



Food that **Matters**

Corporate social responsibility report 2021



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Ronald Lotgerink: 'All meat and food markets are being reshaped quickly'

Global drivers of change are prominently present in society and it resulted in markets being unpredictable during 2021. In the end, it resulted in a tough year for farmers and for Vion, who are both major components of the red meat supply chains. The major elements that drove societal changes were the presence of viruses, such as COVID-19 and African Swine Fever (ASF), but also environmental concerns, labour shortages and an unexpectedly rapid increase in inflation. There were prominent price increases in energy and feed constituents, which substantially hurt farmers.

We incurred a rise in labour costs during the year and keeping our workforce fit and healthy was a challenge. Life for most of us became more costly and it was difficult to incorporate those additional costs into our prices, which put severe pressure on our profitability this year. However, the markets show that there is an urgent need for short, transparent supply chains; something we advocate for through our Building Balanced Chains strategy.

Transformation of the EU food system

In May of this year, the European Commission adopted a Farm to Fork Strategy to enable the transition to a more sustainable EU food system. This is a strategy which sets concrete targets to transform the EU food system and in which our European farmers can play a key role in the transition to a more equitable and sustainable food system and increased biodiversity. This coincides with our own strategy for sustainability, with topics like animal welfare, organic and sustainable farming, the carbon footprint of processing, and workforce management. Cross functional teams of experts are in charge of plans to address these topics and the results are being incorporated into our working processes.

Foreword of the CEO

Transparency to support next steps

We took the first steps to becoming a transparent company in 2016. We were the first company in our industry to publish all audit results, and since 2017 we have published an annual CSR report explaining our strategy for sustainability. Being transparent about our policies has been a good way to sharpen our thoughts and way of working. Together with our customers and other stakeholders, we chose not to hide from difficult discussions. As a demand-driven company, our strategy is connected to our customers' strategy, which lets us take the next step in developing our products, markets and people. Together with our customers, we connect consumers with farmers. This results in a stakeholder dialogue of the utmost relevance for our future and for further developing sustainable supply chains.

All those efforts have helped to achieve that we are now leader in the food and drink sector of the 500 largest companies in the Netherlands, according to The Transparency Benchmark. This benchmark, which was established in 2004, is a recognition by the Ministry of Economic Affairs of the degree of transparency towards society and reporting on this.

Sustainability strategy based on scientific knowledge

Within our sustainability strategy, we recognise the importance of scientific knowledge and the exchange of knowledge with scientists. Examples of this dialogue include the Business Benchmark on Farm Animal Welfare (BBFAW) which reports on the animal welfare policies, management systems, reporting and performance of the 150 largest food companies in the world; the Global Reporting Initiative (GRI) standards; the Transparency Benchmark and the Science Based Target initiative, a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. This global body enables us to set ambitious, science-based targets to reduce greenhouse gas emissions in line with the Paris Agreement and latest climate science.

Finally

We are all living in an era of changes that will substantially reshape the global red meat market. I am proud that the way we have responded to these changes is largely based on the values we share with farmers and that we are already prepared in several supply chains to put these responses into practice.

Together with farmers, we must translate the substantial and growing demand for food into contemporary supply chains. These supply chains need to be built on our values of respect for animal welfare, safe and healthy food, sustainability, transparency, and fair prices for all actors in the supply chain. Along with several customers, we recently built customer focused, dedicated supply chains. This will illuminate our journey.

Ronald Lotgerink CEO

'We have developed a strong strategy to withstand difficult times'

About Vion



Company profile

Headquartered in Boxtel in the Netherlands, Vion is an international food company with production sites in the Netherlands, Germany and Belgium and sales support offices and representatives in sixteen countries across the globe. Our Pork, Beef, Food Service, and Retail Business Units produce fresh pork and beef meat, meat-products, and plant-based foodstuffs for the retail, food service, and the meat processing industry.

We provide 'Food that Matters' for a world where people enjoy safe and healthy food from sustainable sources. To ensure this, we have set up future-proof protein supply chains, without depleting resources and without putting undue pressure on the planet.

In our view, food must be tasty and healthy, sourced via upgraded demand-driven supply chains, providing a fair income to farmers and other supply chain partners, and which is produced with respect for animals and people and sets standards for reducing the environmental impact.

We see our role as being in the forefront of innovation in the meat industry and dedicated to making food production more sustainable. Only by making a difference to consumers we will be able to create a better future for farmers.

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued depository receipts for its shares to NCB Ontwikkeling, the investment fund of ZLTO (Zuidelijke Land- en Tuinbouworganisatie). This association's approximately 13,000 members are agricultural entrepreneurs in Noord-Brabant, Zeeland, and the southern part of Gelderland (the Netherlands).

Vion Holding N.V. is a Dutch public limited liability company. Although it is not listed on the stock exchange, Vion adheres to the Dutch Corporate Governance Code as much as possible to ensure transparency towards its stakeholders.

This report concerns the Vion Food Group. In February 2021, Business Unit Beef completed the takeover of the Belgian entity Etn. Adriaens N.V., a cattle slaughterhouse in Velzeke/Zottegem, which is nowadays operating under the name 'Vion Adriaens'. Vion has the aim to strengthen the beef activities in Belgium in order to achieve a better spread of the Beef activities for our customers in Western Europe.



About Vion

Overview of 2021



February

- Organic brand De Groene Weg expanded its business to Germany.
- Vion successfully completed the takeover of cattle abattoir Adriaens in Belgium.



January

- Together with pig farmers and supermarket chain Albert Heijn, Vion began a long-term programme 'Better for Pig, Nature & Farmer'.
- Together with De Dierenbescherming, Deloitte, and Eyes on Animals, Vion co-created a new innovative camera surveillance system to better monitor how animals are handled in slaughterhouses. This tool was installed in all Dutch plants and will also be rolled out in Germany.



March

- Peter Broeckx joined Vion's Supervisory Board.
- Vion started 'Vion Move', a future-oriented programme focused on reducing fuel consumption and CO₂ emissions in food logistics.

May

In cooperation with Agrifirm, ZLTO and Herba Ingredients, ME-AT began a trial with the cultivation of field beans in the Noord-Brabant town of Best. The aim is to create plant-based meat alternatives based on Dutch field beans in the future.



June

Cis van Doninck is appointed as a member of the Supervisory Board of Vion.



September

- CFO John Morssink leaves Vion.
- Vion Financial Services B.V. has successfully completed its first-ever sustainability-linked debt issue in the form of a Schuldschein, an unlisted bond loan.

November

- Tjarda Klimp is appointed as CFO.
- Vion rises to 25th place on the Dutch Transparency Benchmark and is now the leader in the food sector.
- Logistics Director Sven Janssen and his team win the first Vion CSR award with the idea for a biogas installation at a Vion site.

Business Units

	 Pork	 Beef	 Food Service	 Retail
Products	Pork, raw materials & finished products	Fresh beef, semi-finished and finished products	Frozen meat and vegetarian products e.g. hamburger patties, schnitzels, ham hocks, spare ribs, minced -meat products, poultry and vegetarian/ plant protein-based products	Prepacked fresh meat and plant-based products
Customers	Retail, foodservice, food processors	Retail, foodservice, food processors	Food service and quick service restaurants, catering, home delivery services	Retail-companies
Regions	Europe, Asia, Oceania, Africa	Europe, Canada	Germany and neighbouring countries	Germany, The Netherlands and neighbouring countries
Plants	Apeldoorn, Boxtel, Groenlo, Scherpenzeel (NL) Ahlen, Crailsheim, Emstek, Holdorf, Landshut, Perleberg, Twist, Vilshofen (DE)	Tilburg, Enschede, Dokkum (NL) Altenburg, Bad Bramstedt, Buchloe, Crailsheim, Furth im Wald, Hilden, Waldkraiburg (DE) Zottegem (BE)	Großostheim, Holzwickede (DE)	Groenlo, Boxtel, Leeuwarden (NL) Großostheim (DE)
Employees (FTEs)	7,766 (incl. flex-workers)	2,671 (incl. flex-workers)	612 (incl. flex-workers)	1,006 (incl. flex-workers)
Headquarters	Boxtel (NL)	Buchloe (DE)	Großostheim (DE)	Groenlo (NL)
Corporate	<p>Vion's operating Business Units are supported by 226 employees (2021), mainly based in Boxtel, the Netherlands, providing the following corporate services:</p> <ul style="list-style-type: none"> • Leadership and Strategic Planning • Information Management and Technology (IM&T) • Finance (Group Control, Treasury, Legal and Tax, and Credit Risk Management) • Communications • Human Resources • Quality Assurance • Result Delivery Office (responsible for the implementation and monitoring of strategic initiatives and projects) • Internal Audit 			

Production sites



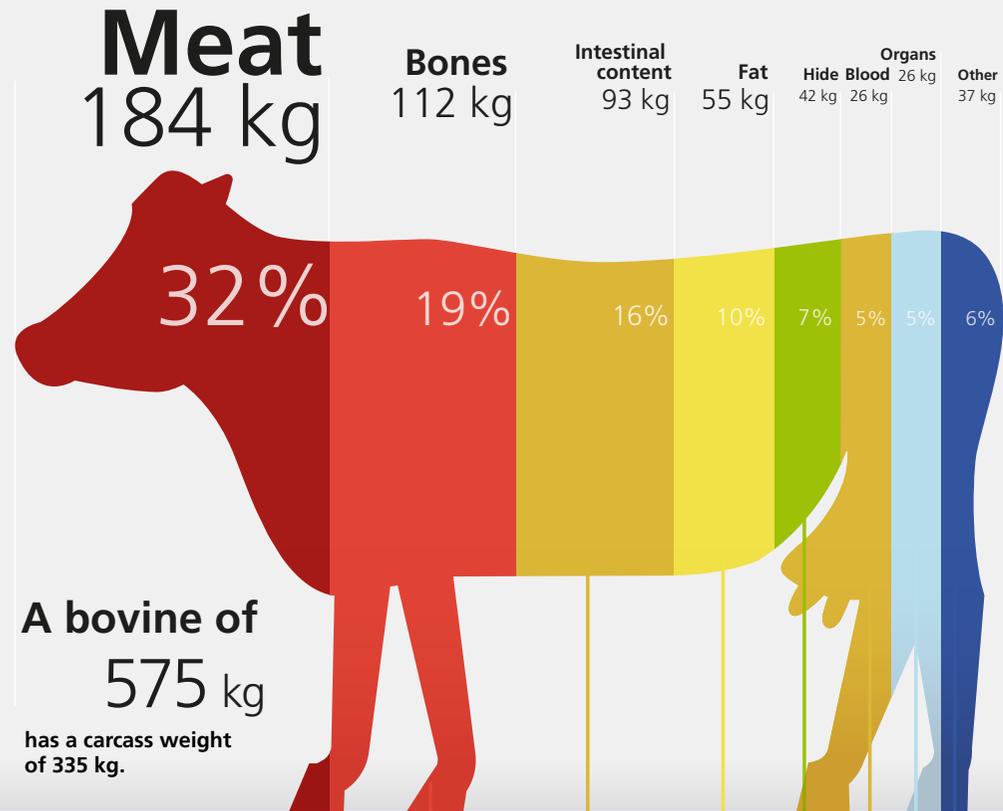
-  Business Unit Pork
-  Business Unit Beef
-  Business Unit Food Service
-  Business Unit Retail

International sales support offices and representative offices



Our products

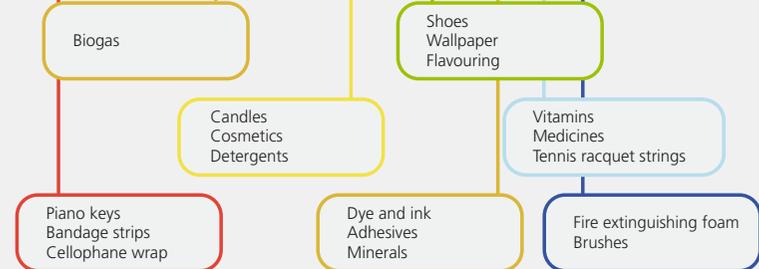
We valorise all parts of the animal by utilising them in the best possible way. An average pig weighing 119 kg produces 62 kg of meat; and an average bovine weighing 575 kg produces 184 kg of meat. The remaining raw materials are used for a wide range of other products.



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

- Skin
- Organs
- Intestines

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



Meat

62 kg

Bones 17 kg

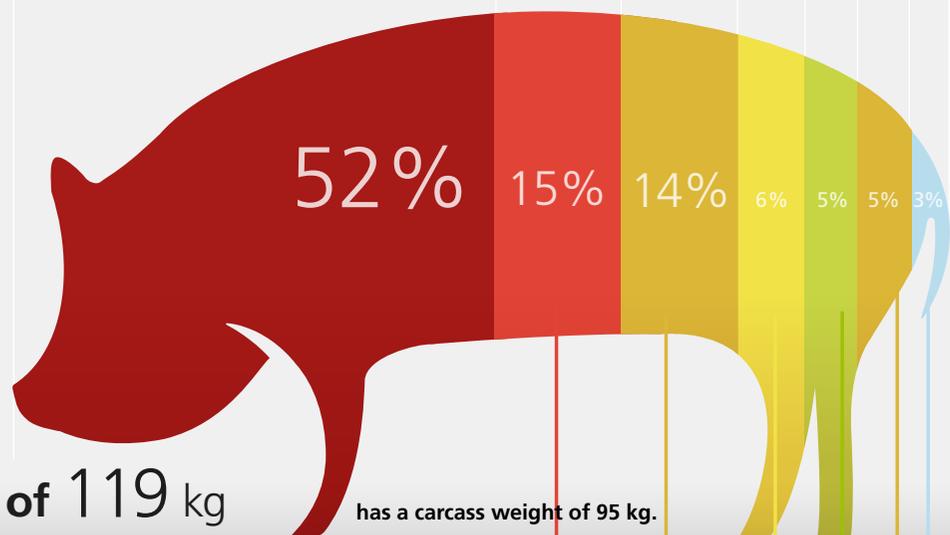
Organs 16 kg

Ears, nose, tail 8 kg

Blood 6 kg

Fat 6 kg

Skin and hair 4 kg



A pig of 119 kg

has a carcass weight of 95 kg.

