electric and drive emission-free.

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

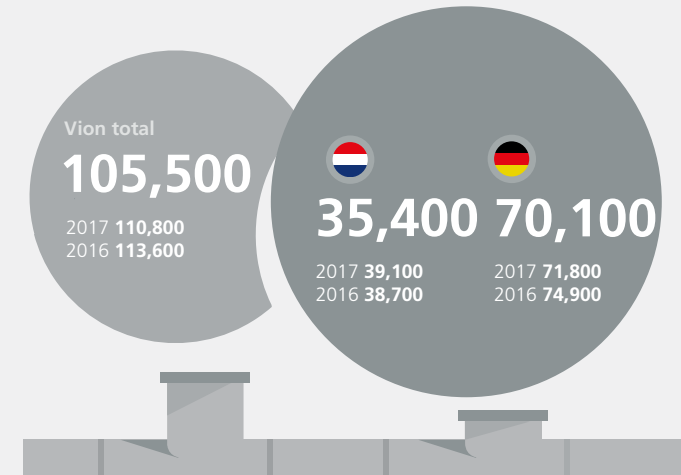


'16 '17 '18 Absolute emissions scope 1 Total Vion

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

	2016	2017	2018
Own generation of electricity, heating, cooling, and steam	44,700	45,900	43,200
Transportation	14,800	15,400	16,200
Fugitive emissions	6,000	6,500	5,700
Total	65,500	67,800	65,100

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



'16 '17 '18 Absolute emissions scope 2 Total Vion

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

	2016	2017	2018
Vion total	80	82	79
Netherlands	61	63	54
Germany	97	99	105

Clarification of the results

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

- gas and fuel consumption as reported in topic 'Energy Consumption';
- transportation of workers, animals and products owned by Vion;
- methane emissions of the animals while at Vion;
- use of CO₂ to anaesthetise pigs.

Our scope 2 emissions are based on our purchased electricity consumption. The consolidation approach is based on operational control.

The sources for the CO₂ emission factors used to calculate the CO₂-equivalents are:

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

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



Water use

The topic

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

Boundaries

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



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.

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

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

? Dilemma

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



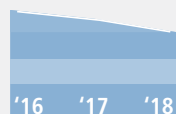
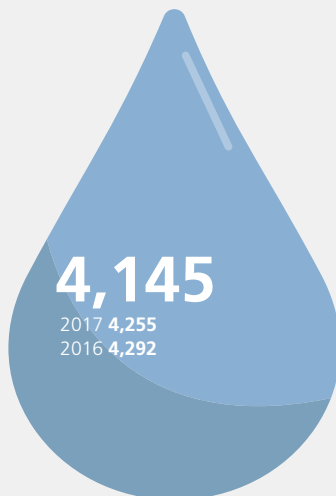
Water use

Outlook and targets

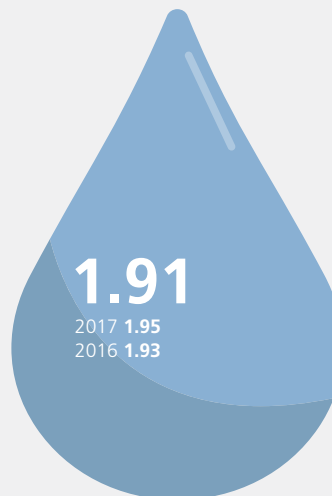
Vion will strive to improve the efficiency of its water usage and to implement improvements in the purification of wastewater wherever this is feasible.

Results

Total volume of water used
(in hm³)



Water intensity
(m³ water used / tonne sold)



Water use withdrawn from municipal water supplies
(in hm³)

2016	2017	2018
3,431	3,402	3,271
80%	80%	79%



Water use from own ground water wells
(in hm³)

2016	2017	2018
861	853	875
20%	20%	21%



Number of plants with own water source
(ground water)

2016	2017	2018
3	3	3



Number of plants without own water source

2016	2017	2018
25	25	23



Clarification of the results

In 2018, Vion used slightly more water per metric tonne sold because we needed to clean the same working areas and equipment, even though we sold less.



Environmental aspects of livestock farming

The topic

Meat is a commodity that has an environmental impact in various ways. The production of meat is associated with greenhouse gas emissions due to the production of ammonia, phosphate, waste production, energy consumption, water usage and land use. Overall, the footprint of pigs is lower than that of beef cattle, as ruminants emit more greenhouse gasses and their feed requires more land for the animal's growth. However, whereas the footprint for beef cattle is completely attributed to meat, the footprint of the dual-purpose cattle that Vion slaughters is divided between milk and beef.

Boundaries

This topic explicitly concerns the environmental aspects of livestock farming at the farms. Other environmental aspects of meat production are described in other topics, such as sustainable feed and biodiversity. The greenhouse gas emissions associated directly with Vion's own operations are explained in the topics of energy consumption, water usage and greenhouse gas emissions.



Vion's management approach

The environmental impact of meat consumption is the subject of continuous debate, which shows there is an urge for change. Different reports claim different impacts of livestock production. The public claims regarding the contribution of meat to GHG emissions vary between 3%¹ and 51%², while the Food and Agricultural Organisation (FAO) has estimated the contribution of livestock to be 15%³. The range of these estimates has many explanations, including the choices regarding the modelling approach, the choices regarding the GHG allocation to different products, and whether or not the uptake of CO₂ by the agricultural soil and plants is discounted. Such important drivers of the results should ideally be openly and transparently communicated, but often they are lost in translation and the estimates are mentioned – and believed – without understanding the context.

Vion is devoted to using the most objective and accurate approach in calculating the footprint of meat. Only then can we reduce that footprint effectively. We cooperated with BASF, using their AgBalanceTM tool, to calculate the sustainability footprint of our meat. This footprint follows the various standards available and extends beyond CO₂ by including, among other things, land and water usage. Quantitative data from a cohort of farmers and their feed suppliers was collected by ZLTO in 2018. Although benchmarks are not available to place our results in perspective, data from scientific literature on the range in CO₂-footprint for a variety of foods produced globally are available⁴. Results showed that, for pig meat, Dutch producers are in the lower end of the spectrum (see Figure). Furthermore, differences were observed between farmers, indicating the potential to further reduce the footprints.

The cause of these differences also shows *how* further reductions can be achieved. These insights will be further substantiated in 2019 by adding more farms to the pilot and will be subsequently shared with our supplier base to help reduce the environmental footprint.

The environmental footprint of beef is generally larger than that of pork due to, among other things, increased land use and enteric methane production⁴. For the most part, Vion slaughters dairy cattle no longer needed for milk production and thus produces dairy beef. Efforts in reducing the footprint are made in that sector, directed in a cooperative way by the Dutch dairy industry in a programme called Sustainable Dairy Chain ('Duurzame Zuivelketen'). The initiative has three stated goals to be reached by 2020 with regard to environmental impact:

1. 20% less greenhouse gas emissions compared to 1990,
2. 16% renewable energy,
3. 2% energy efficiency improvements per year.

In discussions on the CO₂ footprint, it is often mentioned that less meat consumption contributes to a more sustainable agriculture and world. In contrast, scientists from, amongst others, the United States government claim that eating less meat will not necessarily contribute to more sustainability, because essential nutrients can then only be consumed in sufficient amounts by eating much more plants/vegetables. The increased consumption was estimated to generate more GHG than eating meat⁵. Furthermore, one should also take into account food wasted during production (crops lost) or by consumers. Food waste proportions are larger for fruits and vegetables than for animal-derived proteins, also adding to the footprint. For an objective estimate of climate impact due to changing diets, such aspects should also be considered⁶.



Environmental aspects of livestock farming



In 2018, Vion contributed to sectoral discussions on how to reduce GHG emissions in the pork and beef supply chains. The target set by the Dutch Government for 2050 means a reduction of 1.5 Mton CO₂-equivalents for Dutch Agriculture. Individuals from academia, industry and NGOs were asked to form discussion groups and deliver a road map with practical solutions, research needs and required resources to achieve this target. The group dealing with agriculture installed several working groups, two of which Vion participated in: sustainable consumption and less methane production and emission from manure. These discussions led to recommendations on their respective themes which are currently under consideration by representatives of the Dutch Government. The next phase will be to implement any promising and technologically ready solutions and to begin research on solutions which require further study. Vion has committed its support wherever relevant.

Dilemma

The societal request for increased animal welfare impacts the environmental footprint negatively. Allowing pigs outdoor access increases the amount of land used for pig production, which increases the environmental footprint. Furthermore, outdoor access reduces management options for proper manure handling to reduce methane emissions. Methane is a greenhouse gas which is considered to have an environmental impact that is 25 to 28 times that of CO₂. As there is no single consumer but rather a plurality of consumers with varying definitions of 'sustainable meat', accommodating all consumer needs is a challenge. Vion tries to match supply and demand according to these wishes and stimulates innovative ways to increase animal welfare while minimising the environmental impact.

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- 3 Food and Agricultural Organisation of the United Nations (FAO), 2006. *Livestock's long shadow*.
- 4 Poore J, Nemecek T. 2018. Reducing food's environmental impacts through producers and consumers. *Science* 360 987-92.
- 5 White RR, Hall MB. 2017. Nutritional and greenhouse gas impacts of removing animals from US agriculture. *Proceedings of the National Academy of Sciences* 114(48); E10301-E10308.
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Environmental aspects of livestock farming

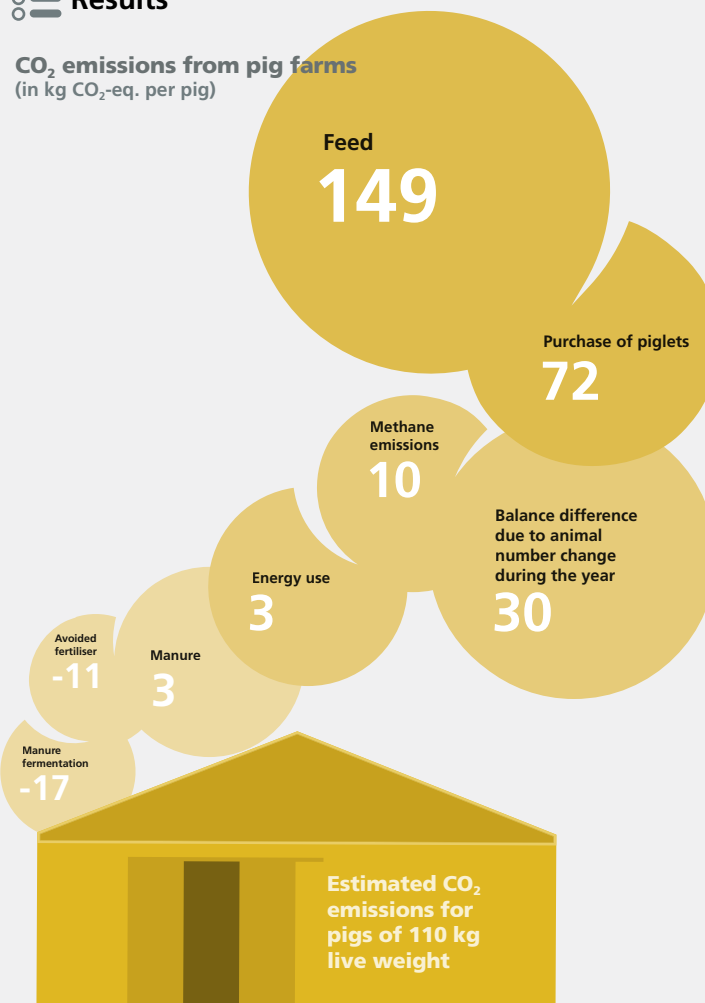
Outlook and targets

- High focus on the CO₂ and sustainability footprint calculation.
- Seek cooperation with partners to establish the best practices.
- Identify the optimal measures to reduce our footprint and set targets accordingly.

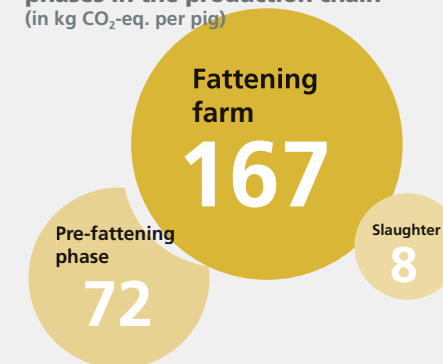


Results

CO₂ emissions from pig farms
(in kg CO₂-eq. per pig)

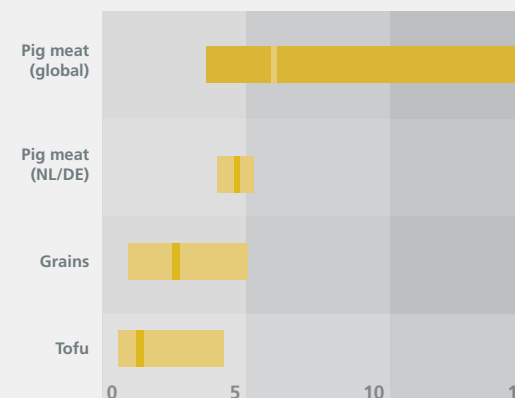


CO₂ emissions from different phases in the production chain
(in kg CO₂-eq. per pig)



Variability in CO₂ emissions for different foods

(in kg CO₂-eq. per 100 g protein) — average



Clarification of the results

The estimated CO₂-equivalents from pig farmers comprise two random farms from the Star Farmers concept. The orange bars in the lower right figure indicate the range in estimates, the vertical stripe within these orange bars the median emission. The category 'Pig meat (NL/DE)' represents the first estimates based on actual data from participating farmers. These farmers delivered approximately 1% of all the pigs

slaughtered by Vion in the Netherlands. Estimates of CO₂ emissions are recalculated from CO₂ equivalents per 1000 kg carcass weights, with an estimated 65% meat on a carcass (see page 17) and 16% protein content⁴. Estimates of global pig meat, grains and tofu originate from the scientific paper by Poore⁴.



The view of...

Dr. Chris Rieker

Vice president, BASF Animal Nutrition

"The livestock sector is responsible for approximately 15 percent of greenhouse gas emissions."

What in your view will be the role of products of animal origin in nourishing the global population in 2050?

We are seeing considerable growth of the middle class in developing and emerging markets, resulting in higher demand for meat consumption. Demographic trends and urbanization are unlocking the opportunity for more middle-class families to adopt an abundant diet. As meat is widely sought as a nutritional source of protein, the strain on the planet's resources continues to challenge livestock production. Sustainable solutions are no longer a wish but a must, and we as an industry have the responsibility to make a relevant contribution – from feed to fork. A key pillar in our strategy at BASF Animal Nutrition is to contribute to a sustainable future with 10 billion reasons to make more from less and contribute to feeding the world in 2050. We create chemistry to drive sustainable solutions with high-quality innovations that increase the nutritive value of an animal's diet. Using natural resources as efficiently as possible and minimizing our company's impact on the environment will continue to underline all our efforts.

What are the current challenges in sustainability and which are especially relevant for meat production?

Sustainability is a journey of balancing social issues, economy and ecology for the best possible solution. The livestock sector is responsible for approximately 15 percent of the total greenhouse gas emissions. In high-density areas, nutrient emissions through manure can pollute groundwater and cause eutrophication in fresh or seawater. We know that a lot is needed to address these challenges and that is why we are engaging with feed millers and integrators on sustainability projects in Asia, Europe, North America and South America. Creating transparency on environmental impacts through our tools and services is the first step to mitigate these issues and to consider innovative approaches to produce more sustainable meat.

Being the global player that BASF is, what difference do you see globally in the citizen's concerns in sustainability of agriculture?

With global pressure to reduce emissions from the agricultural and livestock sectors, consumers worldwide have pressing ethical and environmental concerns on how meat is produced today. Sustainability standards must be clearly defined to generate transparency on animal wellbeing along with reduction in the environmental footprint of livestock production.

We are engaged in cross-value chain projects around the world using our applied sustainability tools and services, and we are seeing an increasing demand for tangible solutions that lead to the production of more sustainable meat. Demand for transparency on sourcing will continue to grow in momentum and we believe consumers have the right to know and understand where their food is coming from and how it is made.

Do you still foresee possibilities in reducing the footprint of meat? Or are we as low as realistically achievable?

Significant progress has been made to make livestock production more efficient. Nevertheless, there is still huge potential for best practices to be adopted more widely. A recent paper estimated that 25 percent potential reduction globally in greenhouse gas emissions can be credited to the application of best practices. There is still a lot of room for optimizing the animal's diet, more specifically by reducing nutrient surpluses and considering novel feedstuff ingredients and feed additives, which could ultimately reduce the impact of acidification and eutrophication.



Indirect economic impacts

The topic

Vion's activities in processing meat on a large scale provide an income and livelihood to many thousands of local farmers, feed producers and sectors of the service industry such as distribution and supervision. 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 its 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 billion². Approximately 940,000 people are working at agricultural companies in Germany³. 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 level of the farmers, our primary suppliers, but also among secondary suppliers like feed suppliers and service suppliers. It is almost impossible to take everything into the scope, so we will focus on our direct suppliers.

Vion's approach

The high food safety and animal welfare standards lived within Vion are a strategic choice, as these provide us with the opportunity to sell products in all relevant global food markets. 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 very important for a vital farmerhood. Therefore, Vion's management is aimed at continuity and growth in its core production regions. This is in the interest of not only the farmers, but also of their service suppliers, feed companies, technology companies and many more entities 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.

Vion invested € 8 million in its production location in Apeldoorn for modernisation and expansion. The location complies with the highest certification requirements necessary for global sales. With this investment, Vion is able to respond even better to the specific demands of customers worldwide. Strategic investments were also made in Emstek, Perleberg and Groenlo, which can further improve production standards and revenues.

Vion invested almost 20 million euros in its beef production location in Leeuwarden, which is equipped in accordance to the most up-to-date animal welfare and environmental criteria. The location has a viewing gallery to make the process fully visible for visitors without interfering with production.

Since 2016, Vion has invested more than 20 million euros in the expansion and conversion of the beef site in Waldkraiburg which is now one of the most modern in Europe and has a capacity of 5,000 animals per week. The latest recommendations of Temple Grandin, the world's leading scientist in animal welfare, have been implemented.

Besides the improvements from investments, Vion has been successful in improving its net value by an integrated operational approach in combination with the development of product market portfolio strategies. Initiatives on optimizing the customer and product mix have been extended in 2018. After its introduction in the Netherlands, the German plants started to work according to the lean methodology of the 'Vion Operating System'. Efforts have also been increased to improve the operational, commercial and back-office processes and management systems.

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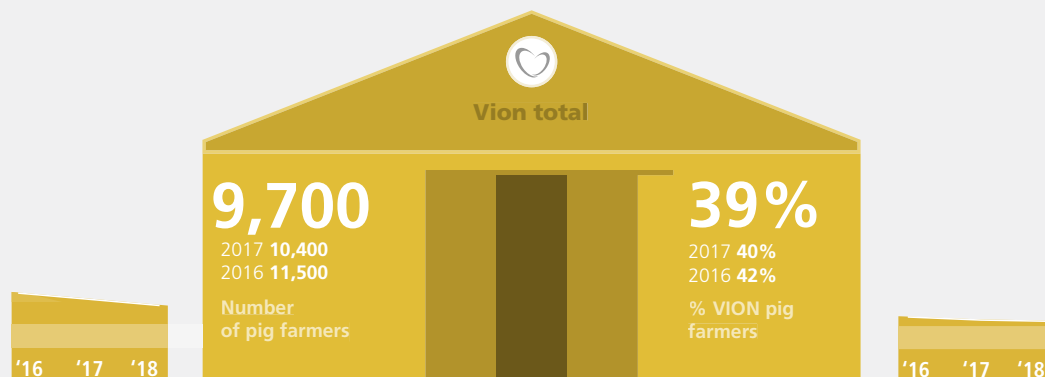


Indirect economic impacts

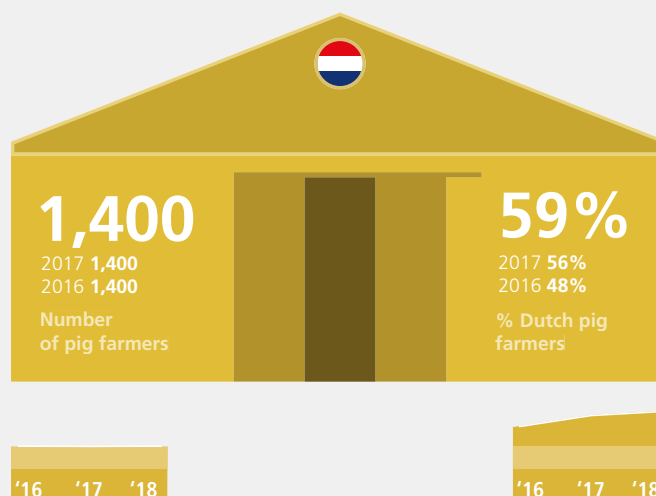


Results

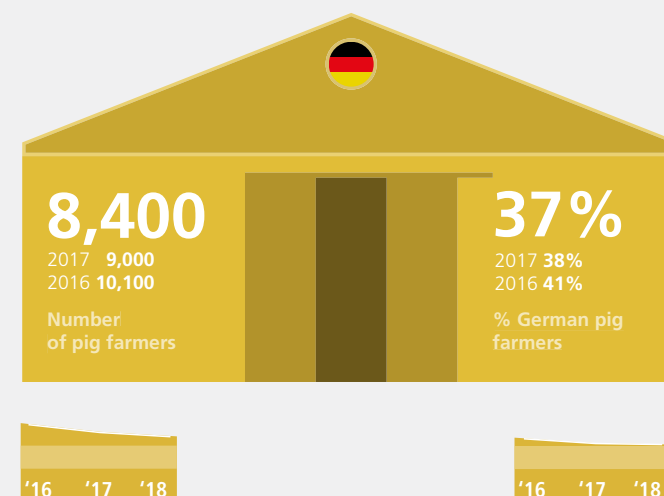
Total Vion Pig farmers that supply their animals to Vion