Faba bean

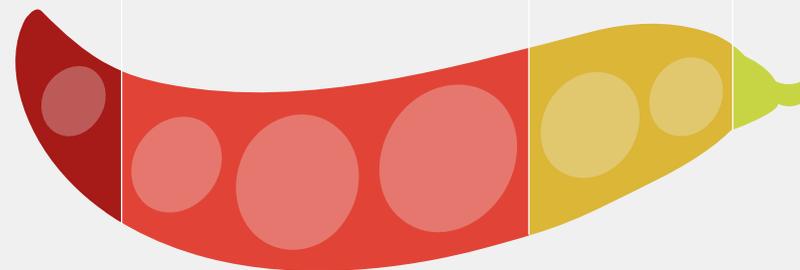
(*Vicia faba*)

Water 11%

Carbohydrates: 58%

Protein: 26%

Fat: 2%

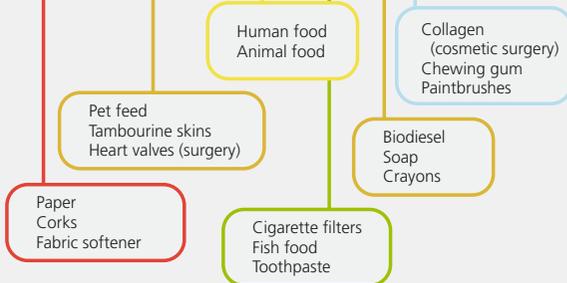


Besides pork, the by-products with the highest turnover are:

- Heads
- Organs
- Intestines

The by-products are used for over 180 different products. Some examples are mentioned at the right.

Besides meat, Vion also produces also a range of vegan products, such as: hamburger, minced meat, crispy fillet schnitzel, fillet pieces and chipolata sausages.



Our chain concepts and brands



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



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



The **Good Farming Star** chain concept, which was introduced in 2010, pays extra attention to animal welfare and sustainability. Within this concept, Vion cooperates with 150 Good Farming Star pig farmers in the Netherlands and developed dedicated supply chains with several Dutch retailers. In the supermarkets, the meat carries 1 star of the Beter Leven (Better Life) quality mark.

The main differences from regular pork farming 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.

Furthermore, the programme complies with 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 Dutch farmers that is produced in a controlled and transparent supply chain.



The **Good Farming Organic** chain concept (**De Groene Weg**, **Der Grüne Weg**) offers meat with an authentic flavour and from a natural origin. The animals are reared in accordance with (inter) national standards for organic farming, which means that additional attention has been paid to animal welfare and health. All animals get plenty of rest and space. They have outdoor access. Meat produced under Good Farming Organic has been awarded three stars from the Beter Leven (Better Life) quality mark, the EKO label and with the European Organic standard. De Groene Weg – one of Vion's subsidiaries – focuses exclusively on organic meat.

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

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

The pig farms of De Groene Weg also comply with EKO-label requirements. The EKO-label is a Dutch organic label that has requirements on twelve different topics that go beyond the European Organic label. De Groene Weg prefers suppliers who see through all the stages of a fattening pigs' life on one farm – from birth to the end of fattening – as this reduces the number of transport movements.

In 2018, De Groene Weg introduced a sustainability code together with the farmers. This allowed pig farmers to measure their performance on a scorecard on four indicators (including animal welfare and ecology) of the International Association for Organic Product IFOAM. Each year, a pig farmer must set at least two new targets which must be met after 12 months, creating a system of continuous improvement on sustainability. In February 2020, Vion introduced the concept of De Groene Weg – 'Der Grüne Weg' – in Germany.



Robusto is our premium brand within the Pork Business Unit and delivers premium quality meat with the right percentage of fat and intramuscular fat. The rich and authentic taste from our Robusto products is the result of exclusive care within our highly professional food chain, where farmers work according to the highest standards. Robusto products are being distributed all across the world. The hams are being used in Spain and Italy for dried premium hams, whereas the bellies are being used in Korea for local dishes.



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



BBQ Star offers a wide range of premium barbecue products, with spice rubs and marinades for the true barbecue lover. The brand is widely available in the retail market. Our BBQ Star range consists of beef products from the Simmental breed, with products like côte de boeuf, ribeye, picanha and T-bone steak.



Schweinegold is one of our local jewels and delivers fresh pork for exclusive markets and the meat industries in markets like Japan and Korea.



ME-AT (the alternative) produces high-quality plant-based meat alternatives with the taste, texture and eating experience of traditional meat. This provides alternative sources of protein for flexitarians, vegetarians, and vegans. The product assortment consists of multiple plant-based products ranging from burgers, sausages, minced meat substitutes, and schnitzels to different types of chunks (beef, chicken, lamb, and fish) and even to boneless spareribs. In 2020, ME-AT began setting up a supply chain for plant-based proteins originating from Dutch soil. The first Dutch faba beans were harvested in 2021. In the near future, ME-AT will further expand its product range with proteins from local sources. ME-AT products are currently available under a private label at supermarkets and cash-and-carry outlets in over ten European countries.



Beilerei represents traditional butchers and premium quality meat. With precision and expertise, our master butchers find the best pieces and process them in a traditional way. Next to the common cuts, the Beilerei works with modern cuts and innovations. It is an individual approach which truly distinguishes Beilerei from the rest.



Encebe Vleeswaren supplies high quality meat such as cooked sausages, cooked hams, liver products, dry sausages and smoked (bacon) products, with in-depth knowledge of the products and extensive experience in traditional processing. In addition, specialties and client-specific products are developed in close cooperation with the customer. Encebe is able to operate in all chains and quality standards of Vion, including offering plant-based deli meats. 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 has been matured in the packaging for flavour and tenderness. Weylander is available in various supermarkets in the Netherlands.

besthides

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, leathers for the finest shoes and garments or leather for furniture, the product portfolio of BestHides provides a huge range of German and European hides and skins.



SALOMON FoodWorld stands for inspiration, success and emotions. This brand offers more than just specialised food solutions. As a market leader in food services, SALOMON FoodWorld has been shaping the catering sector with ideas, recipes and innovations for more than forty years. Its mission is to get customers from different countries excited about its successful product pillars: Burgers, Finger Food and Schnitzel & more.



Simply real enjoyment, that's what the **FVZ Convenience** brand stands for. FVZ is a specialist and personal forward thinker who makes people happy with modern classics for the middle of your dinner plate in a quality-loving, value-added and sustainable way. As a market leader for frozen Schnitzel in the German food service market, FVZ is offering a wide product range including Schnitzel and steak, minced meat, meat specialities as well as vegetarian and vegan products - always with the aim of making our customers and their guests happy.

Our people



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

The past year was once more extraordinary due to the COVID-19 situation. It affected our people, their families, and our business, but we also saw high levels of resilience in our whole workforce. Everyone was proud and eager to keep our vital business running.

Our people make the difference

Our workforce in the Netherlands, Germany, Belgium and other international locations are made up of over 60 different nationalities. We value, enjoy and respect all different backgrounds and cultures and we take whatever action necessary to ensure a pleasant and secure working environment. Besides a strong focus on cooperation and communication, we have concrete examples of how we support and facilitate our people. Some examples: our safety policy, our VOS (Vion Operating System), our Good Business Practice Guide (translated into 12 languages), visual machine instructions, and a broad range of language courses. The health and safety of our employees in the processing plant is of the utmost importance to us. We have therefore identified it as a material CSR topic and we manage it as such. During the long-lasting COVID-19 period, this proved to be the only way forward. To further improve cooperation and communication, we appointed 'field coaches' in our operations: in other words, employees who speak the language of, say, our eastern European colleagues and who can more easily support them with their questions, concerns and social integration efforts. These field coaches are the link between HR, management, and our diverse workforce.

Why do our people make the difference?

The nature of our business requires a lot of craftsmanship and discipline. The biological nature of pigs and cows result in a unique situation in that every animal and every muscle is different and needs to be treated with know-how and craftsmanship, guaranteeing animal welfare and food safety at all times. All the international food markets we serve have their own meat consumption habits based on their rich historical cultures. These diverse market demands are met by our employees who create a lot of different and market specific high-quality products. On our production lines and in our storage rooms, employees are continuously improving our semi-finished and finished products to make the perfect match between products, markets, customers, and consumers. This is not only done within our Beef and Pork disciplines, but also within the disciplines of Food Service and Retail. All disciplines have their own characteristics and challenges for our employees.

Our management is equally crucial, because of the high level of complexity of the industry. Our essential business is mainly a disassembly operation with the objective of creating maximum value from an animal. Like butchers in past centuries, we do this with a genuine respect for the animal and consider it our duty to use every part of it for optimum value for our suppliers, customers, and consumers. In such an operation, we know the price paid for livestock, but the total revenue – the sum of each component – is market dependent. To maximise this value, we sell our products to 6,500 customers in 100+ countries. There are many different types of customers, such as retailers, traders, wholesalers, and customers in industries which further process our products. Due to constant market fluctuations (mainly due to COVID-19 and African Swine Fever), this 'valorisation exercise' has different outcomes during the year and, since Vion handles large volumes, management decisions have a significant impact.

Decisions parameters

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

It goes without saying that handling this level of complexity requires a high degree of knowledge and skills. On the one hand, Vion is continuously attracting and nurturing young talent; on the other hand, we have an all-round educational programme. One example of this is our extensive, longer-term Culture and Leadership programme: People Matter. This programme focuses both on senior management and operational management in order to strengthen our Way of Working and encourage good employment practices.

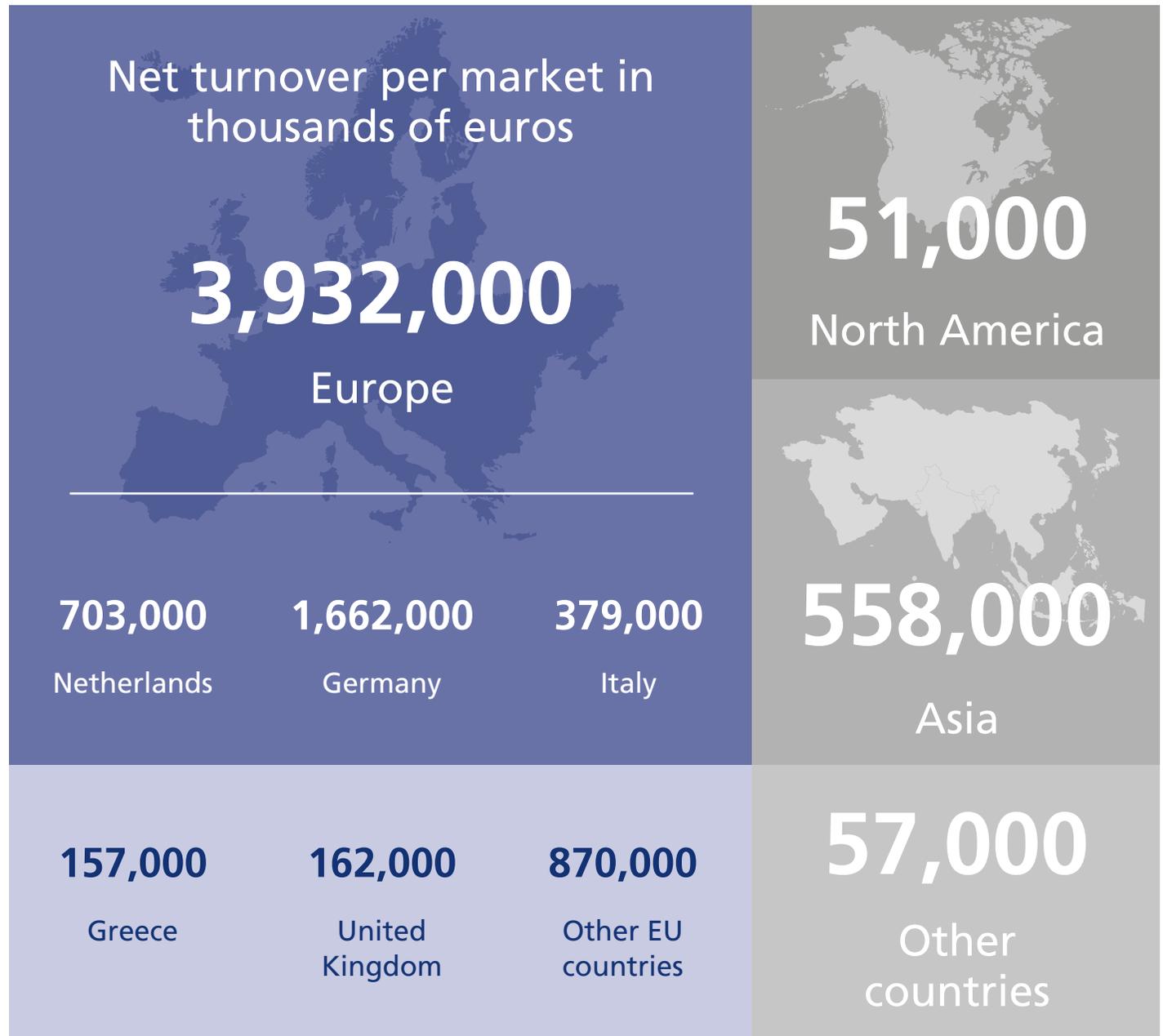
Making the difference

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



Markets served

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



Vion's context



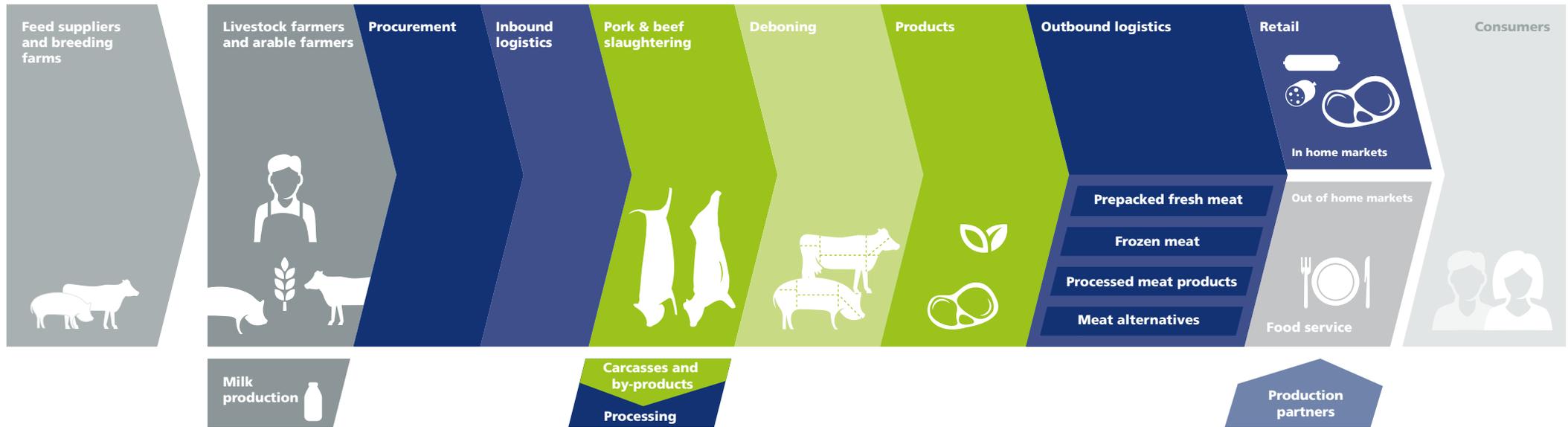
ABOUT VION

VION'S CONTEXT

VION'S STRATEGY TO CREATE VALUE

CSR TOPICS

Supply chain



Vion is a player in the middle of the supply chain for meat, meat products and plant-based alternatives. We have long-term relationships with farmers, logistic partners, and customers, and together we provide safe and healthy food to consumers all over the world.