The Netherlands Pig farmers that supply their animals to Vion



Germany Pig farmers that supply their animals to Vion





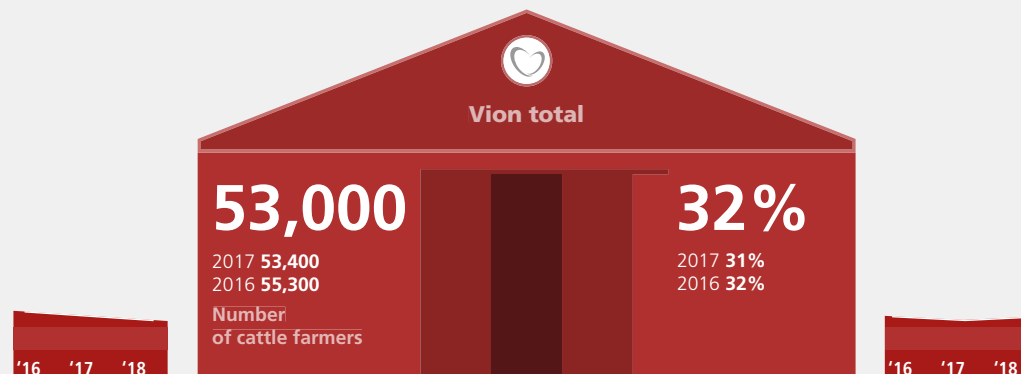
Indirect economic impacts

Outlook and targets

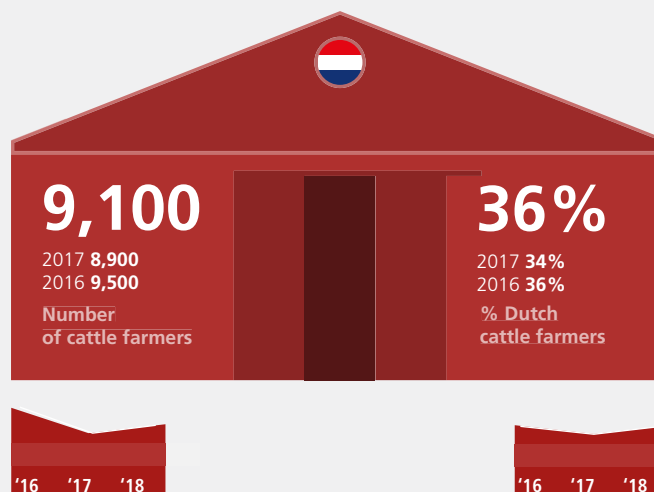
Vion aims to continue its growth activities in 2019.

Results

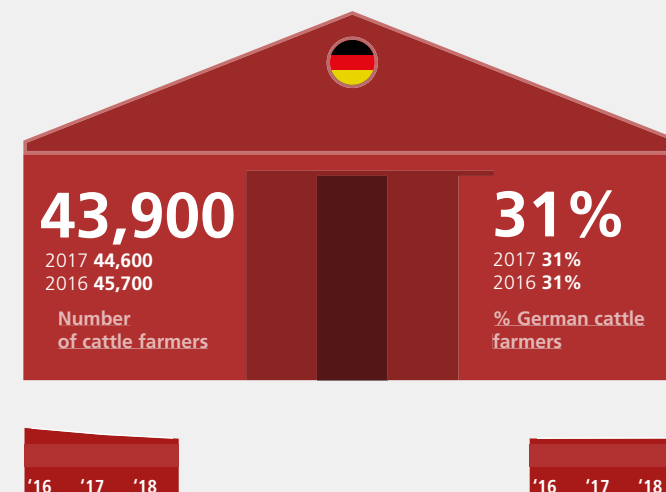
Total Vion Cattle farmers that supply their animals to Vion



The Netherlands Cattle farmers that supply their animals to Vion



Germany Cattle farmers that supply their animals to Vion



Clarification of the results

The total number of pig and cattle farmers in the Netherlands and Germany is decreasing, and the farms are getting bigger (the exact number of farmers is an estimation). Therefore, the number of farmers delivering

animals to Vion has decreased; however, the percentage of farmers delivering to Vion has more or less stayed stable compared to 2017.



Sustainable pricing

The topic

The way value is being distributed among partners in the chain is significantly influenced by the market. Traditionally, markets are often characterised by short term focus and high volatility in prices. This does not support structured developments of chains and exposes chain partners to substantial risks. One of Vion's targets is to improve our pricing and contracting models, in order to support a fair distribution of value in the production chain, and to avoid volatility related to the traditional pig cycle. This includes the purchase pricing of animals, which supports the success and continuity of the farmers' businesses.

Boundaries

The price paid to farmers is indirectly but heavily dependent upon the acceptance of the market to pay a fair price, and consequently on the willingness of Vion's customers to accept the price levels. We therefore cooperate intensively with both our customers (retail, processors, and food services) and farmers to develop innovative and sustainable pricing models.

Vion's approach

Traditionally, the prices of slaughter animals (cows and pigs) are volatile; with a fluctuating demand and supply – influencing spot price levels – and traders heavily dominating the market. Vion's ambition is to create more stability and transparency in this market. For this reason, we develop pricing models that support risk management for suppliers and stability in the value chain. This includes farmers who deliver their livestock to Vion, as well as buyers who are dependent on continuous supplies.

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

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

For Good Farming Star, together with the 'StarFarmers' association of suppliers, a pilot programme with fixed pricing over a period of 4 weeks was evaluated in 2017. The results of this 4-week fixed price pilot were used as input for a further pilot on a long-term pricing initiative in 2018. The final objective is to close the value chain between final customer and farmer by means of forward contracting by all related value partners.

The Good Farming Balance concept, which was launched in the Netherlands in 2017, stimulates farmers to focus their production fundamentally on premium products for the international markets. The concept includes new delivery modules and new pricing systems. The delivery modules comply with the specific demands of customers in international markets. Among other things, the delivery weight and fat layer thickness vary per module.

Within Good Farming Balance, the Dutch suppliers can choose from three pricing systems:

- The Vion weekly price - which fluctuates weekly on the basis of supply and demand.
- The Vion Price Index Guarantee (PIG), an average price based on a combination of a representative international price portfolio.
- The Vion long-term price (LTP), where the price of pork is fixed for a longer period.

The primary objective of the LTP-system is to offer the farmer the opportunity to fix its margin for the pigs produced. In 2017 and 2018, Vion offered several training programmes regarding risk management for pig farmers. In March 2018, Vion started a pilot with the LTP-system for Dutch closed pig farms. Pig farmers are participating in the pilot for at least one year for a fixed number of the pigs supplied. Within the pilot, the LTP-price is fixed for periods of 13 weeks. By arranging to fix the feed price with feed suppliers for that same period, pig farmers can fix their margins for pigs in the pilot.



Sustainable pricing

▶ Outlook and targets

Within the Good Farming Balance concept, the Vion long-term pricing system (LTP) pilot programme will be evaluated in 2019. Furthermore, Vion will proceed with the introduction of the Good Farming Balance concept in Germany.



The Good Farming Balance concept and pricing approach has been a success. At the end of 2018, around 70% of our Dutch suppliers were participating in the Good Farming Balance concept. The vast majority of these suppliers chose the PIG price system. At the end of January 2019, farmers with a Good Farming Balance contract based on this PIG-system received an additional payment, as a compensation for underperformance of the PIG-price compared to the benchmark portfolio.

Starting from October 2018, Vion introduced the Good Farming Balance concept for international markets to its German pig suppliers. In Northern Germany, this concept includes various new delivery modules. The concept has been adapted to the German market and differs slightly from the Good Farming Balance concept for the Dutch market. It is based on three pillars: larger selection of types of pigs, contribution margin and continuity.

In general, payment timing is an important issue as well. Vion pays its farmers within a shorter period than the payment periods of its customers. Contrary to normal international business practises, Vion pays its farmer suppliers at 7 days after delivery; thereby significantly contributing to decrease the working capital situation at farmers' level.

Optimal valorisation supports innovative pork chain concepts

It is the aim of Vion to develop and introduce innovative pork chain concepts. The introduction and full implementation of the 1-star Beter Leven keurmerk (Good Farming Star) for its Dutch retail sales, is an example of being a game changer in the supply of pork to retailers in the Netherlands.

One critical issue related to producing pork from distinctive production chains that produce above basic specifications, is the unbalanced and unpredictable sales of fresh pork. Vion has developed and implemented an innovative allocation model that improves the sales balance and therewith significantly decreases costs of unbalanced sales positions. Together with one of its major customers, this optimization model has been meanwhile implemented. This has consequently resulted in a revolutionary improvement of balance in the allocation of several cuts, including lower opportunity cost and a sustainable future for the 1-star Beter Leven keurmerk, in combination with a fair price premium for farmers.



The view of...

Mari van Kilsdonk

Pig farmer, participant Good Farming Balance



"It's good that Vion really takes a stand for the pig farmers."

Every week, we deliver pigs to Vion — something we've been doing for years. Our income is heavily dependent on the willingness of the sales market to pay a fair price. In the traditional market, pig prices can be turbulent and delivery options are limited. However, with the new concept of Good Farming Balance, Vion tries to offer pig farmers more stability and we've participated in this market concept since the beginning of 2017. In agreement with Vion, we determined how many pigs we would deliver per year. The payment made is based on the Vion price index guarantee (PIG), whereby an average price is calculated based on a combination of representative international prices. In order to participate in this price system, we have committed to deliveries for an extra half year.

At the end of the year, Vion makes a comparison to see whether the price paid was in line with the market. This comparison is based on changes in pig prices in different countries. This means, on average over the year, that I always get a fair price for my product. And, for two years in a row, I have received a supplementary payment to make up for differences with the PIG price. With the PIG pricing system, I have more certainty and run less risks. Vion's challenge is to follow the market, which they are transparent about, and I can see the prices myself and keep track of fluctuations in the market.