Our main suppliers are live animal suppliers. Almost all of our live animal suppliers are located in our home countries of the Netherlands, Germany and Belgium. The number of livestock farmers in our home markets is decreasing, while the average number of animals per farm is increasing. In 2021, almost 8,500 pig farmers and over 47,500 cattle farmers delivered their animals to Vion.

In 2020, we began looking for sources of protein from Dutch soil to set up a supply chain for our new plant-based product lines within ME-AT. In 2021, we harvested the first 30 hectares of faba beans from the Netherlands and developed the first products made from it, ready for the market. The next step is to expand this project to our other home markets.

Around 90% of our customers are located in Europe. Our main customers are retailers also operating in Europe. In the Netherlands, around 90% of all meat products are sold through supermarkets, compared to 80% in Germany.

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

Our stakeholders

Vion has many stakeholders besides our partners in the supply chain.

We have identified our stakeholders based on our existing direct and indirect relationships, and have separated them according to:

- The extent to which a stakeholder is likely to show an active interest in the organisation's strategy.
- A stakeholder's influence on Vion's activities.

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

On many material topics, we are working closely with our customers, suppliers, and other stakeholders like the ZLTO (Southern Agriculture and Horticulture Organisation) to make improvements and reach our targets. Vion also participates in round table discussions, opening a dialogue so that we can learn from each other. We actively participate in discussions on food safety, meat consumption, plant-based meat, animal welfare, public health, and sustainability, but also in discussions with the government in our home markets which are aimed at balancing our supply chains. These dialogues lead to the selection of our material topics, which form the basis of our CSR strategy, and to the refining of our approach to these topics.

In addition, Vion offers specific stakeholders the opportunity to share their opinions on these material topics. For instance, we carry out interviews in our quarterly German farmers' magazine 'ProAgrar'. Alongside that, we continuously monitor developments on the behaviour and/or attitude of consumers in our home markets of the Netherlands, Germany and Belgium.

See 'Stakeholder engagement' in the online appendix of our CSR report for an overview of our stakeholders and how we engage with them.



Stakeholder dialogues

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

We work closely together with many of these stakeholders when it comes to implementing our strategy, realising improvements, and reaching our targets. Our management board is often involved in these dialogues and, on this page, we give some examples of such meetings in 2021.

Financial stakeholders; agreement with banks on sustainability targets

Our CEO signed a new financing arrangement with international banks on 4 August 2021. In this agreement, sustainability targets and key performance indicators are defined for animal welfare, product integrity and renewable energy. These targets are in alignment with our corporate social responsibility and Vion's overall strategy of Building Balanced Chains.

Industry stakeholders; European Meat Network

During the year, there were seven meetings of the European Meat Network (EMN) under the chairmanship of Vion's CEO. EMN is a non-profit network composed of European meat companies involved in the slaughtering and processing of beef, pork, lamb, and poultry meat. In the EMN we discuss topics that have an impact on our long-term strategy:

- the long-term position of the European meat sector,
- developments in relation to the regulatory status of meat within the European Union and in relation to third countries,
- technical and other similar developments within the meat industry.

Supply chain stakeholders; retailers

Our purpose is to provide Food that Matters by bringing people together to build futureproof supply chains. To this end, our CEO had several talks with retailers in the Netherlands and Germany to discuss future sustainable supply chains for meat and plant-based meat alternatives. Vion's strategy of Building Balanced Chains is based on the concept of demand driven chains. Retail companies have an important position in building supply chains based on consumer demand and societal trends.

Agri-food industry stakeholders; network of CEOs of multinationals in the agri-food business

Our CEO is a member of AgriNL, a network of CEOs in the Dutch agri-food business who want to create a joint vision of a sustainable Dutch agri-food industry for the future. This strategy and our own long-term strategy should ideally be aligned. We meet four times a year to discuss agricultural themes and act by networking and lobbying with stakeholders in the Netherlands.

Regional government stakeholder meetings; developing a new provincial policy for agriculture

The province of Brabant (Netherlands) has started developing a new policy framework for Agriculture & Food 2030. It describes what the future of the agricultural and food chain should look like. The new policy framework outlines a future in which these challenges and opportunities are described in conjunction. So that all parties involved know where they stand and get a new perspective. Vion's CEO is active in discussions for a sustainable development of the industry and to align our long-term strategy. <https://www.landbouwenvoedselbrabant.nl/beleidskader>

Developments in the market

2021 was a turbulent year with major effects on the market. Several things have had a major impact on society during the past year and will also impact us in the future. Society as a whole is preparing for a great environmental change which will affect us all. Alongside that, demographic developments also impact the global food demand and increase the risks for spreading viruses between humans and animals. This all offers Vion new opportunities and challenges. On the following pages, we outline the main developments and their impact on the company.

Environmental and political developments

Political measures for reducing the carbon footprint

All across the globe, measures are being taken and will continue to be taken to reduce and eventually stop global warming. Targets were set in the Paris Agreement and confirmed and strengthened at the Glasgow Summit in 2021. The European Union set down their view in the Green Deal which aims for a 55% reduction of the carbon footprint by 2030 and to become carbon neutral by 2050. For Vion, these political measures for reducing the carbon footprint will have short-term and long-term effects. One short-term effect is:

- The need for substantial investments in farms and in the whole supply chain infrastructure, including animal feed supply chains and local feed circularity.

For Vion, a potential long-term effect of political measures for reducing the carbon footprint is:

- Huge challenges for the production of foodstuffs in general, especially for food of animal origin.

Based on the current performance of the north-west European animal production supply chains, a 55% reduction of the carbon footprint based on Life Cycle Analysis should be within reach for major animal-based proteins, such as pork, beef, poultry, eggs and dairy.

Political measures for reducing nitrogen emissions

We are not only faced with major global issues like the carbon footprint. Regional environmental issues, such as reducing nitrogen emissions, also play a major role in the development of the food supply chains. Local nature preservation and reduction of nitrogen emissions will impact the future of many farms, other businesses, and people's housing. On a regional level, the environmental impact of farming is a major challenge.

For Vion, the short-term effect of the political measures for reducing nitrogen emissions is:

- An increased need for further development of animal supply chains, using fewer natural resources and making more use of the regional circular economy.

For Vion, the long-term effect of the political measures for reducing nitrogen emissions is:

- Waste reduction was an issue in the DNA of animal supply chains which needs to be further developed on a local scale to reduce its environmental impact.

There is also growing concern surrounding the preservation of the rainforest. This has also become an issue for several retailers and foodservice companies. We will act on this evolution proactively in concert with our stakeholders.

Regulatory developments

Third-party labour regulation

The German national authorities revised the system of subcontracted labour. As of 2021, only direct employment is permitted in the German meat sector. Due to this new law, Vion has taken over the responsibility for the housing and commute of our migrant workers. To achieve this, we took on all our subcontracted workers within a very short space of time, in accordance with our employment policy, to have more workers on our payroll.

For Vion, the short-term effects of the German legislation are:

- Higher labour costs and less flexibility for absorbing production peaks.
- Vion must work harder to attract sufficient workers and has an increased responsibility for arranging housing and transportation.

For Vion, the potential long-term effects of the legislation are:

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

Social developments

COVID-19

At present, several viruses are challenging humankind and our animals: The COVID-19 virus in humans, the African Swine Fever virus (ASFV) in pigs and the influenza virus found mainly in poultry. All these viruses have shown up the weaknesses in our systems, which means they will drive major changes in our society in the near future. For Vion, COVID-19 has short-term and long-term effects.

For Vion, the potential short-term effects of COVID-19 are:

- COVID-19 showed that our current way of living is so vulnerable to this virus that it can disrupt large sections of our society.
- Less availability of our workforce.
- Disrupting of the distribution and flow of goods.
- Substantial additional operational costs for our whole goods flow.

The mid and long-term effects of COVID-19 should not be underestimated. For Vion, the long-term effects of COVID-19 are:

- People's health is now of higher importance, especially with regard to preventing them falling ill to a viral infection. This was evidenced during the COVID-19 pandemic, where individuals suffering from societal diseases such as diabetes and obesity represented the majority of individuals needing additional medical care. This demonstrates once more the great importance of a healthy lifestyle with wholesome food.

Animal diseases with economic and commercial consequences

Animal diseases, such as African Swine Fever and influenza, have a major impact on animal production in important production regions. Whereas influenza mainly affects poultry, the effect on the availability and growth of poultry production can be substantial and thus influence the global protein market. African Swine Fever (ASF) has spread further in Europe and Central America, and still continues to be active in large parts of East Asia. There are no real signs that the spread of the virus is really under control in any region. Especially in Germany, the virus has now affected a region from the north to the south approximately 250 km long along the Polish border and across three different Bundesländer. It is likely that the ASF will not disappear from German territory in the short term, so the whole pork supply chain needs to adjust to this new reality. For Vion, the presence of these animal diseases have short-term and long-term effects.

The potential short-term effects of animal diseases are:

- Continued decline of German pork production, which could be as much as 25% in the near future. Germany already saw a substantial reduction of pork production during the first one-and-a-half years of the disease and that will not stop any time soon.
- Reduction of full-carcass use due to the absence of pork exports to third-party countries from German territory. This hinders the valorisation of major parts of the pig.

Beside Germany, the ASFV has spread substantially in other important production and consumption regions of pork. During 2021, the Central American states Haiti and the Dominican Republic were affected, which resulted in an endemic spread in the farmed pigs on these islands.

Technical developments

Data transparency

Both animal diseases and environmental demands emphasize the need to see clearly the inside workings of the whole animal supply chain. The need for data transparency and data use in the supply chain is obvious, on one hand to secure the products' origin and on the other hand to accurately calculate the carbon footprint of the final consumer goods. Sustainability is not only an issue for us as food producer and the farmer, but for all stakeholders in the supply chain.

Several of our customers have demanded more transparency in the supply chain. This is motivated by a desire to ensure animal welfare, food safety, and to accurately source products and services in the supply chain. These issues can only be addressed with the help of robust data standards throughout the supply chain.

In an intensive stakeholder dialogue, we are actively designing a new standard for process and product integrity. This new standard, developed with IFS (International Featured Standards), is now becoming the new standard when claiming additional attributes that go with the product. This new standard, IFS-PIA (Product Integrity Assessment) secures the long-term commitment of the whole supply chain to substantiating all claims made in the consumer marketing: about the product, in advertisements, on the website, social media and so on. This standard is also a guarantee for farmers that the commitment to these supply chains is also sustainable from an economic perspective.

Several supply chains managed by Vion and its customers have now further strengthened their supply chain, due to dedicated farmers who have committed themselves to these specific customers.



Long-term trends that impact Vion

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

We can see an increase in the following:

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

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

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

Relevant CSR topics

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

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

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

14 Relevant topics

7 Relevant social topics

1. Food safety
2. Animal welfare
3. Traceability and product integrity
4. Nutritional value of meat (alternatives) and additives
5. Employment and working conditions
6. Nuisance for neighbours
7. Community involvement

5 Relevant environmental topics

8. Sustainable farming
9. Water usage of processing
10. Carbon footprint of processing
11. (Food) Waste management
12. Sustainable packaging

2 Relevant economic topics

13. Fair pricing
14. Indirect economic impacts

Materiality analysis

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

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

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

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

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

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

Materiality matrix



Vion's material topics

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

Social topics



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



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



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



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

Environmental topics



Sustainable farming: the environmental aspects of livestock farming.



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



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

Economic topics



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

Vion's strategy to create value

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS



Vision, purpose and positioning

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

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

Healthy and tasty food

From upgraded demand driven food chains

Providing a fair price for farmers and other chain partners

Produced with respect for animals and people

Setting the standards on reducing environmental impact

Vion's strategy 2020-2024

Building Balanced Chains

In 2019 we introduced our new strategy, aimed at producing 'Food that Matters' for a growing global population. The way to achieve this is by Building Balanced Chains. We are moving away from supply-driven commodities towards demand-driven added value concepts. At the same time we are investing in new platforms that will allow us to expand food supply chains that respond to new preferences in society, including meat alternatives.

Demand-driven and balanced also means that we address the concerns of our customers and of consumers, citizens and governments. This implies that we want to meet new requirements regarding traceability, animal welfare, biodiversity, carbon footprint and regionality. In doing so, we can achieve our strategic aim to be a trusted market leader in futureproof supply chains.

We want to offer farmers a better future by making a difference to consumers. This entails working closely together with farmers and our customers, and aligning consumer preferences with farmers' choices at the beginning of the supply chain. Our shared interest is a high level of valorisation of the carcasses and optimising the full potential of the supply chain.

This should result in safe, healthy, tasty and sustainable food for consumers. In achieving this we will also increase the company's value for the benefit of its stakeholders.