In addition to the supplementary payment system, the broad options for deliverables also appeal to us. I've been told that 'For every pig there's a market.' With Good Farming Balance, I have more options to deliver pigs of variable weight and bacon thickness.

We deliver within the 'Robuust' module, in which our company gets better paid for a heavier pig with more bacon. This is better value for Vion. Not every pig grows at the same rate and Vion makes it possible for us to deliver an entire department at once. As a result, we work with an all-in/all-out system, which is also beneficial for the animals' health. It also ensures more rest and routine in the stalls.

In our operations, the PIG system has ensured more structure with deliveries and income. The certainty of a market-based price ensures continuity within our company. Of course, price is not the only factor which has an influence on this, but it's good that Vion is willing to stick its neck out for pig farmers.



Local origin



The topic

Meat from local farmers is recognised by consumers as a product they can trust. When the farmers are part of the same local community, less transportation and supporting the local economy are the main drivers. The Vion Consumer Monitor shows that this trend is still increasing.



Boundaries

To sell products from a local origin, Vion local market concept supports short supply chains.



Vion's approach

Vion is matching the growing demand for local meat with a decentralised network of meat processing plants that procure livestock mainly from regional sources. Vion's target is to procure the animals from a radius of within 200 km of the meat processing plant. The beef plant in Leeuwarden has become operational in early 2018, to process dairy cattle locally from the famous Friesland dairy region. After some initial teething problems, mainly related to ante-mortem inspections and inspections in general, production reached near-full capacity by the end of 2018. Close to 10,000 cattle from the Friesland dairy region were slaughtered in Friesland in 2018.

Vion is fulfilling the consumer demand for market concepts with local products in three ways:

1. More transparency of the origin of the meat by means of Vion's own transparency website, or through relevant supply chain visibility programmes such as <http://www.goodfarmingstar.nl/>
2. Offering pork and beef in local market programmes with clearly defined and certified integrity systems (Specific Integrity Protocols). These are, e.g.:
 - Geprüfte Qualität Bayern (Certified Quality Bavaria).
 - Bavarian Beef (protected geographical indication (PGI)).
 - German regional labels under the 'Regionalfenster' title.
 - 'Dutch Waddenrund'.
3. Offering specific market concepts for our regional retail customers.

? Dilemma

Vion is committed to whole carcass use for optimised valorisation and to avoid food waste. Local demand is often targeted to specific, premium parts of the animal. Therefore, longer-distance transport will inevitably be required for those parts of a carcass that cannot be sold within these local market concepts. Furthermore, worldwide differences in preferences for certain meat-types and meat quality, and the willingness to pay extra for these preferences, sometimes make global sales necessary.



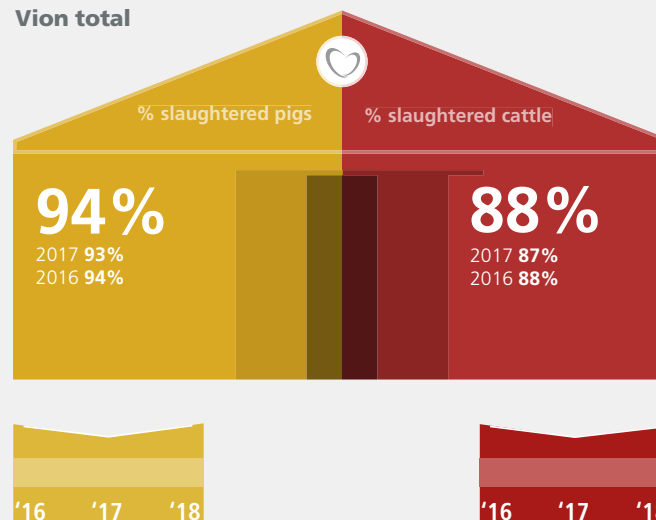
Local origin



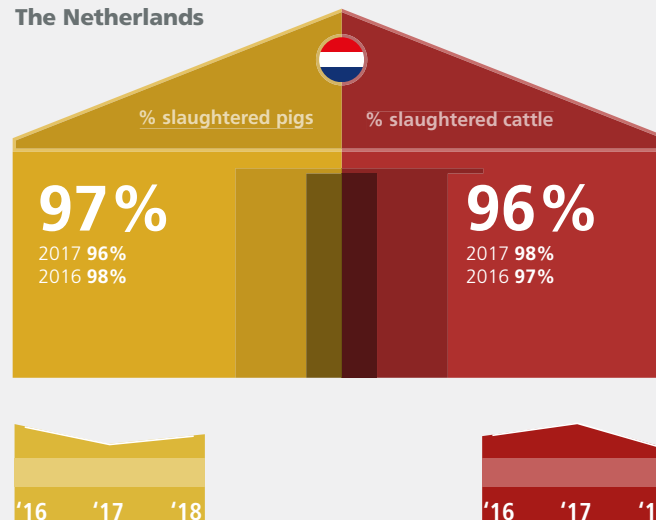
Results

Slaughtered pigs and cattle raised locally
< 200 km radius to production plants

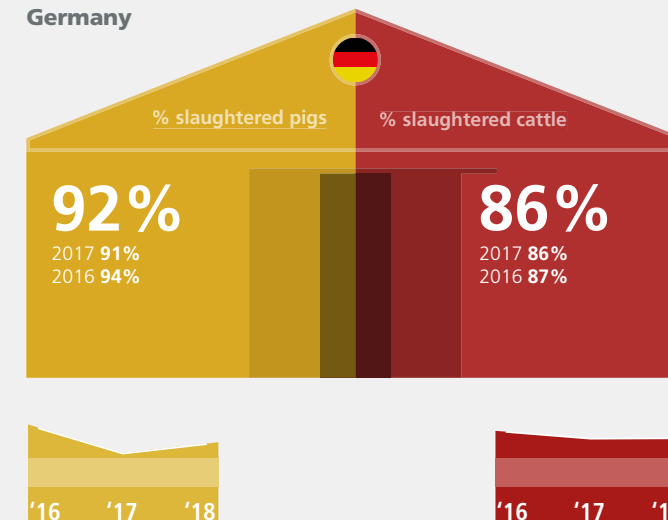
Vion total



The Netherlands



Germany





Local origin

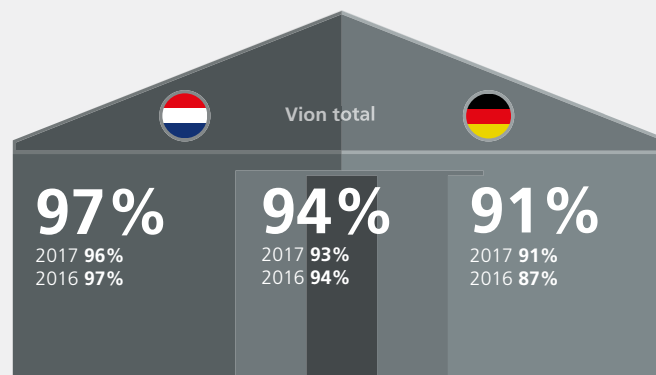
Outlook and targets

- Vion will continue to seek for local sourcing and as a demand-driven company will continue to develop market concepts to offer regionality in the market.

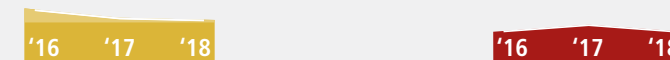
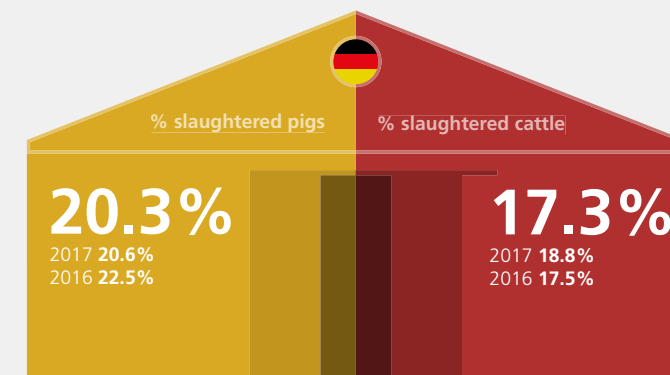


Results

Slaughtered animals raised locally
 < 200 km radius to production plants



Slaughtered animals in independently certified regionality programs – Germany



Clarification of results

In the Netherlands, the meat processing plants are dedicated to certain market programmes, such as Organic and Good Farming Star. That is why animals cannot always be transported to the nearest slaughterhouse.

In Germany, Vion supplies meat under independently certified regionality concepts such as Geprüfte Qualität Bayern, Bavarian Beef, Edeka Gutfleisch and Regionalfenster. The amount of Regionalfenster pigs has declined the last years, as well as the amount of young bulls under regionality programs.



The view of...

Sebastian Ziehaus

Head Chef at Bermuda Bräu, Austria

"We have the Simmental Homestyle burger on our menu, because it is made using Austrian beef of excellent quality. Regional products are becoming increasingly important."



When you are head chef at a central Vienna restaurant, you want to have something special to offer your demanding customers. Sebastian Ziehaus is a big name in this city on the Danube's restaurant scene. He studied under Werner Matt, the legend of Austrian cuisine. For many years, Ziehaus was a chef at "Flatschers", a favourite amongst the Austrian capital's steak and burger crowd. Recently, this 36-year-old chef made the move to Kurt Salchenegger's "Bermuda Bräu". This rustic eatery in central Vienna offers upscale Viennese brewery fare. Most, though not all, dishes are prepared in-house by head chef Ziehaus and his team. "The burgers from Salomon FoodWorld also have a place on our menu," states this food expert. "We meld tradition with modernity."

Why do you source your burger patties from Salomon FoodWorld?

We have the Simmental Homestyle burger on our menu, because it is made using Austrian beef and it is of excellent quality. That fits in perfectly with our restaurant's dining concept. Regional products are becoming increasingly important.

Why is that?

They are seen as not easily interchangeable, as shaping a region's character. Typical dishes are part of that as well. We serve the classic Austrian dishes, such as Wiener Schnitzel, potato salad and goulash, but also offer burgers with an Austrian touch.

What might a burger with this local touch look like?

We like to offer burger fixings with an Austrian connection from time to time. Some weeks, for instance, we might use Austrian cheese on the burger, or substitute the French fries for typical Austrian fried potatoes with a side of coleslaw.

Is animal welfare also a concern for you?

Of course. It is important for us that the animals are treated well. For us, regional sourcing also means shorter transport distances and less stress for the animal.

Could you describe for us what Simmental beef tastes like?

It is flavourful and tender - pure beef, plain and simple. I also like its consistency and colour. Another plus is the Simmental Homestyle burger's fair price. So it has a lot going for it.

Have you been sourcing products from Salomon FoodWorld for a long time?

I used to work with Salomon FoodWorld products at "Flatschers" as well. When it comes to burgers, they can't be beaten. At "Bermuda Bräu", I also use the Fire Roasted Chik'n Fingers, Beerbuttered Onion Rings Thick-Cut and Breaded Mozzarella Sticks from Großostheim. I find the quality to be consistently high and the handling straightforward. "Bermuda Bräu" has 240 seats in the restaurant and another 150 seats in the garden, and we run an event hall in the basement on weekends as well. You need to be able to ensure good, prompt service for all those customers.

Other relevant CSR topics

Global food security



The topic

The human population is growing and there is a demographic movement towards (big) cities. This is a tremendous challenge for food producers, as more food is needed, and the big cities need to be provided with fresh food. Specifically for the producers of animal protein, there is another challenge in that the consumers have more money to spend and tend to consume more products of an animal origin.

Vion's approach

It is imperative that Vion is committed to an effective use of resources, such as the land to produce food. Vion sources its beef mainly from cattle that has been producing milk for many years, resulting in their so-called dual-purpose use. Meadows in the region of North-Western European produce grass very effectively. This grass is not edible for humans, but it is converted by cows into high quality dairy and beef products.

Fertile soils are also available in our production countries 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 suitable 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 and valuable organic fertiliser for the soil. All parts of the animals being slaughtered will be used, either for human or for animal consumption. For hygiene reasons, some by-products are processed into biodiesel or other products. Therefore, nothing is wasted, and the slaughter process is truly circular.

Salt, fat and sugar content



The topic

Too much salt, trans fat and sugar can have a negative effect on 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 its consumer products by between 10% and 50%. There is a growing demand for lean meat (low energy and high protein), which Vion is fulfilling by offering specific cuts. Also, the raising of entire boars supports the production of lean meat and reduces the environmental footprint of pork when it is compared to raising castrated pigs. Entire boars need less feed and less time to achieve the same weight.

Additives



The topic

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

Vion's approach

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

Employment



The topic

In 2018, Vion provided an income and livelihood to: 5,218 own employees and 7,487 third-party workers.

Vion's approach

Vion is an ambitious employer and provides a safe and comfortable work environment with competitive benefits. We offer a trainee program which enables us to attract new talent.

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 to develop their personal and professional skills constantly. We also invest in language courses. In this way, Vion promotes the employability of its workforce.

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

In our own Vion Academy, we train to develop and extend skills and keep our employees updated in knowledge. Employees get training in, for example, the Vion Operating System (VOS), a system for process optimisation. Through a diverse set of practical tools and methods (like the 5S-model and lean management) we work in a structured manner to make improvements. Our Dutch finance professionals had their own finance academy, where skills were updated, and best practices were shared. Dutch managers followed a course 'Management with consciousness of working conditions'. Additionally, we also offer external trainings and qualifications.



Diversity and integration

The topic

Equally-skilled people should receive 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. The topic is one of the pillars of our Good Business Practice. 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 nuisances caused by odour, noise or traffic.

Vion's approach

Vion's production plants are designed and operate in accordance with national and local environmental regulations that include the interests of neighbours related to nuisances and odours. However, it is obvious that food production companies of this size will have an effect, for example, on traffic. Vion tries to prevent and to solve these nuisances by finding appropriate solutions in dialogue with its neighbours, local communities and the competent authorities.

In late 2017 and beginning of 2018, an external waste water treatment plant, residing on Vion's premises, was suggested to be related to Legionella cases in men. Based on precautionary principles, the water treatment plant took immediate responsibility in close cooperation with Vion, the local and the national authorities. Measures were taken to eliminate the possibility of new cases. No new cases have been reported since. The treatment of waste water of other Vion production locations was reviewed for similar risks.



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 others, e.g. through various foundations. Examples are: the Salvation Army, Duchenne Heroes and the Alpe d'Huzes project.

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



Sustainable packaging

The topic

Fresh meat is a volatile food item that needs cooling and hygienic packaging to ensure a high level of food safety. For its packaging, Vion uses mainly plastic packaging materials. Plastic packaging materials are made with fossil fuels and the plastic does not perish.

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 ensure the intended level of protection in the most resource-efficient way. A part of the packaging material is made of paper instead of plastic, in order to reduce the production of plastic waste. Several consumer products are packaged in bio-degradable plastics.



Food waste avoidance

The topic

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

Vion's approach

Vion has a strong focus on avoiding waste when the product is under our own responsibility. This has resulted in hardly any waste of animals, as all the parts are valorised. Animal by-products not used for human consumption are used for animal feed or other purposes. However, 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 of food that they cannot eat, Vion supports activities for appropriate package sizes at the end-consumer level.

Moreover, Vion is an advocate of frozen food, as the shelf life of frozen food results in less waste. Vion Food Service is a specialist in frozen food, supporting food service professionals to serve a broad range of meals and giving them the flexibility to adjust to the number of guests and their preferences. By producing single consumer portions, Vion is helping gastronomy to avoid unnecessary leftovers.

Waste management



The topic

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

Vion's approach

Vion has hardly any waste from animals as all parts are valorised. Animal by-products not used for human consumption are used for animal feed or other purposes. Immature manure from animals' bowels is a valuable ingredient for biogas operations. Vion offers this manure, which was often left unused, to interested biogas plants for producing renewable energy.

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 has an influence on the sustainability of meat. Feed ingredients that are at risk need special attention, such as those used in soy production. Soy plantations may be associated with deforestation, loss of biodiversity and extensive water usage.

Vion's approach

Vion advocates the use of Round Table Responsible Soy (RTRS) certified soy. The RTRS certification includes 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.

We also advocate the efficient use of animal proteins in feed and the reacceptance of safe animal by-products that are unfit for human consumption to be converted into 'processed animal proteins'. These are a very valuable raw material in the feed for pork and poultry.

Locally available proteins that are not fit for human consumption can play a major role as the feed constituents for pig feed.



Biodiversity

The topic

A substantial part of the cattle originates from areas where nature conservation, including biodiversity, is a relevant item.

Vion's approach

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

Both in Germany and in the Netherlands, Vion is involved in sourcing cattle from areas where nature preservation is an important issue. In the mountains of south Germany (Bavaria) and on the meadows of the Wadden Sea, a Unesco World heritage region, the cattle can enjoy grazing in harmony with the unique flora and fauna.

Nature preservation is actively promoted by the farmers in these regions, and Vion makes it transparent to the market that this specific beef originates from these wonderful regions. With this transparency in the supply chain, Vion can enhance the awareness of the consumers about these unique regions of Europe.

Appendices

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS



About this report

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

Stakeholder inclusiveness

In defining the material topics and the content of the report, we considered the interests of our stakeholders. These interests are well known to us through the stakeholder engagement that occurs as part of our regular activities. One of the key elements is the continuous monitoring of our consumers' preferences. Besides this, we monitor the media and engage with the scientific community. To open a dialogue and to learn from each other, Vion organises stakeholder discussions and participates in round table meetings. In addition, Vion provides specific stakeholders with the opportunity to raise topics in interviews that are included in our quarterly German farmers' magazine proAgrar. See page 24 and appendix 'Stakeholder Engagement' for more information about our stakeholder engagement.

Sustainability context

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

- We gave reasons for the fact that more animal welfare can impact the environmental footprint negatively.

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

Materiality

With regard to the impacts resulting from our business activities, or those we are linked to through the supply chain, we have developed a list of the relevant CSR topics for Vion. To define the material topics out of all the relevant topics, we performed a materiality analysis with representatives of the different departments. The influence of a CSR topic on the decisions and opinions of the stakeholders was assessed based on the existing stakeholder information. The impact Vion has on a particular topic was based on the actual or potential impact Vion can make and how much influence Vion has on that topic. See pages 30-32 for more information about our materiality analysis and its outcome.

Completeness

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

How we organise CSR

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

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

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

1000-man quote (TMQ)	The number of work accidents resulting in more than three calendar days of absenteeism or death, based on 1000 fulltime workers.
Absentee rate	The actual absenteeism days during continued remuneration (the first six weeks of each sickness), expressed as a percentage of the total days scheduled to be worked by these workers in the same period. In the calculation we only take into account our own employees, not third-party workers.
Amino acids	A large proportion of our cells, muscles and tissue is made up of amino acids. Amino acids are used in your body to build proteins. Amino acids bond together to make long chains. Those long chains of amino acids are called proteins.
Boundary	Description of where the impacts occur for a material topic, and the organisation's involvement with those impacts.
Direct (Scope 1) GHG emissions	GHG emissions from sources that are owned or controlled by an organisation.
Employee	An individual who is in an employment relationship with the organisation, according to the national law or its application.
Energy indirect (Scope 2) GHG emissions	GHG emissions that result from the generation of the purchased or acquired electricity, heating, cooling and steam consumed by an organisation.
Energy intensity	Absolute energy consumption divided by the production volume.
Energy reduction	Amount of energy no longer used or needed to carry out the same processes or tasks.
External sold volume	The total volume of meat and by-products that are sold to external customers. Internal sales within divisions are excluded.
Greenhouse gas (GHG)	Gas that contributes to the greenhouse effect by absorbing infrared radiation.
Injury	Non-fatal or fatal injury arising out of, or in the course of, work activities.
Lost day rate	The number of LTIs at all production sites divided by the total number of employees (own and flex).
Lost time injuries (LTIs)	Injuries with an absence of at least one scheduled work day.
KPI / Key Performance Indicator	A quantifiable measure used to evaluate our performance.
Location-based	For the CO ₂ emissions, we use the average grid emission factors for the country in which the material is purchased/produced.
Management approach	Narrative description about of how Vion manages its material topics and their related impacts.
Material topic	Topic that reflects Vion's significant economic, environmental and social impacts; and that substantively influences the assessments and decisions of our stakeholders
Maximum Residue Limit (MRL)	The maximum concentration of residue accepted within the legislation. This can be the residue of an environmental contaminant, such as lead, or the residue of a crop protection or animal protection agent.
Non-renewable energy source	An energy source that cannot be replenished, reproduced, grown or generated in a short time period through ecological cycles or agricultural processes.
Remuneration	Basic salary plus the additional amounts paid to a worker.
Renewable energy source	Energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes.
Scope of the GHG emissions	Classification of the operational boundaries where the GHG emissions occur.
Second party certification	Certification, e.g. by a customer, or a party that is not independent in the supply chain.
Slaughter weight	The weight of a carcass after slaughtering, without the blood and skin.
Stakeholder	An entity or individual that can reasonably be expected to be significantly affected by Vion's activities, products and services; or whose actions can reasonably be expected to affect the ability of Vion to successfully implement its strategies and achieve its objectives.
Sustainable development/sustainability	Development that meets the present needs without compromising the ability of future generations to meet their own needs.
Third party certification	Certification by an external independent party.
Third-party worker	Flex workers hired via temporary employment agencies.