The building blocks for implementing our strategy of Building Balanced Chains are:

- Consumer intelligence: using trends and concepts yielded by market intelligence, meetings with retailers and consumer panels;
- Farm management optimisation: making relevant data available to farmers to enable them to improve animal welfare, farm-efficiency and their environmental footprint;
- Protein valorisation: flexibility in production to balance supply and demand, using a range of options for valorisation from head to tail;
- Product specialisation: unique concepts and product innovations to respond to consumer trends.



Vion's strategy to create value

By keeping the supply chains as short as possible we bring the best food into shops and restaurants. This means connecting a specific group of farmers to the specific demand of consumers.

Strategic initiatives

Examples of our BBC concepts are Robusto, *Geprüfte Qualität Bayern*, Good Farming Star, *De Groene Weg* (organic) and ME-AT, our recently launched plant-based meat alternatives.

Robusto: fat pigs for special ham and bellies

In this supply chain trusted professional pig farmers raise animals with the right fat and intramuscular fat content. We select specific parts, such as legs and bellies, and cut them to detailed specifications for the top segment of dried premium Parma and Serrano hams in Italy and Spain, and fat bellies in South Korea.

Geprüfte Qualität Bayern: PUR und regional

This regional beef programme produces certified beef from Simmental and Bavaria in Germany for the local market. Vion developed this programme in close cooperation with two farmers organisations and retail companies.

Good Farming Star: a better life for pigs

Good Farming Star is a supply chain specifically set up for the 'Beter Leven 1-ster' label, developed by the Dutch 'Dierenbescherming' (society for the protection of animals). Vion developed dedicated supply chains for several Dutch retailers, focusing on animal welfare and sustainability. In 2021 one of our retail-customers introduced a special programme called: 'Better for Pig, Nature & Farmer'. A select group of 100 Dutch pig farmers working within our Good Farming Star programme receives a premium for making extra investments in animal welfare, biodiversity and reducing CO₂ emissions. In this way the programme offers continuity, certainty and healthy revenues for the farmer.

De Groene Weg: demand driven organic meat

One of the things that sets De Groene Weg apart – when it comes to pork – is that the company works on the basis of a demand-driven, closed supply chain. A central player in the organic pork supply chain and boasting a 40-year heritage, it advocates an integrated approach from pig farmer to the end consumer. Vion has been able to develop best practices for supply chain management, pricing models and type of farming. De Groene Weg's integrated approach to the production and marketing of meat ensures an optimal balance between supply and demand. To achieve this the company works closely with both organic farmers and market parties, such as its own *De Groene Weg* butcher shops, retailers and Vion's international sales support offices and representatives.

More than 100 farmers who supply pigs to *De Groene Weg* are members of a suppliers' association. They are all certified with the European Organic standard (SKAL), EKO, and 'Beter Leven 3-ster' label. The organically raised pigs are processed at Vion's specialised meat processing plant in Groenlo. *De Groene Weg* also processes organic beef and lamb.

In 2021 *De Groene Weg* launched a web shop offering organic meat and processed meat products, which can be ordered by consumers online and which are subsequently delivered at their home or at a butcher's shop. During the year, we introduced the proven concept of *De Groene Weg* to our German home market. Research shows that there is a growing demand for organic meat in this market. Our regional footprint in Germany, for instance limited transport distances, offers excellent possibilities to meet animal welfare demands.

ME-AT

In 2021 we took our concept of plant-based meat alternatives to a next step forward. While the market demand for plant-based proteins is growing, the raw materials - such as soya – are not always sustainable, as they are imported from outside Europe and sometimes cause deforestation. On the other hand, sourcing more plant-based proteins from Dutch soil is not easy. A unique consortium of Agrifirm, Zuidelijke

Land- en Tuinbouworganisatie (ZLTO), Herba Ingredients and ME-AT has taken up this challenge. Together they have initiated a plant-based protein transition towards a sustainable food chain for future generations. In 2021, 30 hectares were sown with faba beans (*Vicia faba*). In the next five years this area is expected to expand to 1,000 hectares. The bean-plants collect nitrogen from the air and deposit it in the soil as organic matter.

Strategic work in progress

To prepare ourselves for future developments we have set up dedicated focus groups in our business units, which are continuously working on improving animal welfare, biodiversity & deforestation, our carbon footprint, organic production, and workforce management. Our purpose is to produce Food that Matters, and these focus groups will help us to take well-informed decisions for the company and its major stakeholders.

Highlights 2021

Vion #1 in Transparency benchmark for the Food and Drinks sector in 2021

Transparency for stakeholders is a core value of our strategy. In five years' time Vion has risen from 203rd place to the 25th most transparent company of the 500 largest companies in the Netherlands. In the food and drinks sector Vion now even comes first. We are justifiably proud of this acknowledgement, which confirms that our strategy is working.

Blockchain

In 2021 Vion connected the Good Farming Star pork supply chain to the 'digital highway' by means of blockchain technology. Our VISION tool brings partners (e.g. feed suppliers, farmers, logistics service providers and retailers) together in this supply chain. By exchanging data we are able to increase the efficiency of the entire supply chain and guarantee the origin and integrity of our meat. This creates trust. The Good Farming Star supply chain is the first in the sector to be connected through blockchain technology. Our other supply chains will follow suit in the years to come.

Artificial Intelligence (AI) camera system

Together with the Dutch Society for the Protection of Animals, Deloitte, and Eyes on Animals, Vion has developed a tool to improve the effectiveness of camera surveillance in all areas of slaughterhouses where animals are handled. The tool analyses animal and human movements to identify potential deviations from our animal welfare standards. This software helps us to continuously improve and ensure the well-being of the animals.

New employees on payroll

Following changes in German legislation we added 3,300 new employees to our payroll at the start of the year. These employees were originally flex-workers that worked through subcontractors. We also concluded a new collective labour agreement with the NGG union (Gewerkschaft Nahrung-Genuss-Gaststätten). These developments will further strengthen our relationship with our people. Vion is committed to people's welfare and continues to invest in its workforce.

DNA traceability

The integrity of our products and processes is important for our customers and consumers alike. We have already implemented process integrity control systems with verification throughout the entire supply chain, by product balances within the International Featured Standards Product Integrity Assessment (IFS PIA). In addition to these assessment standards we have added product integrity monitoring by DNA testing of animals and end products. The DNA of all Good Farming Star and organic sows is analysed and stored in a DNA data base. In short: DNA is the ultimate check to demonstrate integrity throughout the whole supply chain.

Science Based Targets initiative (SBTi)

Vion has committed itself to reducing greenhouse gas emissions in line with the Science Based Target initiative's (SBTi) target-setting criteria. This initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Science-based targets give companies a clearly defined pathway for reducing emissions in line with the goals of the Paris Agreement.

Building Balanced Chains

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

Our job is to create balanced food supply chains that are demand-driven and relevant for all partners. We will achieve that through the following:

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

The very best products, fresh on your plate, demand supply chains that are as short as possible. This helps to get the best products into shops and restaurants in the best possible way. As a trusted partner at the midpoint of the supply chains, we connect a group of farmers to a group of customers. We then aim to build tailor-made, customer-specific chains, so that our customers can communicate added value such as the origin of products, animal welfare, or CO₂ footprint. However, it takes time to match supply and demand.

BBC becomes even more relevant when looking at recent developments and potential risks. External factors, like COVID-19, African Swine Fever and third-party labour policies, accelerate the trends underlying our strategy. Meeting the increasing demand for sustainability, product integrity,

food safety, animal welfare, safe working conditions, and fair prices, as well as alternative sources of protein, will determine success in the market. In the coming years, Vion's answer to these challenges is to build strong relationships with our supply chain partners and other stakeholders in order to meet supply and demand in these areas.

These BBCs must be based on contemporary IT systems in which all supply chain partners are connected to one another. The data exchange between feed producer, farmer, animal trader, slaughterhouse, meat processor, retailer and consumer should be open and transparent. In the coming years, these data systems should provide reliable information to



In past years, we were already actively involved in building balanced supply chains, such as with Robusto, Geprüfte Qualität Bayern, Good Farming Star, Initiative Tierwohl Haltungsform Stufe 2, De Groene Weg (Organic), and a plant-based meat alternatives supply chain. More cooperation in the chain leads to lower costs, less waste and increased transparency. Strong chains are less dependent on price increases or decreases. Supply chain partners are assured of a fair price and financial security.

the consumer on food safety, animal welfare, sustainability, and product integrity. The consumer has the right to know how their food is produced. It is our responsibility, together with our supply chain partners, to provide this information.

Examples of BBC that are already recognised in the business

De Groene Weg

One of the things that distinguishes De Groene Weg is that – when it comes to pork – the company works on the basis of a demand-driven, closed supply chain. As a central player in the organic pork supply chain, De Groene Weg has a forty year history (as of 2021) and an integrated approach from pig farmer to end consumer. Meanwhile, Vion has been able to develop best practices for supply chain management, pricing models and type of farming. De Groene Weg's integrated approach for the production and marketing of meat ensures an optimal balancing of supply and demand. For that purpose, the company works closely with both organic farmers and market parties, such as its own De Groene Weg butcher shops, retailers and Vion international sales support offices and representatives. Over 100 farmers who supply pigs to De Groene Weg are members of a suppliers' association, all certified with the European Organic standard (SKAL), EKO, and Beter Leven 3-star label. The processing of organic pigs takes place in Vion's specialised meat processing plant in Groenlo. In addition to this, De Groene Weg also processes organic beef and lamb. For more information on this concept, see chapter 'Our chain concepts and brands'.

Good Farming Star

Within our Good Farming Star concept certified with the Beter Leven 1-star label, we developed dedicated supply chains for several Dutch retailers which paid extra attention to animal welfare and sustainability, among other things.

Robusto

Robusto ensures the selection of items like legs and bellies, originating from trusted and professional pig farmers, with the right fat content, intramuscular fat and cut to specification, for the top segment of dried premium Parma and Serrano hams for the Italian and Spanish markets alike, and for bellies for the South Korean market.

Simmental PUR with Geprüfte Qualität Bayern certificate

This is a regional beef programme that combines beef from Simmental and Bavarian origin (certified according to GQ-Bayern – 'Geprüfte Qualität Bayern'), which Vion developed in cooperation with two farmers' organisations and the food retail sector.



Examples of specific attributes that are developed within the supply chains

Blockchain

Vion has connected the Good Farming Star pork supply chain in 2021 to the 'digital highway' by means of blockchain technology.

By digitally connecting all relevant partners within the Good Farming Star supply chain and exchanging data, we can increase the efficiency of the entire supply chain and guarantee the origin and integrity of our meat. This in turn creates trust. The Good Farming Star supply chain is the first in this sector to be connected through blockchain technology. Our other supply chains will follow in the years to come.

DNA traceability

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

CSR strategy and targets

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

Purpose: Providing Food that Matters

Material topic	KPI	Result 2021 Trend versus 2020 ▲ Better performance ▼ Lower performance ● Stable performance	Target for 2022	Related to SDG target	External trends	Risk/opportunity for Vion
Social topics						
Employment and working conditions	% absentee rate Vion total	▲ 5.7	5.3%	8.8	Shortage of potential workers and increased attention on safe working conditions	<ul style="list-style-type: none"> • Risk of shortage of operational personnel causing potential problems with operational planning • Risk of workers getting infected by COVID-19
Food safety	% compliance to Vion's internal – beyond legal – microbiological standards for product hygiene	▼ 85	90%	2.1	Growing demand for safe food all over the globe	<ul style="list-style-type: none"> • Opportunity as food safety is embedded in the codes of practice at all Vion production sites
Traceability and product integrity	% of the sales volume originated from plants certified according to a specific product integrity standard	▼ 76	85%		Growing demand for product integrity and traceability. Trust in food is key for consumers	<ul style="list-style-type: none"> • Opportunity as Vion sources locally, is building balanced chains and using blockchain for Good Farming Star
Animal welfare	% of the animals for which no restunning was needed. All of the animals (100%) were stunned before slaughtering	● 99.9	99.9%		Growing attention for animal welfare	<ul style="list-style-type: none"> • Risk of decreasing overall meat demand, especially in our home markets • Opportunity as we are a frontrunner on animal welfare and will also offer plant-based products as alternative
Environmental topics						
Sustainable farming	Number of farms on which the GHG emissions are assessed	▲ 25	200	13.3	Growing attention for environmental aspects of livestock farming and climate change	<ul style="list-style-type: none"> • Risk of decreasing overall meat demand • Opportunity as GHG emissions of North-Western European livestock farming are relatively low compared to other regions in the world
Carbon footprint of processing	Scope 1 + 2 CO ₂ e emissions per tonne sold	▼ 88	84	12.2	Growing attention on environmental aspects of production and climate change	
Water usage of processing	Usage of municipal water per tonne sold	▼ 1.75 m ³	1.65 m ³	1.4	Climate change results in changes in water availability	
Economic topics						
Fair pricing	% of the delivered pigs from farmers participating in Good Farming Balance	▲ 49	50	15.6	Price volatility	<ul style="list-style-type: none"> • Risk and opportunity

Vion's strategy to create value

Our strategic priorities within the CSR topics

6

Strategic CSR priorities

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

That is why, in our CSR policy, we give priority to these subjects and we start with them in the chapter CSR topics. As of 2022, we will have an updated CSR strategy with more focus on biodiversity and carbon footprint, which will be presented in our next CSR report. To stay a successful frontrunner, we use recognised standards and methods, such as food safety standards, integrity standards, animal welfare standards, and CO₂ footprint calculations.



Carbon footprint ambitions of Vion

Introduction

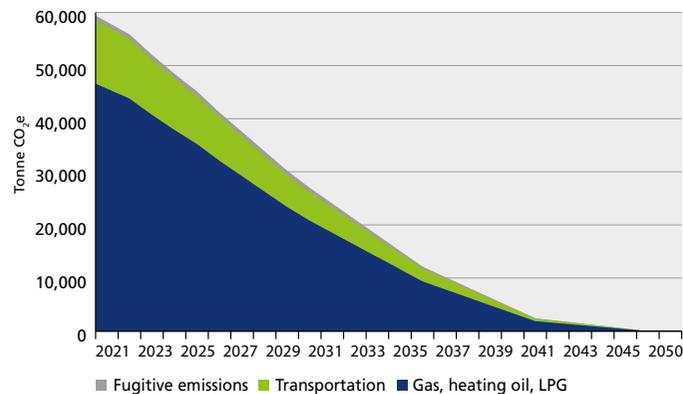
During the past five years Vion has carried out several studies in order to elucidate the actual carbon footprint of the products that are produced and marketed by Vion. This was done as part of our research activities in close cooperation with several stakeholders and was always based on international guidelines and scientific information.

Our footprint consists of our direct and indirect emissions (scope 1 and 2), together with the supply chain emissions (scope 3). Using life cycle analysis (LCA) we include all relevant emissions in the carbon footprint of our products. Especially in animal supply chains the farming and feed emissions are substantial. This shows the relevance of scope 3 for activities towards a reduction of the footprint. Together with professional stakeholders in feed and farming Vion succeeded to calculate the actual carbon footprint of our pork and beef. These figures are all reported in this annual CSR report (see specific chapters).

The carbon footprint ambitions of Vion are based on the knowledge acquired during the recent years on our own performance and directed towards reducing our emissions at a level that limits global warming to <1.5°C. These ambitions are in line with governmental rules such as the Paris agreement and the European Green Deal. Vion committed to the Science Based Targets initiative (SBTi) as independent organisation to review whether or not our plans are in line with the global warming target.

Ambitions concerning scope 1 carbon footprint emissions

Scope 1 emissions (gas, heating oil, LPG, fuels, methane, HFCs, Co₂)

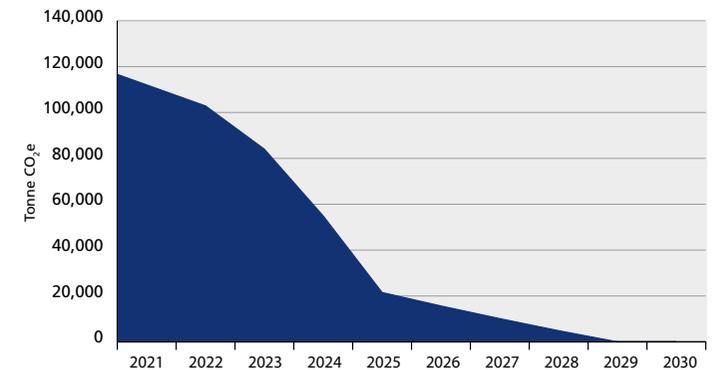


The figure shows the residual carbon footprint emissions at each year in progress.

Scope 1 includes our direct greenhouse gas emissions in our facilities. The figures above show our ambitions towards net zero in 2045. The figure shows the reductions in emissions in absolute tons of CO₂ equivalents. A substantial amount of gas is needed for disinfection of carcasses to assure food safety, this will largely be replaced with gas from renewable resources. A part of emission reductions will be realised with reduction of use. Locally we see several possibilities to close energy cycles with green energy, such as through biogas and biodiesel production out of our flotation sludge and by-products that cannot be used for consumption.

Ambitions concerning scope 2 carbon footprint emissions

Scope 2 emissions (electricity)



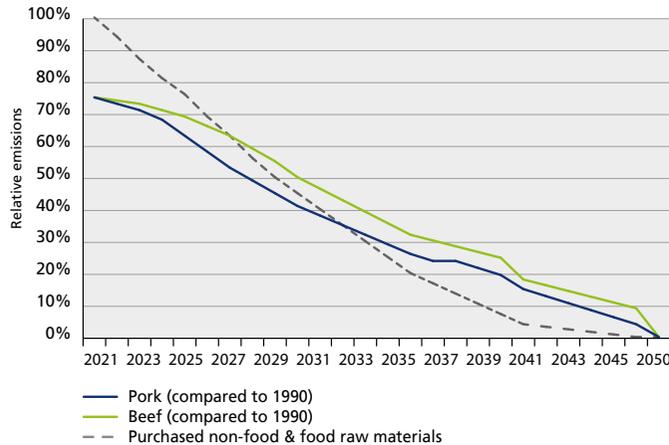
The figure shows the residual carbon footprint emissions at each year in progress.

Scope 2 includes the emissions associated with the production of the electricity that is used in our facilities. The reduction targets will be realised through reduction of absolute electricity usage and a substantial and gradual move towards the use of renewable electricity. Our first short term target is a share of 80% reduction and renewable electricity in 2025. Ultimately, scope 2 emissions should reach net zero by 2030 at the latest. However a substantial use of energy will be necessary to realise our food safety ambitions, which includes the use electricity for the cooling process of our food items.

Vion's strategy to create value

Ambitions concerning scope 3 carbon footprint emissions

Scope 3: upstream and downstream emissions reductions



Within the EU Green Deal (EU) the target for carbon footprint reduction for 2030 is a reduction of 55%, referring to 1990. Vion has recently asked Wageningen University & Research (WUR) to make an estimation of the carbon footprint of pig farming during 1990. Vion roughly calculates with a reduction of 25% from 1990 to 2021, until the estimations of WUR are available.

Furthermore, to stay in line with 1.5°C of global warming in 2050, scope 3 targets in 2030 should reach at least 35% reduction compared to 2021 for Pork and Beef. For purchased non-food, this should be at least 58%. Our ambitions as shown in the figure for scope 3 are in line with all these ambitions.

With respect to scope 3 Vion will facilitate the farmers of the purchased pigs and cattle with CO_2 reduction measures through communication of relevant supply chain data (see the chapter on 'Sustainable farming' in this report). This includes benchmarking of farms and supply of goods to farms.

The carbon footprint of pig farming is mainly composed of the of feed and the on-farm manure storage and processing. Our first calculations show a substantial variation between individual farms. If we succeed in reducing half of the variation among farms, then a carbon footprint reduction of at least 10% could be realised. The regional pig diet is largely composed of by-products from the food industry. This is relevant for the control of the carbon footprint of pig production because of the lower footprint of these products. The pig and cattle farmers all have access to these carbon emission friendly sources of feed ingredients. Current scientific knowledge and technology helps farms to increase the nutritional value and thereby reducing the carbon footprint of pigs and cattle production.

Next to that, several projects are running to especially reduce the carbon and methane emission of manure collection, storage and processing. This will provide a substantial reduction from 2025 and onwards.

Biodiversity and deforestation are two other important pillars in our sustainability strategy. Soy is a separate item in our sustainability strategy. Vion is a long-time member of the Responsible Round Table on Soy (RTRS). Each customer demand for RTRS labeled soy is accepted under the condition that the customer pays the additional costs. Together with several relevant stakeholders, such as the Global Food Safety Initiative (GFSI), global banks, soy importers, retail and others, Vion is working towards clarification of the origin of soy in a systematic way. When this system is activated we will have the possibility to control the origin of soy and to work towards the exclusion of soy that is related to deforestation. This instrument of transparency in the soy supply chain is essential on top of RTRS to make the next step in improving the soy supply chain.

The pace of reduction of carbon footprint of pig farming is slightly faster than the reduction in cattle farming. This is amongst others the result of the complex, counteracting mechanisms in the rumen system of cattle, with a substantial production of methane. This can fuel the improvement of reduction of the carbon footprint of cattle farms as from 2025 to be expected. It is also expected that there will be possibilities for cattle farmers in carbon sequestration in the near future.

With respect to the purchase of other food constituents not being live animals, Vion will further increase the pressure to demand from our suppliers to reduce the carbon footprint of their products step by step during the next years. The suppliers of food constituents need a few years more than e.g. the suppliers of packaging materials and other products. Also our suppliers of meat need to await the adaptation process at farm and feed level. So we differentiate the pace of carbon reduction according to the possibilities in the different supply chains.

Due diligence

The executive committee takes care of its responsibility by creating an effective, professional company structure which identifies and mitigates risks within the supply chain. A matrix structure is in place in which relevant staff and operational disciplines have separate, direct reporting lines to the executive committee, the management board, and the supervisory board.

Due diligence policy and management systems

All executives and supervisory board members receive quarterly reports on material CSR topics, which cover the risks of things which might occur within supply chains that could have a negative impact. Each CSR topic has identified its corresponding risks, and a due diligence policy and control programme are in place. This is explained in more detail in the specific sections on each material topic.

Identification of risks with potentially negative impact

The hazard analysis for food safety, which includes the supply chain, is renewed annually. This process is not only supervised within Vion, but also forms part of the supervisory programmes that are applied by, for example, national food authorities and the USDA-FSIS. These food authorities regularly review the functionality and effectiveness not only of Vion's food safety standards (Vion-HACCP), but also animal welfare standards. Additionally, our experts in health and safety annually review the RIE (Risk Assessment and Evaluation in Dutch 'Risico Inventarisatie en Evaluatie') of the working conditions within Vion. With regard to working conditions in the supply chain, we participate in the food industry IMVO programme. To investigate environmental impacts, a collaboration is in place to identify the main

factors that affect greenhouse gas emissions in the pork and beef supply chains. The main risks identified are shown in the table on the next page.

Activities taken to prevent, stop or mitigate possible abuse

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

Monitoring of activities' implementation and results

KPI results on material CSR topics that might have a negative impact are reported to the management board on at least a quarterly basis. Every quarter, the management board receives a dashboard with CSR KPIs and the implementation status of actions taken to mitigate instances of non-compliance. In addition, during monthly business review meetings, CSR KPIs is an item on the agenda of every Business Unit.

Informing stakeholders of activities and results

We publish audits and the results of inspections conducted at Vion sites on our dedicated transparency websites, which are accessible to the public. We also assess the level of compliance with regard to the health of workers, animal welfare, product integrity and the sustainability of products supplied to Vion. The results of this monitoring are reported to the suppliers and in cases of non-compliance, a discussion with the relevant suppliers will take place to both remediate any negative effect in the supply chain and to control the situation. We informed all our workers of the COVID-19 protocol in their native language. We also discussed our protocols, the measures implemented, and the results with local health authorities.

Remediation procedures

In cases of non-compliance (e.g. antibiotic use), Vion will enter into a discussion with the supplier to remediate any negative effects. The remediation actions will be specifically aimed at controlling the effects of the non-compliance. In addition, preventive actions will be taken to prevent any re-occurrence.

Example

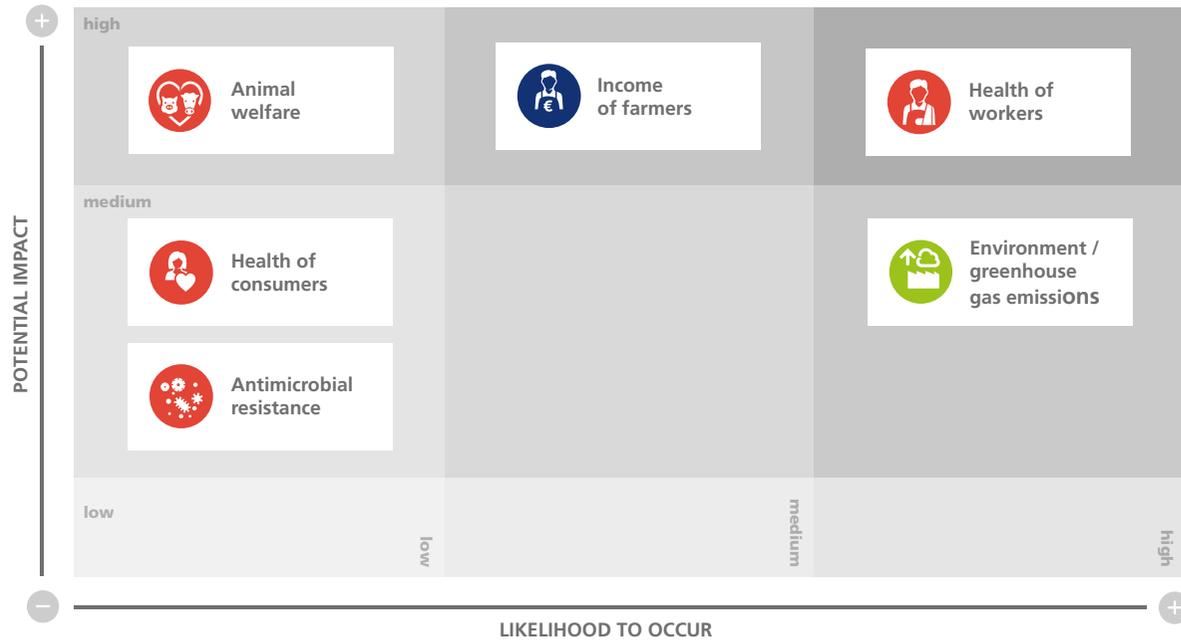
In case of non-compliance with food safety, we have the following procedure:

- Risk identification: when an instance of non-compliance occurs, we immediately try to identify the risk that occurred.
- Risk assessment: based on the identified risk, we carry out an assessment of the nature and the effect.
- Risk containment: data of tracking and tracing and product flow will be taken into account in order to contain the risk. Regular communication with customers and suppliers is an important part of risk containment.
- Risk elimination: when the full extent of the risk has been identified, we will eliminate the risk. Several measures can be taken here, such as a recall, reprocessing, and disposal of the product involved.
- Return to the normal situation: depending on the risk, preventive measures can be implemented and the production process restored.

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

- The contacting of relevant authorities, standard setting bodies and certification bodies.
- Preparing internal and external communications.
- Contacting customers to inform them of the impact of a situation, such as product withdrawal.
- Organising a controlled containment and risk elimination structure.
- Informing insurance bodies and legal advisers where necessary.
- Contemplation during the issue. In addition, an evaluation will be carried out to determine the effectiveness of all measures which were applied during and following the issue.

The organisation of supply chain management, minimising negative impact, and monitoring systems are part of our strategy and approach with each material CSR topic. You can find more detailed information in the section on the individual material topics.