Financial information

Key figures

Amounts in millions of euros

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

General information

The financial information as presented in this CSR report, consisting of the key figures, the consolidated statement of profit and loss, the consolidated statement of financial position, the consolidated statement of total comprehensive income and the consolidated statement of cash flows is derived from the annual report 2018 of Vion Holding N.V.

Vion Holding N.V. prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The financial information in this report should be read in conjunction with the annual report 2018 of the company.

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

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

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

³ Revenue less raw materials and consumables as percentage of revenue

⁴ Normalised earnings before interest and taxes divided by average capital employed (intangible assets, property plant & equipment, investment properties, working capital excluding interest bearing loans and borrowings)

The consolidated financial statements of Vion Holding N.V. and its subsidiaries for the year ended on 31 December 2018 were authorised for publication by the management board following the approval by the supervisory board on 14 March 2019. The financial statements will be submitted to the general meeting of shareholders for adoption.

Consolidated statement of profit and loss

(in thousands of euros)

	2018	2017
Continuing operations		
Sale of goods	4,640,229	5,062,348
Rendering of services	29,932	7,654
Revenue from contracts with customers	4,670,161	5,070,002
Other operating income	8,568	22,156
Raw materials and consumables	3,521,792	3,976,704
Subcontracted work and external costs	517,749	489,816
Employee benefits expense	573,470	551,598
Depreciation and amortisation	41,478	36,142
Impairment of non-current assets	698	825
Other operating expenses	6,741	13,529
Total operating expenses	4,661,928	5,068,614
Earnings before interest and taxes	16,801	23,544
Finance costs	-5,399	-6,875
Finance income	370	130
Share of profit of associates and joint ventures	1,275	1,217
Profit before tax from continuing operations	13,047	18,016
Income tax income/(expense)	-2,864	3,833
Profit for the year	10,183	21,849
Attributable to:		
Equity holders of the parent	7,941	20,122
Non-controlling interests	2,242	1,727
Total	10,183	21,849

Consolidated statement of total comprehensive income

(in thousands of euros)

	2018	2017
Profit for the year	10,183	21,849
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	61	-2
Gross (loss)/gain on cash flow hedges	-1,790	1,141
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	-1,729	1,139
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement gains/(losses) on defined benefit plans	805	724
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	805	724
Other comprehensive income/(loss) for the year, net of tax	-924	1,863
Total comprehensive income/(loss) for the year, net of tax	9,259	23,712
Attributable to:		
Equity holders of the parent	7,017	21,985
Non-controlling interests	2,242	1,727
Total	9,259	23,712

Consolidated statement of financial position

(in thousands of euros)

Assets	2018	2017
Non-current assets		
Property, plant and equipment	307,212	289,256
Investment properties	1,287	1,450
Intangible assets	57,525	49,974
Investment in associates and joint ventures	6,734	10,094
Other non-current financial assets	3,639	4,011
Deferred tax assets	29,923	32,456
Total non-current assets	406,320	387,241
Current assets		
Inventories	173,408	176,656
Trade and other receivables	388,747	414,830
Prepayments	11,497	4,348
Other current financial assets	1,143	2,095
Income tax receivable	445	165
Cash and cash equivalents	6,139	20,858
Assets held for sale	29	1,714
Total current assets	581,408	620,666
Total assets	987,728	1,007,907

Equity and liabilities	2018	2017
Equity		
Issued capital	2,285	2,285
Share premium	372,716	372,716
Legal reserves	21,177	20,593
Retained earnings	29,194	18,804
Result for the year	7,941	20,122
Equity attributable to equity holders of the parent	433,313	434,520
Non-controlling interests	14,905	11,616
Total equity	448,218	446,136
Non-current liabilities		
Interest-bearing loans and borrowings	16,184	16,141
Other non-current financial liabilities	2,989	1,080
Provisions	854	1,571
Net employee defined benefit liabilities	127,284	133,414
Deferred tax liabilities	6	8
Total non-current liabilities	147,317	152,214
Current liabilities		
Trade and other payables	354,384	345,604
Interest-bearing loans and borrowings	22,033	53,656
Other current financial liabilities	6,668	5,086
Contract liability	4,719	–
Income tax payable	2,126	2,566
Provisions	2,263	2,645
Total current liabilities	392,193	409,557
Total liabilities	539,510	561,771
Total equity and liabilities	987,728	1,007,907

Consolidated statement of cash flows

(in thousands of euros)

	2018	2017
Cash flow from operating activities		
Profit before tax	13,047	18,016
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	35,838	33,190
Depreciation and impairment of investment properties	163	251
Amortisation and impairment of intangible assets	6,176	3,527
Gain on disposal of property, plant and equipment	-1,019	-12,802
Finance income	-370	-130
Finance costs	4,509	6,351
Net foreign exchange differences	890	524
Share of profit of associates and joint ventures	-1,275	-1,217
Movement in provisions, pensions and government grants	-8,147	-7,852
Working capital adjustments:		
(Increase)/decrease in trade and other receivables and prepayments	31,809	28,085
(Increase)/decrease in inventories	11,147	-18,677
Increase/(decrease) in trade and other payables	795	-5,193
	93,563	44,073
Interest received	583	921
Interest paid	-3,757	-5,716
Income tax paid	-366	-214
Net cash flow from operating activities	90,023	39,064

Cash flow from investment activities

Proceeds from sale of property, plant and equipment	3,097	14,724
Purchase of property, plant and equipment	-52,363	-68,026
Purchase of intangible assets	-2,147	-2,649
Development expenditures	-6,739	-8,600
Proceeds from sale of financial fixed assets	-	9,937
Purchase of subsidiaries	-551	-6,922
Dividends received from subsidiaries, associates and joint ventures	227	-
Net cash flow from investment activities	-58,477	-61,536

Cash flow from financing activities

Repayment of borrowings	-32,640	-4,231
Proceeds from non-bank debts	-	3,152
Repayment of non-bank debts	-88	-
Acquisition of non-controlling interest	-1,842	-15,370
Dividend paid to equity holders of the parent	-9,500	-
Dividend paid to non-controlling interests	-2,318	-2,643
Net cash flow from financing activities	-46,388	-19,092

Net decrease in cash and cash equivalents	-14,841	-41,564
Net foreign exchange difference	122	-92
Cash and cash equivalents at 1 January	20,858	62,514

Cash and cash equivalents at 31 December	6,139	20,858
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Corporate governance and organisational structure



Ownership

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued the depositary receipts for its shares to NCB-Ontwikkeling, which acts as the investment fund of ZLTO. ZLTO is an association for entrepreneurs working in the agricultural sector, and has approximately 14,500 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 2018. 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, HR Director and the Chief Operating Officers (COOs) of the Pork, Beef and Food Service Divisions, 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, including on the CSR topics.

The management board and the Supervisory Board are accountable to Vion's General Meeting of Shareholders.



Our employees

In 2018, Vion had 5,218 own employees and 7,487* third-party labourers working to build on Vion's success. The number of flex workers is quite high and is mainly due to the need for flexibility in the company's operations. Our third-party labour workers mostly work in the production, e.g. slaughtering, deboning, packaging and cleaning processes.

Approximately a quarter of our employees work part-time. Due to the nature of our production processes, most of the workers are male. Approximately a quarter of our employees are women.

For more details, see appendix 'Employees and third-party workers'.

* Average total number of employees in FTEs 11,900.

Management board and executive committee

The management board of the company is comprised of Ronald Lotgerink (CEO) and John Morssink (CFO). The executive committee further includes John de Jonge (COO Pork Division), Maiko van der Meer (CCO Pork Division), Bernd Stange (COO Beef Division), Bernd Stark (COO Food Service Division) and Binne Visser (HR Director).



From left to right: Maiko van der Meer, John de Jonge, Bernd Stange, Binne Visser, Ronald Lotgerink, Bernd Stark and John Morssink

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 very common in our industry. We want to be the leader of this industry in terms of transparency. We are therefore taking the first initiatives in new ways of being open and providing information. Examples of this are the publishing on our website of the 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 for improvement 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, the other consumer attributes of Vion products are also of major concern, such as the convenience of use, taste, colour and the aroma of the 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 on all major sustainability topics. For this reason, we report yearly on our progress and we have made 'sustainability' part of our DNA. All workers are required to act according to our CSR strategy and ambitions. We stimulate our workers to think and talk about CSR and the dilemmas they face when making decisions. In our internal means of communication, like the Vion app, personnel magazine, team meetings and town hall meetings, we pay attention to different CSR topics. We also stimulate our workers to discuss CSR topics externally, to distribute our CSR report and to ask for feedback.



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 issue. To the contrary, we are contributing to it and we intend to be a leading company in providing solutions to these themes.

The way we do business

Our business principles

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



Economic fundamentals

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



Animal welfare and animal health

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



Integrity

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



Human capital

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



Social commitment

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



Compliance

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

The way we do business

Our code of conduct and whistleblower procedure

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



Code of conduct

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

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

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



Whistleblower procedure

In 2018, we have received in total two reports under the whistleblower policy (2017: 8). One was related to human resources and one to alleged violation of the code of conduct related to theft of products.

In 2018, we again received no notifications of corruption nor bribery. Our policy is that, in a case of proven corruption or bribery, the respective employee will be fired immediately.

The Vion whistleblower policy aims to support compliance with laws, integrity in financial management, a healthier and safer work environment, and effective corporate governance. We want to ensure that any employee of Vion can make a report without the risk of retaliation, and with the assurance that all reports are treated confidentially and are promptly investigated. In addition to reporting directly to management, human resources or the management board, employees can contact the whistleblower line, which is operated by an external service provider. This allows employees to report issues anonymously.

Employees and third-party workers (headcounts)

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CSR TOPICS

Vion	2016	2017	2018
Total number of workers own + flex	12,388	13,445	12,705
Total number of Vion's own employees with a permanent employment contract	4,122	4,392	4,565
• Male	3,210	3,344	3,427
• Female	912	1,048	1,138
Total number of Vion's own employees with a temporary employment contract	534	570	653
• Male	357	362	423
• Female	177	208	228
Total number of full-time employees	3,456	4,013	4,114
• Male	2,874	3,271	3,351
• Female	582	742	763
Total number of part-time employees	1,201	949	1,104
• Male	693	429	498
• Female	507	520	606
% of total employees covered by collective bargaining agreements	94.2%	92.5%	90.8%
# of employees covered by collective bargaining agreements	4,290	4,495	4,736
Total number of third party labour workers	7,732	8,483	7,487
• Male	N.A.	N.A.	0
• Female	N.A.	N.A.	0
% of total third party labour workers covered by collective bargaining agreements	47.9%	55.4%	47.4%
# of third party labour workers covered by collective bargaining agreements	3,706	4,696	3,550

Vion Netherlands	2016	2017	2018
Total number of workers own + flex	5,444	6,323	5,536
Total number of Vion Netherlands's own employees with a permanent employment contract	1,772	1,852	1,929
• Male	1,358	1,408	1,452
• Female	414	444	477
Total number of Vion Netherlands's own employees with a temporary employment contract	228	214	256
• Male	115	100	143
• Female	113	114	113
Total number of full-time employees	1,447	1,474	1,569
• Male	1,237	1,251	1,321
• Female	210	223	248
Total number of part-time employees	553	592	616
• Male	236	251	273
• Female	317	341	343
% of total employees covered by collective bargaining agreements	100%	96.1%	96.1%
# of employees covered by collective bargaining agreements	2,000	1,985	2,100
Total number of third-party labour workers	3,444	4,257	3,351
• Male	N.A.	N.A.	N.A.
• Female	N.A.	N.A.	N.A.