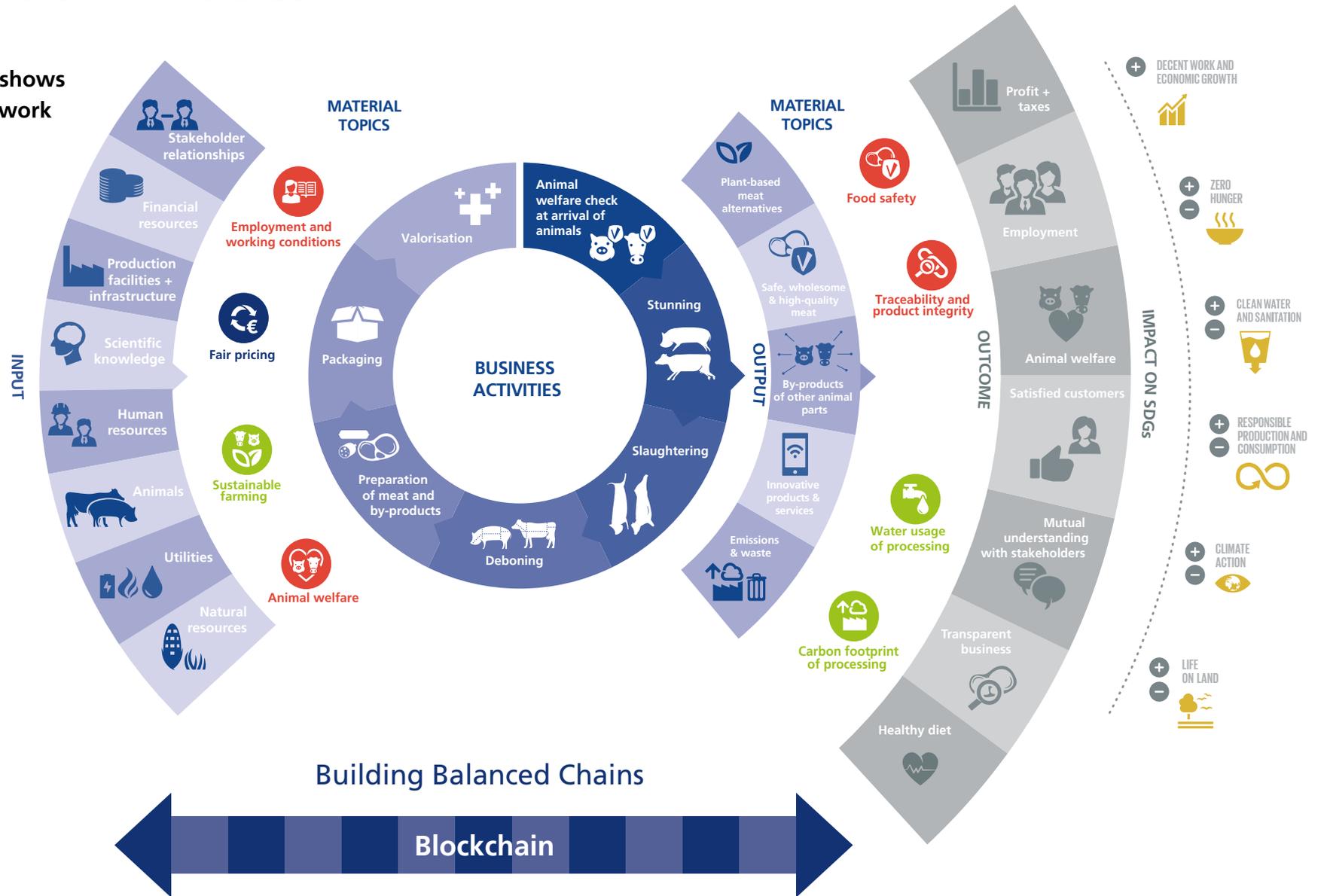
Social and environmental risks (potential negative impact on stakeholders)

Possibly caused by Approach

	Animal welfare	Farmers, transporters, Vion	There is growing attention on animal welfare in our chain. Read more about our approach in the material topics on animal welfare on page 72.
	Environment / greenhouse gas emissions	Farmers, transporters, Vion	GHG emissions are mainly produced at farms – more at cattle farms than pig farms. Read more about our approach in the material topics 'Sustainable farming' on page 89 and 'Carbon footprint of processing' on page 96.
	Income of farmers	Vion, customers, consumers	The number of farmers is declining, for reasons such as lack of successors. Read more on how we help farmers achieve a more stable income with Vion's long-term price plan within Good Farming Balance in the material topic 'Fair pricing' on page 93.
	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 64.
	Antimicrobial resistance	Farmers	See our approach on minimising the risk on antimicrobial resistance in the material topic 'Animal welfare' on page 72.
	Health of workers	Vion's workers	We continuously work to improve safety for our workers. Read more about our approach in the material topic 'Employment and working conditions' on page 52.

Value creation model

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



Sustainable Development Goals

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



2 ZERO HUNGER

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



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



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



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



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



6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitair for all



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



8 DECENT WORK AND ECONOMIC GROWTH

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



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



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



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



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



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



13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts



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



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



15 LIFE ON LAND

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



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



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



CSR topics

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS





Employment and working conditions

Why is this topic material?

Our workers are our main asset. In 2021, Vion provided an income and livelihood to 8,688 employees and 4,501 third-party workers. As of 2021, a new law in Germany requires meat companies to employ workers for their core business direct, rather than hiring them through flex agencies. Vion had already made several efforts in this area, but a new law accelerated the adjustments. Due to this new law, Vion also became responsible for their housing and commute.

The health and safety of our workers is always of the utmost importance. This is due to their intensive work and the equipment they use, among other reasons, but was especially true this year due to the COVID-19 measures needed in the workplace. Furthermore, workers' health and safety is not only important for them and us, but also for society. A growing number of customers require workplace accountability assessments to ensure a safe workplace. Due to the continuation of the COVID-19 pandemic and the new German law, this topic holds the same interest for external stakeholders as last year.

Vion's management approach

Our policy, commitment and objectives

Workforce management policy

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

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

All Dutch operational employees, third-party labour workers and the majority of employees in Germany are covered by collective labour agreements. Vion negotiated a new collective labour agreement with the trade union NGG which covers almost all employees, including the integrated workforce in the beef and pork plants. The workers not covered by collective labour agreements are corporate or administrative staffing.

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

stakeholders. The steering committee on workforce management was still in place in 2021.

Diversity

We aim to be an inclusive employer and embrace diversity within our workforce. We treat each employee equally, independent of his/her gender, age, nationality, or religion. This topic is one of the pillars of our Good Business Practice.

Sustainable employability/vitality

Sustainable employability means ensuring that employees can work at Vion in an effective and sustainable way, until they reach retirement age. This is handled in the context of their position, rights, and responsibilities. As yet, there is no legislation on sustainable employability as a whole. We stimulate sustainable employability and job satisfaction with modern working conditions.

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

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

Employees received a lot of information in recent years and we hold discussions on sustainable employability. A few vitality pilot groups have started with a blended learning programme aimed at sustainable leadership. An online dashboard for our vitality monitor will be developed where employees can see their own achievements as of 2022.

Health and safety policy

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



Employment and working conditions

Boundaries

The topic 'Employment and working conditions' encompasses all workers at our operations – our own employees as well as third-party labour.



In 2022, our objective is to have an absentee rate of maximum 6.0% for the Netherlands, 5.0% for Germany and 2.5% for Belgium. We monitor this figure weekly, analyse any (near) accidents which may have occurred and see how we can prevent those types of accidents. Several procedures and regulations are in place to create and maintain a safe working environment. Each German production location has a Health and Safety Officer. In the Netherlands, this role is filled by a Prevention Officer. We carry out internal occupational safety audits systematically. Plant managers regularly review occupational safety KPIs as part of their management review. At every Vion location, we pay attention to working conditions through an improvement cycle. The improvement cycle is based on the Deming Circle.

An action plan is drawn up and implemented for each branch. This plan is based on such things as the risk inventory and evaluation (RI&E), and health and safety audits and inspections. The action list derived from the action plan is updated in periodic meetings of the Health & Safety Committee of the branch in which the branch manager, the Prevention Officer, the head of the technical department, the head of FAFS, a delegation from the works council and others take part. They determine the schedule and person responsible for each action point. The completed points of the action list are evaluated for effectiveness by the Health & Safety Committee.

Hazard identification, risk assessment, and incident investigation

All accidents, near-accidents and high-risk situations that could lead to damage or injury must be reported. In the Netherlands, all employees can report a near accident using a QR code. Managers can also use the QR code to report accidents. The risk matrix is used to determine whether all incidents, near-accidents and hazardous situations should be analysed, and details of the analysis are discussed by the Health and Safety Committee. Fire incidents must be reported to the Vion Risk Engineers using the Reporting of Fire Incidents form.

Occupational health services and promotion of worker health

Workers can get access to the health and safety services of the Prevention Officer, BHV-er, occupational health and safety service, a workplace expert, an ergonomist, and a company physiotherapist if needed. This contributes to the identification and elimination of hazards, and minimisation of risks.

The collective insurance gives employees access to an online intervention platform. On this platform, they can find information on vitality and sustainable employability. In addition, Vion offers various interventions in the field of ESAN: exercise, smoking, alcohol, nutrition and relaxation through external providers or via the online workshops at the Vion Academy.

Worker participation, consultation, and communication

We communicate with workers through our health and safety campaigns which we organise at least twice a year. The central topics of our health and safety campaigns are determined on the basis of incident analyses. Posters, table stands with information and TV screens in canteens are used for this purpose. In addition, all managers receive a letter with more information about the topic in question and tips on how to get started with this theme. By means of Safety Alerts (board and TV screen announcements), we inform employees about possible risks in response to recent incidents that have occurred.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

All visitors to the production sites receive a visitor's brochure containing information on safety, such as the risks mentioned and what to do in the event of an incident. There are regular consultation meetings on health and safety with regular business relations such as cleaning companies.



Employment and working conditions



Learning and development policy

Vion is committed to empowering all employees to learn and achieve, and to experience quality learning which equips them with the knowledge and skills our business requires. We develop and train our employees, actively encouraging them to constantly develop their personal and professional skills.

We also invest in language and culture courses. Through continuous education and training, we facilitate and promote the employability of our workforce.

The vision responds to our Way of Working: Sharp, Connected & Brave and is tailored to our People Strategy:

- better skills management,
- improved talent management, and
- better alignment with the ambitions of our teams.

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

The Vion online learning platform called 'Vion Academy' offers training programmes which aim to develop and extend our employees' knowledge and skills so that they stay fit for the future. We also offer customised solutions, like individual (external) training programmes and qualifications.

Within Vion, we also work with interns or professional accompanying learning paths (both in Germany and the Netherlands, although not yet in Belgium). These interns combine school with work experience in the field. We actively help these interns to improve their chances on the labour market.



Employment and working conditions



📅 Activities in 2021

Workforce management – Netherlands

Vion issued a statement in 2021 regarding its goals for workforce management for its Dutch production locations. Our ambition is to go further than current Dutch legislation and agreements require us. In the coming two years, we will strive to have an average of approximately 70% of our former flex workers on our payroll in the Netherlands. To reach this goal, a project team in the Netherlands will focus on four key topics:

- Recruitment
- Housing and commute
- Social and operational integration
- Employment conditions and Collective Labour Agreement (CLA)

Staffing & recruitment

In 2021, 132 flex workers received a Vion contract and are now directly employed by us. In recruiting, we focus on various groups of people, such as status holders, (non)-Dutch employees, school leavers and later entry candidates. Furthermore, we structurally evaluate developments in the workforce management, like the number of employees hired.

Housing and commute

Every flex agency must comply with the Dutch SNA standard (Stichting Normering Arbeid) and the SNF standard (Stichting Normering Flexwonen, housing standard). Vion is committed to providing decent housing for our third-party labourers and we comply with NL regulations.

In 2020, a special nationwide taskforce ('Roemer Commission on Migrant Workers', led by Emile Roemer) investigated the situation for migrant workers and wrote an advisory report for the Dutch government. The government has not yet made any changes in regulations, but we are cooperating with different stakeholders, such as municipalities, to ensure decent housing for our third-party workers.

Although the SNF certification is not yet passed into legislation, Vion decided in 2021 to comply with this certification anyway. SNF certifies our housing facilities. Next to our standard annual internal audits and the SNF checks, we monitor the housing quality ourselves on several additional occasions.

Social and operational integration

To help our employees, both flex workers and salaried employees, to integrate fully in our company, Vion offers assistance with learning and development, through such initiatives as our Meat Master and Butcher Academies. We have specialised field coaches at every Dutch Vion location helping our flex workers. In the coming year, we will focus especially on helping them with health and healthcare insurance and the so-called social map. This entails helping people to get to know their municipality and its important locations.

Employment conditions and CLA

In the Netherlands, a CLA is already in place in the meat sector. Vion's aim is to subcontract its regular pay slip cheques to an objective third party. The meat sector wants to take comparable steps later in 2022. A Vion pilot is taking place right now and when it reaches its successful conclusion, we want to roll it out at all our Dutch locations. In addition to this, Vion is working on a Vion Fair Employment Code. This Code already exists for some flex agencies at large, but Vion does not want to wait until the meat sector is ready to commit to this Code or make it their own. We are now looking closely at the aspects of the Code which apply to Vion.

Communication

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



Employment and working conditions



As a company, we acquired a lot of useful information, and we were able to support our flex workers in a positive way. We have therefore decided to extend this pilot scheme more broadly within Vion. In the Netherlands, it was already fully in place in 2021.

Workforce management – Germany

Due to a new law in Germany, ‘Gesetz zur Verbesserung des Vollzugs im Arbeitsschutz’ (Arbeitsschutzkontrollgesetz) which took effect in 2021, the German workforce management project team was fully focused on transitioning our current subcontracted workforce, which consisted of 3,300 people. This new law requires meat companies to employ workers for their core business, instead of hiring them via flex agencies. Vion will also be responsible for their housing and commuting.

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

Vion fully supports this directive, but in 2021 it required huge efforts to take care of all the complex issues surrounding this massive workforce transition. Issues such as agreements with flex agencies, informing the workforce, negotiating with trade unions, involving works councils, taking care of housing, arranging transportation, training management for personnel planning, addressing cultural differences, and clear, prompt communication with all stakeholders. Welcoming and onboarding our new colleagues will remain an important priority in 2022 to ensure good integration and the proper support and administration.

Recruitment

In 2021, Vion employed our own team of recruiters in Romania to recruit employees for locations in Germany. The advantage of this was that these employees would be directly on Vion’s payroll without involvement from flex agencies.

Recruiting for the Netherlands will follow at a later stage. The high fluctuation rate of workers remains a challenge.

Housing and transport

Vion took over the rent contracts of the vast majority of houses and apartments from third-party labour providers and modernised the accommodations where necessary, including new furniture. Additional accommodation was rented to offer more space for employees and to provide rooms for employees in quarantine. Furthermore, Vion is in negotiations with real estate project companies who build standardised, modern housing for employees. Vion also took over the transportation of employees and leased a new transport fleet to provide a safe and comfortable transport from the accommodation to the plants and back.

Social and operational integration

To onboard our new German colleagues and give them a great start at Vion, we offer them German language courses and have one or more specialised field coaches at all our German production locations. They are native speakers from the workers’ home countries who serve as mediators between them and the company. They also help with daily issues both in and outside the production locations. We also help create awareness and understanding of cultural differences by organising themed weeks at all our locations. The Romanian and Polish weeks serve as notable examples of learning more about these cultures and nationalities within Vion.

Employment conditions and CLA

A project group was formed in Germany in 2021 that focuses on the new CLA for the meat sector in Germany. This CLA is already in place in the Netherlands, but was only instated in Germany in 2021. The German project group will use the coming time to assess what this new CLA means for Vion in Germany and its employees.

Workforce management - Belgium

After an extended period of cooperation, Vion acquired slaughterhouse and beef producer Adriaens in Belgium in February 2021. The integration process is in full swing at all levels.



Employment and working conditions



Health and safety

COVID-19

Vion values a safe working environment. Due to COVID-19, we have taken a set of additional measures at our production locations. In the summer of 2021, when European governments eased the COVID measures, Vion decided to keep them implemented to ensure the continuous safety of our workforce. We were heavily impacted by the closures of various plants in the Netherlands and Germany and we wished to prevent these situations recurring in 2022.

The measures Vion took include selection at the gates and daily health check forms for our employees. Face masks are obligatory at production locations and in the office, as well as keeping 1.5 meters distance, by such means as plastic screens between workplaces. Vion supervisors make sure that these measures are followed. Our office employees are encouraged to work from home to avoid crowded workspaces as much as possible.

In addition, Vion has been operating our own test streets for 1.5 years, manned by our Occupational Health and Safety Service, for quick and reliable test results, in cooperation with the Municipal Health Service.

Vaccination

One of the ways out of this pandemic is vaccination, which is why Vion decided to encourage our employees and flex workers to get vaccinated by awarding a financial bonus. In addition, Municipal Health service employees regularly give information about vaccination in our canteens. Vion also shares comprehensive information about this topic on narrow casting and our specialised field coaches communicate on vaccination.

Vion assists with and coordinates vaccine registration and, in some cases, we arrange transport to the vaccination location of the Municipality Health Service in question. In Germany, the lack of social activities due to COVID-19 for a major part of 2021 hindered the integration of 3,300 new employees. We hope to regain this focus in 2022.

Occupational Health and Safety (OHS) Management System

In 2021, Vion took significant steps to further integrate and align Workers' Safety in Germany and the Netherlands. The system for occupational health and safety management already went beyond legal requirements. Called the Quentic OHS management system, it was already in operation in Germany and is used for issues such as accident reporting, employee qualifications and risk assessments. As of 2021, all Dutch and German Vion locations work with this system, which covers both our own employees and flex workers. We will share best practices with all production locations in all countries in which we operate. The Quentic OHS management system complies to the recognised risk management standard ISO 45001.

Each Dutch production location records the Occupational Health Policy in a letter of intent. This states that the relevant Vion location:

- Will commit to preventing injury and illness as a result of the work.
- Will strive for continuous improvement of occupational health and safety performance.
- Will at minimum comply with the statutory Occupational Health and Safety requirements and regulations.
- The working conditions policy will be made known to the employees of the organisation.

In 2021, we brought our German and Dutch health and safety policies further into alignment. We created a RACI matrix, which shows clearly who is responsible and accountable, and who should be consulted and informed for both Germany and the Netherlands. There will also be more international cooperation on health and safety campaigns, instructions and training. We will evaluate the Occupational Health and Safety Policy annually to ensure it remains relevant to the organisation.

As of 2022, the whole of Vion will use the same system for health and safety management. Here are some important elements within this support system:

- Safety instructions.
- Risk assessment action plans.
- Accident reports and follow-up actions for accident prevention.



Employment and working conditions



- Internal audit outcome with safety culture ladder score.
- Health and safety KPI scores.

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

As of 2022, in addition to the plants in the Netherlands, internal audits will be extended to every plant in Germany, monitoring and measuring the level of safety consciousness.

Focus areas of our internal safety audit:

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

At every Vion location, attention is paid to working conditions by means of the improvement cycle. The improvement cycle is given shape based on a management system based on the Plan-Do-Check-Act cycle.

Dilemma on health and safety

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

Learning and development

Culture & leadership programmes

In 2021, we kicked off our People Matter programme with 150 senior managers and selected talents. This programme is built around three pillars:

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

We developed a variant of the People Matter programme for our operational management layer, the so-called 'People Matter Operational Leadership Programme'. In Q3 2021, we started a pilot in Germany to further improve the (cultural) integration and onboarding of our former flex workers. In Q4 2021, we started a similar pilot at Vion Boxtel in the Netherlands.

Due to a change in the German law for the meat industry (Arbeitsschutzkontrollgesetz) at the beginning of 2021, we welcomed more than 3,300 flex workers as direct employees at Vion. To support our new colleagues with their integration into Vion, we offered online cultural training courses for our operational managers, former job coaches, the works councils and HR managers to prepare for the onboarding of our new colleagues and to create awareness about cultural differences.

Lastly, our VOS (Vion Operating System) leadership programme was implemented at several locations. After proving itself within the BU Pork in 2020, we rolled out the Vion Operating System Leadership programme for the other Business Units. Besides the basic principles of VOS, participants learn how to behave as a leader in a culture of continuous improvement and how to get the most out of their team.



Employment and working conditions



Worker training on Health & Safety

Health & Safety training is essential in Vion's working environment. The training courses Vion provide are:

- Health and safety awareness in leadership for all managers at a production site + annual repetition
- Working in a health and safety conscience way for 100 local Technical Service employees
- Hazardous Substances Expert Training
- Expert X-Ray Training
- Training for Prevention Officer
- People Matter modules on safety
- EPT (electric powered pallet truck) and shunting training

Vion Academy

Vion Academy is Vion's online learning platform. In 2021, we added 200 online training courses. Now the platform contains over 500 courses on various soft skills, time management, and MS office. The courses are available in German, Dutch, English and Polish. All employees can follow these courses voluntarily, next to their compulsory courses. In 2021, we promoted these courses more actively, resulting in an increase of visitors. In addition, our new colleagues in Belgium already have full access to our Vion Academy.

E-learning modules in 2021

- Health & Safety training is essential in Vion's working environment. Modules such as 'fit and healthy working from home' and 'in-house emergency response' have also contributed to a safe and healthy working environment.
- Vion provides all relevant staff with the skills and knowledge to ensure the best animal welfare practices.
- A 'Competition Law' e-learning module is offered to our employees to become more aware of the risks of violating competition law.
- Vion offers several language courses to stimulate cooperation between our colleagues and to stimulate cultural integration company wide.
- Training on soft skills like Time and Self-Management, Conflict Management and Communication. In the category System & Software trainings we provide training for example SAP, HFM and MS Office.

Meat Master Academy

Vion launched the Meat Master Academy in 2021. With this learning programme, Vion invests in and trains the workforce, aiming to improve craftsmanship, engagement and job promotion. Each level covers more in-depth content and a set of skills that are relevant for the position and expert level (badges indicate the levels of craftsmanship).

Management Traineeship

In 2021, our BU Pork management trainees finished their traineeship and started in their first jobs within Pork.

The new Vion wide management trainees started Q2 2021 in a 1.5-year programme consisting of individual- and team projects. Also, several learning activities within all 4 BUs and a strategic group assignment is part of this traineeship.

Assessment approach

To gain more insights in competences, qualities, drivers, pitfalls for job applicants, employees, leaders and teams, HR facilitates unified instruments for assessments. HR is trained to use and interpret these tools for the further development of our employees in the business.



Employment and working conditions

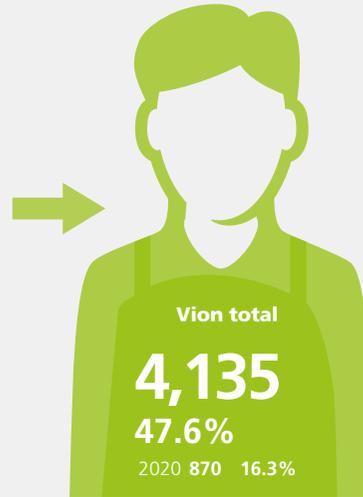
Impact on society

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

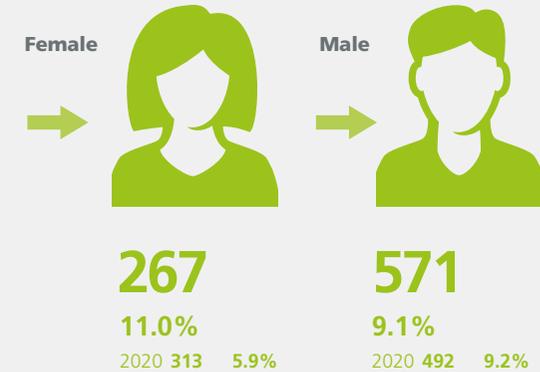
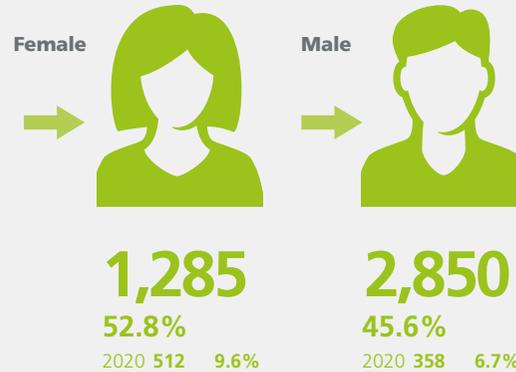
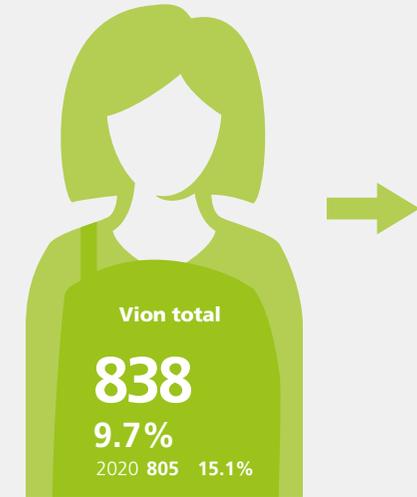
Our efforts and results on employing former flex workers directly in Germany led to a positive impact on labour rights for workers, including migrant workers and those in precarious employment (Sustainable Development Goals target 8.8).

Results

New employee hires



Employee turnover



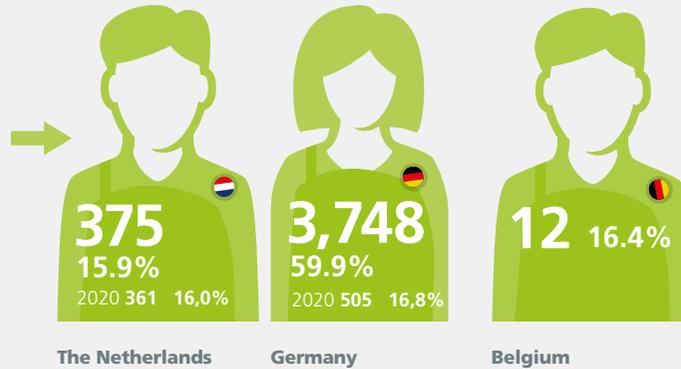


Employment and working conditions

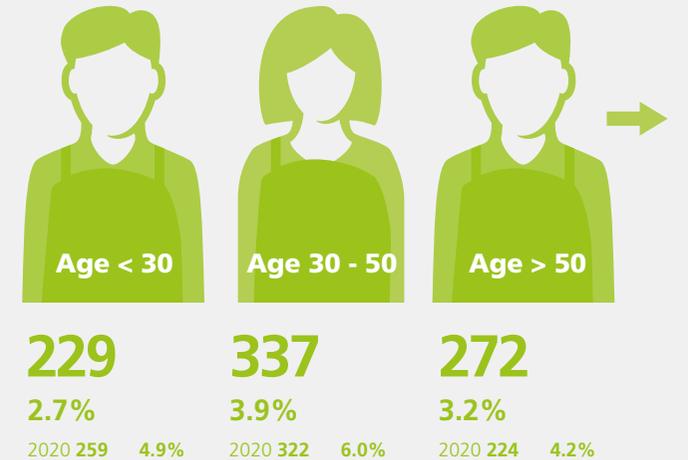
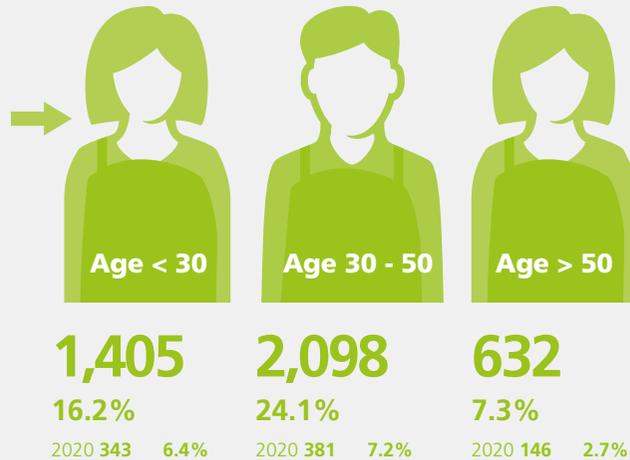
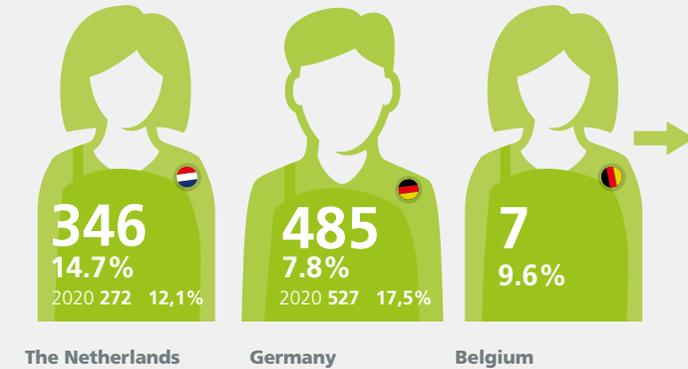


Results

New employee hires



Employee turnover



Clarification of the results

Employees at international sales support offices are included in the data of the Netherlands. Due to the fact that we integrated the external workforce in Germany, new employee hires was much higher in 2021.