Vion Netherlands	2016	2017	2018
% of total third-party labour workers covered by collective bargaining agreements	100%	98.8%	98.5%
# of third party labour workers covered by collective bargaining agreements	3,444	4,206	3,301

Vion Germany	2016	2017	2018
Total number of workers own + flex	6,944	7,018	7,169
Total number of Vion Germany's own employees with a permanent employment contract	2,350	2,437	2,636
• Male	1,852	1,878	1,975
• Female	498	559	661
Total number of Vion Germany's own employees with a temporary employment contract	306	355	397
• Male	242	261	280
• Female	64	94	117
Total number of full-time employees	2,009	2,442	2,545
• Male	1,637	1,962	2,030
• Female	372	480	515
Total number of part-time employees	648	350	488
• Male	457	177	225
• Female	190	173	263
% of total employees covered by collective bargaining agreements	86.2%	89.9%	86.9%
# of employees covered by collective bargaining agreements	2,290	2,510	2,636
Total number of third party labour workers	4,288	4,226	4,136
• Male	N.A.	N.A.	N.A.
• Female	N.A.	N.A.	N.A.
% of total third party labour workers covered by collective bargaining agreements	6.1%	11.6%	6.0%
# of third party labour workers covered by collective bargaining agreements	262	490	249

In 2018, we had 105 extra employees in our sales support offices outside the Netherlands and Germany.

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

Due to the nature of our production processes, the majority of the workers are male. In the Netherlands, all operational employees and third-party labour workers are covered by collective bargaining agreements. The workers not covered by collective bargaining agreements are corporate staff.

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON MATERIAL TOPICS / CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Consumers	<ul style="list-style-type: none"> Consumers in our home markets of the Netherlands and Germany Consumers around the world 	Material topics <ul style="list-style-type: none"> Role of meat in a healthy diet Animal-friendly husbandry Traceability and product integrity Antibiotics Organic Environmental aspects of livestock farming Local origin Sustainable pricing SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Yearly Consumer Monitor in the Netherlands and Germany Yearly Food Service Consumer Trend Analysis Questions and remarks from consumers; each remark from a consumer is answered personally 	<ul style="list-style-type: none"> Marketing
Customers	<ul style="list-style-type: none"> Retail outlets Industry (manufacturers) Food services 	Material topics <ul style="list-style-type: none"> Food safety Animal welfare in transportation and slaughtering Animal-friendly husbandry Traceability and product integrity Antibiotics Organic Health and safety of workers Working conditions for third-party labour Environmental aspects of livestock farming Sustainable pricing Local origin SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks by the Sales and Quality Assurance Departments Biennial Client Satisfaction Analysis 	<ul style="list-style-type: none"> Sales Marketing Quality Assurance Departments CEO
Suppliers	<ul style="list-style-type: none"> Animal suppliers: Farmers, De Groene Weg, Waddenvleesgroep Food suppliers Non-food suppliers 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal-friendly husbandry Traceability and product integrity Antibiotics Organic Environmental aspects of livestock farming Sustainable pricing Local origin SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc dialogues by the Purchasing and Quality Assurance Departments Workshops Annual meetings of farmer's associations Events for suppliers Lectures at producer meetings Guided plant tours for suppliers 	<ul style="list-style-type: none"> Public Affairs Farming Department Purchasing Quality Assurance CEO

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON MATERIAL TOPICS / CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Farmer associations	<ul style="list-style-type: none"> LTO (Landen Tuinbouworganisatie) ZLTO (Zuidelijke Landen Tuinbouworganisatie) NVV (Nederlandse Vakbond Varkenshouders) POV (Procentenorganisatie varkenshouderij) Regional farmers' associations StarFarmers De Groene Weg suppliers' association DBV (Deutscher Bauernverband) ISN (Interessengemeinschaft der Schweinehalter Deutschlands) ZDS (Zentralverband der Deutschen Schweineproduktion) Breeding farm associations NAJK (Young Farmers Association) Bayerischer Bauernverband 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal-friendly husbandry Traceability and product integrity Antibiotics Organic Environmental aspects of livestock farming Sustainable pricing Local origin Indirect economic impacts SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc bilateral meetings Yearly sector meetings Yearly farmers' association supervisory boards Presentations at annual meetings 	<ul style="list-style-type: none"> Public Affairs COOs Purchasing Departments CEO
Financial stakeholders	<ul style="list-style-type: none"> Shareholder ZLTO Banks Shareholders of parts of Vion's subsidiary companies 	Material topics <ul style="list-style-type: none"> Sustainable pricing Indirect economic impacts SDGs <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc direct talks by the board Quarterly supervisory board meetings 	<ul style="list-style-type: none"> CFO CEO Public Affairs Department Treasury-Insurance Group Communication and CSR
Public authorities	<ul style="list-style-type: none"> National, regional (provincial) and local governments Public auditors like NVWA Transparency Benchmark 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal-friendly husbandry Antibiotics Environmental aspects of livestock farming Local origin Sustainable pricing Indirect economic impacts SDGs <ul style="list-style-type: none"> Zero hunger Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc direct talks by the Public Affairs and Quality Assurance Departments and the Line Management Engagement in Topsector Agri & Food, as well as round table discussions on other specific projects and dialogues Yearly benchmark on the CSR in the Netherlands 	<ul style="list-style-type: none"> CEO Public Affairs Quality Assurance Departments Line Management
Round table groups	<ul style="list-style-type: none"> RTRS: Round Table Responsible Soy National technical workgroup Varken van Morgen Topsector Agrifood SAI Beef Working Group (SAI Platform) Runde Tische Tierschutz Initiative Tierwohl Koordinierungsplattform Ferkelkastration SPA = Sozialpolitischer Ausschuss der Fleischindustrie ViVa (Coalition Vitalisering Varkenshouderij) Boehringer Ingelheim Pork Sustainability Platform Boars 2018 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal-friendly husbandry Antibiotics Environmental aspects of livestock farming SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Round table meetings and technical advisory group meetings Member of the Steering Committees 	<ul style="list-style-type: none"> Public Affairs Quality Assurance Human Resources Purchase Departments

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON MATERIAL TOPICS / CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
NGOs	<ul style="list-style-type: none"> Animal welfare NGOs: Dierenbescherming, Eyes on Animals, Wakker Dier, Compassion in World Farming, Deutscher Tierschutzbund, Pro Vieh, Environmental NGOs: Stichting Natuur & Milieu, WWF, Milieudefensie, BUND Consumer protection NGOs: Consumentenbond, Voedingscentrum, Foodwatch, Verbruucherzentrale Bundesverband 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal-friendly husbandry Antibiotics Environmental aspects of livestock farming SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks, council or round table discussions with some NGOs Collaboration in the European Animal Welfare Platform 	<ul style="list-style-type: none"> Public Affairs Quality Assurance Farming Departments Group Communication and CSR
Workers and works councils	<ul style="list-style-type: none"> Own employees Flex employees Corporate works council Local works councils 	Material topics <ul style="list-style-type: none"> Food safety Animal welfare in transportation and slaughtering Transparency in communication Traceability and product integrity Health and safety of workers Working conditions for third-party labour Energy consumption Water use SDGs <ul style="list-style-type: none"> Zero hunger (safe food) Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Frequent (at least) monthly informal meetings Annual performance planning and review meetings Town hall meetings Annual Top 150 management meetings 	<ul style="list-style-type: none"> Human Resources Department
Trade unions	<ul style="list-style-type: none"> Corporate and local works councils Trade Unions: FNV, CNV, de Unie, NGG 	Material topics <ul style="list-style-type: none"> Health and safety of workers Working conditions for third-party labour SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Frequent (at least monthly) informal meetings Quarterly formal meetings Collective bargaining agreements FNLI Taskforce Human Capital Agenda Food 	<ul style="list-style-type: none"> Human Resources Department
Trade organisations	<ul style="list-style-type: none"> COV (Centrale Organisatie voor de Vleessector) VNV (Vereniging van Slachterijen en Vleesverwerkende bedrijven) CBL (Centraal Bureau Levensmiddelenhandel) FNLI (Federatie Nederlandse Levensmiddelenindustrie) VDF (Verband der Fleischwirtschaft) German Meat GS1 Working Group European Meat Network VNONCW BGN (Berufsgenossenschaft Nahrungsmittel und Gastgewerbe) 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal-friendly husbandry Antibiotics Environmental aspects of livestock farming Sustainable pricing Local origin SDGs <ul style="list-style-type: none"> Zero hunger (safe food) Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Membership on the Board of COV, VDF and BGN Membership on the Board of FNLI and Innofood Twente 	<ul style="list-style-type: none"> COOs Group Communication and CSR

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON MATERIAL TOPICS / CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Competitors	<ul style="list-style-type: none"> • Tönnies • Danish Crown • Westfleisch • Müller • Gosschalk • Compaxo • Van Rooij • Food service competitors 	Material topics <ul style="list-style-type: none"> • Animal welfare in transportation and slaughtering • Animal-friendly husbandry • Antibiotics • Environmental aspects of livestock farming SDGs <ul style="list-style-type: none"> • Responsible production and consumption • Decent work and economic growth 	<ul style="list-style-type: none"> • Ad hoc or in trade organisations • SAI Platform 	<ul style="list-style-type: none"> • CEO • Sales • Marketing • Public Affairs Departments • Group Communication and CSR
Certifications schemes	<ul style="list-style-type: none"> • IFS (International Featured Standards) Food • GlobalGAP • BRC Global Standards • ISO (International Organisation for Standardisation) • Stichting Beter Leven Keurmerk • IKB (Integraal Ketenbeheer) • Chain of Custody Standard • QS (Quality Scheme) • Skal • Tierschutzlabel • Initiative Tierwohl • Regionalfenster • Geprüfte Qualität Bayern • OrgalInvent • Milieukeur • NEN-ISO Dutch mirror group for Animal Welfare • NEN-ISO Dutch mirror group for the Chain of Custody 	Material topics <ul style="list-style-type: none"> • Food safety • Animal welfare in transportation and slaughtering • Animal-friendly husbandry • Organic • Traceability and product integrity • Antibiotics • Environmental aspects of livestock farming • Local origin 	<ul style="list-style-type: none"> • Yearly audits • Direct membership in the governing bodies or technical advisory groups of a number of certification schemes • Chair of the Dutch mirror group NEN-ISO for Animal Welfare • Member of the Board of GlobalGAP and IFS 	<ul style="list-style-type: none"> • Quality Assurance • Purchase Departments

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON MATERIAL TOPICS / CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Science	<ul style="list-style-type: none"> Governmental research agencies like RIVM (Rijksinstituut voor Volksgezondheid en Milieu) University research agencies like Wageningen University and Research Centre, University Utrecht, Uni Kiel, Uni Göttingen, Uni Bonn, Uni Witzenhausen, LMU München, Uni Hohenheim, FH Weihenstephan, FH Neubrandenburg, and TiHo (Tierärztliche Hochschule) Hannover Veterinary University Utrecht IRAS (Institute for Risk Assessment, Utrecht University) TiFN (Top Institute Food and Nutrition) TNO BFR (Bundesinstitut für Risikobewertung) FLI (Friedrich-Loeffler-Institut, Federal Research Institute for Animal Health) MRI (Max-Rubner-Institut) GIQS (Grenzüberschreitende Integrierte Qualitätssicherung) DIL (Deutsches Institut für Lebensmitteltechnik) EU-Effort project (on antibiotic resistance) ECVPH (European College of Veterinary Public Health) SVEPM (Society for Veterinary Epidemiology and Preventive Medicine) VMT / Food Safety Society for Risk Analysis (US) 	Material topics <ul style="list-style-type: none"> Food safety Animal welfare in transportation and slaughtering Animal-friendly husbandry Organic Antibiotics Role of meat in a healthy diet Greenhouse gas emissions Environmental aspects of livestock farming SDGs <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks Joint research projects Scientific publications Diplomats and residents of ECVPH Member of the Editorial Board VMT / Food Safety 	<ul style="list-style-type: none"> Research Quality Assurance Public Affairs Purchase Departments
Media	<ul style="list-style-type: none"> European Association of Communication Directors EACD Media in the Netherlands, Germany and Belgium Trade media in the Netherlands, Germany and Belgium SAN 	Material topics <ul style="list-style-type: none"> Animal welfare in transportation and slaughtering Animal friendly husbandry Transparency in communication Antibiotics Role of meat in a healthy diet Environmental aspects of livestock farming Sustainable pricing 	<ul style="list-style-type: none"> Yearly congress and workshops Regular meetings and open communication Proactive dialogues and messaging Daily answering of media requests Member of the jury 	<ul style="list-style-type: none"> Group Communication and CSR
Neighbours		<ul style="list-style-type: none"> Nuisance for neighbours 	<ul style="list-style-type: none"> Open days in the case of (re)new(ed) production sites Formal dialogues in the case of specific enlargement approval procedures 	<ul style="list-style-type: none"> COOs Local Line Management

Relevance of the CSR topics to our stakeholders

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CSR TOPICS

RELEVANT SOCIAL TOPICS	STAKEHOLDER GROUPS THAT RAISE THESE TOPICS																	
	Consumers	Customers	Suppliers	Farmer's associations	Financial stakeholders	Public authorities	Round table groups	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Food safety	•	•	•		•	•				•	•		•		•	•	•	
Traceability and product integrity	•	•	•		•	•	•	•	•	•	•		•		•	•	•	
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 workers		•			•	•					•	•		•	•			
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	•																	•

Relevance of the CSR topics to our stakeholders

Relevant environmental topics	Stakeholder groups that raise these topics																	
	Consumers	Customers	Suppliers	Farmer's associations	Financial stakeholders	Public authorities	Round table groups	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Energy consumption	•	•			•	•			•						•			
Water usage	•	•			•	•			•						•			
Environmental aspects of farming	•	•	•	•	•	•	•		•				•	•	•	•	•	
Sustainable packaging	•	•			•	•			•		•							
Greenhouse gas emissions	•	•			•	•			•				•	•	•	•		
Food waste avoidance	•	•	•		•	•	•	•	•		•			•		•	•	
Waste management	•				•	•			•						•	•		
Sustainable feed	•	•	•	•		•	•	•	•	•				•	•	•		
Biodiversity			•	•		•	•		•						•	•	•	

Relevance of the CSR topics to our stakeholders

RELEVANT ECONOMIC TOPICS	STAKEHOLDER GROUPS THAT RAISE THESE TOPICS																	
	Consumers	Customers	Suppliers	Farmer's associations	Financial stakeholders	Public authorities	Round table groups	NGOs			Employees	Trade unions	Trade organisations	Competitors	Certification schemes	Scientists	Media	Neighbours
								Animal welfare	Environment	Consumer protection								
Indirect economic impacts		•	•	•	•	•								•				
Sustainable pricing models	•	•	•	•	•	•	•	•					•	•			•	
Local origin	•	•	•	•		•	•		•					•	•			

GRI Standard		Disclosure	Page	Remarks/Reason for omission
GENERAL DISCLOSURES				
Organisational profile				
GRI 102: General disclosures 2016	102-1	Name of the organisation	1	<ul style="list-style-type: none"> Due to its high sensitivity in the areas of food safety and animal health, the international meat trade is regulated by bilateral and multilateral trade agreements. Vion has gained export access to all the destination countries where pork and beef exports from the Netherlands and Germany are possible.
	102-2	Activities, brands, products, and services	13-20	
	102-3	Location of the headquarters	9	
	102-4	Location of the operations	14-15	
	102-5	Ownership and legal form	123	
	102-6	Markets served	15	
	102-7	Scale of the organisation	118	
	102-8	Information on the employees and other workers	128	
	102-9	Supply chain	23	
	102-10	Significant changes to the organisation and its supply chain	23	
	102-11	Precautionary principles or approach	111	
	102-12	External initiatives	129-133	
	102-13	Membership of associations	129-133	
Strategy				
GRI 102: General disclosures 2016	102-14	Statement from the senior decision-maker	4-5	
Ethics & integrity				
GRI 102: General disclosures 2016	102-16	Values, principles, standards, and norms of behaviour	125-127	
Governance				
GRI 102: General disclosures 2016	102-18	Governance structure	123-124	
Stakeholder engagement				
GRI 102: General disclosures 2016	102-40	List of the stakeholder groups	24	
	102-41	Collective bargaining agreements	128	
	102-42	Identifying and selecting the stakeholders	24	
	102-43	Approach to stakeholder engagement	24, 116	
	102-44	Key topics and concerns raised	129-133	

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	118-122	<ul style="list-style-type: none">All activities of Vion Holding N.V. are included in the consolidated financial statements.
	102-46	Defining the content of the report and the topic boundaries	116	
	102-47	List of the material topics	32	
	102-48	Restatement of the information		<ul style="list-style-type: none">This year we included the CO₂ to anaesthetise pigs in our greenhouse gas emissions for all reported years. Due to miscalculation we updated the net turnover per market and we recalculated the % external sold volume from plants with German Orgainvent or LQB-Herkunft integrity standard for 2016 and 2017.
	102-49	Changes in the reporting		<ul style="list-style-type: none">No changes in material topic or topic boundaries.
	102-50	Reporting period	1	<ul style="list-style-type: none">The report covers the calendar year 2018
	102-51	Date of the most recent report		<ul style="list-style-type: none">Our previous CSR report, covering the year 2017, was published in March 2018.
	102-52	Reporting cycle		<ul style="list-style-type: none">We have an annual reporting cycle.
	102-53	Contact point for questions regarding the report and its contents	116	
	102-54	Claims of reporting in accordance with the GRI standards	116	
	102-55	GRI content index	134-141	
	102-56	External assurance		<ul style="list-style-type: none">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	99	
	103-2	Management approach	99-101	
GRI 203: Indirect economic impacts 2016	203-2	Significant indirect economic impacts	100-101	
Local origin				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	105	
	103-2	Management approach	105-107	
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	106-107	<ul style="list-style-type: none">• We take the proportion of slaughtered animals coming from local suppliers, because these data are available.

GRI Standard		Disclosure	Page	Remarks/reason for omission
MATERIAL TOPICS				
Sustainable pricing				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	102	
	103-2	Management approach	102-103	
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	89	
	103-2	Management approach	89-90	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	90	• The energy used for heating and cooling is included in the fuel and electricity consumption, as we cannot monitor that separately.
	302-3	Energy intensity	90	
Water usage				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	93	
	103-2	Management approach	93-94	
GRI 303: Water 2016	303-1	Water withdrawal by source	94	
Greenhouse gas emissions				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	91	
	103-2	Management approach	91-92	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	92	
	305-2	Energy indirect (Scope 2) GHG emissions	92	
	305-4	GHG emissions intensity	92	
Environmental aspects of livestock farming				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	95	
	103-2	Management approach	95-96	

GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016				
Health and safety of workers				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	80	
	103-2	Management approach	80-83	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and the number of work-related fatalities	83	<ul style="list-style-type: none"> • We do not register incidents by gender, as we do not experience that this is as a dominant factor in the amount or types of incidents. • Injuries with no absence are not monitored, so we can only report on the lost day rate and not the injury rate. • Occupational disease rate: it is not monitored whether diseases are occupational or not.
Traceability and product integrity				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	59	
	103-2	Management approach	59-60	
GRI 417: Marketing and labelling	417-1	Requirements for product information and labelling	59	
Food safety				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	44	
	103-2	Management approach	44-46	
GRI G4: Sector disclosures for food processing	FP5	Percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	45	
Animal-friendly husbandry				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	61	
	103-2	Management approach	61-68	
GRI G4: Sector disclosures for food processing	FP11	Percentage and total of the animals raised and/or processed, by species and breed type, per housing type	64-68	
Organic				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	77	
	103-2	Management approach	77-79	
GRI G4: Sector disclosures for food processing	FP11	Percentage and total of the animals raised and/or processed, by species and breed type, per housing type	78-79	
Antibiotics				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	70	
	103-2	Management approach	70-71	

GRI Standard		Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016				
GRI G4: Sector disclosures for food processing	FP12	Policies and practices in antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	70-71	
Animal welfare in transportation and slaughtering				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	48	
	103-2	Management approach	48-51	
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	49	
Role of meat in a healthy diet				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	72	
	103-2	Management approach	72-73	
Transparency in communication				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	55	
	103-2	Management approach	55-56	
Working conditions for third party labour				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	85	
	103-2	Management approach	85-87	

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More than just Meat