Employment and working conditions



Results

Absentee rate

Vion total



The Netherlands



Germany



Belgium



Lost time injuries with absence of at least one scheduled work day

	2019	2020	2021
Vion Total	565	542	544
The Netherlands	146	130	145
Germany	419	412	394
Belgium	-	-	5

Work related injuries

	2019	2020	2021
Own employees Vion total # work related injuries	232	304	468
Own employees Vion # high consequence work-related injury	n/a	n/a	11
Third-party workers Vion total #work related injuries	418	318	127

Clarification of the results

The absentee rate in the Netherlands and Germany was higher than the target, mainly due to the continuation of COVID-19 and the integrated workforce in Germany. The huge increase of production employees, who have a higher absentee rate in general due to the nature of their job, raised the absentee rate. The absentee rate in Belgium is relatively low because we take the first four weeks of each sickness into account compared to six weeks for the Netherlands and Germany.

The work-related injuries of own employees increased because of the integrated external workforce in Germany, therefore the work-related injuries of third-party workers decreased.

In 2021, there were again no fatal accidents. The most common accidents were cuts, injuries due to slipping, tripping, and falling, as well as injuries caused by internal transport.



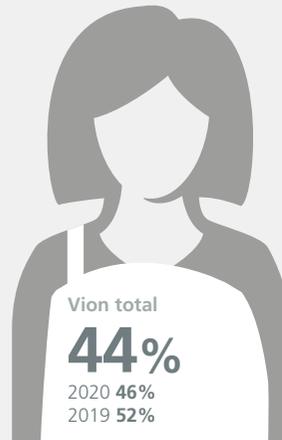
Employment and working conditions

▶ Outlook

- The workforce management project team will stay focused on the integration and further onboarding of our formerly subcontracted workforce.
- Vion will further roll-out the operational leadership programme.
- Introducing special themed weeks about workers' home countries. e.g. food specialities, on-screen information on the countries.
- Roll-out of onboarding programme.
- Increase number of field coaches to take care of migrant workers.
- The traineeship programme to be further extended to the whole Vion organisation.
- In 2022, the People Matter participants will continue with learning modules related to 'Leading me', 'Leading others' and selected 'Functional modules'.
- After careful evaluation, we intend to roll out the 'People Matter Operational Leadership Programme' to more operational managers in our factories in 2022.
- Vion Netherlands expressed its intention to increase our own workforce to quite an ambitious level. A large number of actions (as part of our Work Force Management approach) need to drive us to that level in the coming years.
- In 2022, in the Netherlands, we will focus on physical strain, by using the In Depth Risk Analyses tool, for example. We will also take the next steps in improving our safety reporting tool and structure.
- In 2022, in the Netherlands, we will take the next step in Vitality. We will extend the successful content of previous programmes and capture that in a 'Work Ability approach'.

Results

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



Safety culture ladder



1,000-man quote



Clarification of the results

In the Netherlands, our 2021 target for the Safety Culture Ladder was 3.8. We ended up with 3.6. In 2021, due to COVID-19 we shifted our focus and hours spent more towards health. However, COVID-19 is not part of the health aspects in the Safety Culture Ladder. Due to this shift of focus we did not reach the target. To increase our result on the Safety Culture Ladder, we hire a local safety expert on each plant to add more capacity and knowledge.

In Germany, the 1000-man quote increased. The main reason is that the integration of the external workforce led to a significantly higher ratio of production workers in comparison to administration personnel, the former being exposed to a significantly higher risk of accidents.



Food safety

Why is this topic material?

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

Boundaries

Any single part of the supply chain can potentially have an impact on food safety. Food safety can also be affected by the way the end-user handles products during food preparation. Vion has a holistic management approach and takes into account production plants, suppliers, co-producers and the intended use of products by the consumer. For the targets we focus on the locations where the food we sell is produced.



Vion's management approach

Our policy, commitment and objectives

Producing safe and wholesome food is one of Vion's top priorities. Food safety and quality assurance are embedded in the codes of practice at all Vion production sites. Vion is committed to the ISO 9001 standard for quality-oriented organisations, and all Vion establishments are ISO 9001 certified, except the sites that are less than 3 years with Vion, such as NWT, Vion Adriaens and Vion Dokkum.

Our work on food safety covers diverse areas and processes:

- High standards of hygiene during daily operations.
- Training of personnel.
- Equipment used.
- Daily cleaning and disinfection of production areas.
- Raising the bar for food safety standards by being board members of standard-setting organisations.
- Conducting scientific research to obtain the latest information and to study possibilities for improvement.

All our sites have incorporated the Vion-HACCP system, which is globally accepted. This kind of system begins by making risk assessments to identify relevant hazards: how often does a hazard occur and how serious is the potential hazard for humans? When it comes to slaughtering, there are two key principles for assuring food safety and which therefore form the priority objectives in daily operations:

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

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

To verify compliance with food safety and customer requirements, all production sites are certified according to the rules of the Global Food Safety Initiative (GFSI). The two food safety private standards we use are the International Featured Standards Food (IFS Food) and the British Retail Consortium (BRC) standard. By meeting the requirements of these standards, we show that we comply with a high level of food safety. We have also committed ourselves to being audited by third parties to show compliance with the highest food safety standards. We publish these and other audit reports, as well as the results of quarterly inspections, on our public website www.vion-transparency.com.

Products made from live animals inevitably have micro-organisms present. This is not a risk in itself; it is part of nature. However, monitoring the number of micro-organisms as a KPI does provide a useful indication of our hygienic working practices. Vion based the internal microbiological standard on the number of bacteria from the bacterium-family Enterobacteriaceae during the final stages of production; this is the stage at which products have been handled the most. Given the natural variation in bacterial counts and origin of products, it is unlikely for all samples to always comply to our internal standard. However, by committing ourselves to as high a percentage as possible, we can continuously improve our way of working and reduce any microbiological food safety risks. In 2022, we aim for 90% of pork and beef to comply with the Vion internal standard.

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



Food safety

▶ Impact on society

The performance levels of food safety procedures remain stable and effective. During 2021, no incidents were recorded in which Vion products had a negative impact on consumers. In fact, several specific food safety interventions built on the Vion-HACCP programme clearly show a positive impact when it comes to reducing human exposure. That way, we help ensure access to safe, nutritious food all year round (Sustainable Development Goal target 2.1).



📅 Activities in 2021

Research into the potential of modern technologies in microbiology

We cooperate with several academia and other scientific groups, such as the Freie Universität Berlin, Wageningen University (WUR), Utrecht University, Eindhoven University of Technology (TU/e), Bundesinstitut für Risikobewertung (BfR) and ZLTO. The topics of research vary – for example, we work with the WUR and TUe on precision livestock farming. This project provides a view of how we might optimise the farming system by identifying the needs of an individual pig and then designing the farming system around that using sensor technology. By optimising the farming system, we can optimise the aspects 'animal health', 'animal welfare' and 'sustainable animal production'. As a collateral result, food safety hazards are also expected to be controlled at a higher level.

Listeria

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

Hepatitis E virus

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

supports the idea that the spread of the virus can be altered using control measures. Furthermore, it identifies possible risk factors, which support the development of intervention measures when needed.

COVID-19

During 2021, we took several measures to control COVID-19 in our production premises. Next to all labour related measures, we also carried out product controls. Vion took multiple samples of packaged products and outer packaging materials in order to check for the absence of COVID-19. The results of this extensive sampling showed that Vion products did not contribute to the spread of COVID-19.

Together with Dutch Universities and the national public health institute, research was carried out to determine the possible spread of COVID-19 through farmed pigs. This research resulted in a scientific paper showing that pigs do not contribute to the spread of COVID-19 in humans (Sikkema et al, 2021. Emerging Microbes & Infections, 11:1, 91-94, DOI:10.1080/22221751.2021.2011625).

Recalls

During 2021, Vion carried out two public recalls. Poultry meat was withdrawn from the market as a precautionary measure by the supplier of the poultry meat. Fermented sausages were withdrawn from the market after Vion was notified by one of its suppliers that ethylene oxide was present in one of the ingredients.

❓ Dilemma

Food safety requires the products to be kept cold. This requires electricity and refrigerants, which negatively impact greenhouse gas emissions. The slaughter phase contributes a relatively low amount of greenhouse gas emissions when compared to those during livestock farming, but we are nonetheless committed to reducing our own carbon footprint to be well in line with national climate agreements. However, energy consumption cannot be reduced too much without compromising the functioning of the cold chain and therefore food safety, and so that remains our number one priority.



Food safety

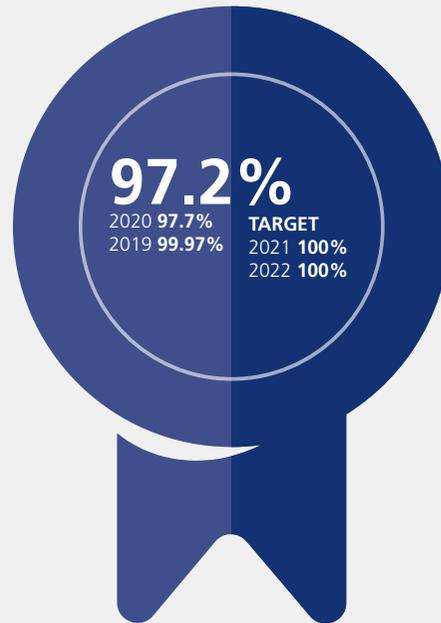
▶ Outlook

- In 2022, our product range will be further expanded with plant-based products. The relevant hazards associated with these products have been integrated into our HACCP system.
- In 2022, Vion will develop a concept for quantitative microbial risk assessment for controlling listeria.
- In 2023, we will complete our research on the Hepatitis E virus, after delays due to the COVID-19 pandemic. We will then share what we have learned from our research on the prevention of transmission of the virus on farms.



☰ Results

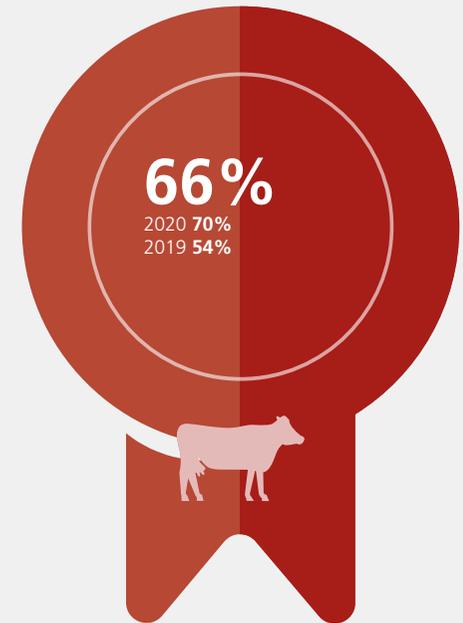
% sales volume from GFSI approved plants (IFS or BRC)



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



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



🔄 Clarification of the results

Our target on sales from GFSI approved plants is 100%. There was a decline in this percentage because we still have one production site that is not GFSI approved. Their sales volume share increased in 2021 compared to 2020, for which the percentage declined slightly.



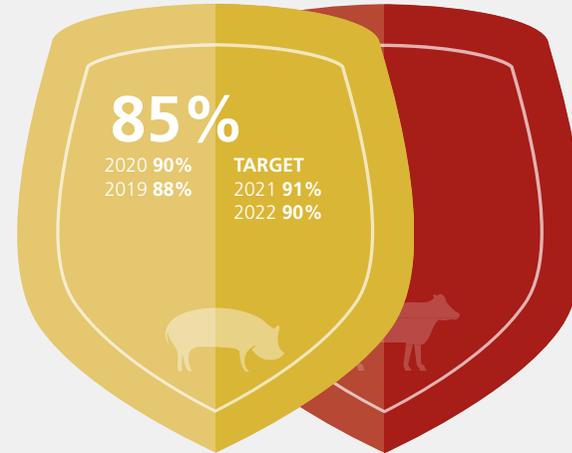
Food safety



Results

% compliance with internal Vion microbiological standards for product hygiene

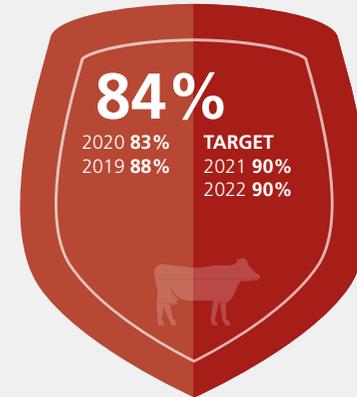
Vion total



Vion pork



Vion beef



Clarification of the results

The norms applied within the Vion internal microbiological standards for product hygiene are substantially stricter than those required by legislation. This means that legal compliance is guaranteed at all times. Given the natural variation in bacterial counts, it is unlikely that all samplings will always comply to our strict internal standards.

However, by striving for a percentage that is as high as possible, we can achieve a continuous improvement in levels of food safety. For both pork and beef, we see a slight negative trend at specific locations. Improvement in this KPI is urged at these locations and will be monitored closely in 2022.



Traceability and product integrity

Why is this topic material?

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

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

Boundaries

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

Vion's management approach

Our policy, commitment and objectives

Traceability

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

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

We can trace all meats and processed products back to the day of slaughter. For the processing plants, where we slaughter up to 4,000 cattle or up to 20,000 pigs a day, this means we can immediately trace, on a daily basis, the product back to the group of farms which delivered the animals. Consumer products which contain several parts can be traced back to several slaughter days in our supply chain.

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



Product integrity

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

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

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

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



Traceability and product integrity

Impact on society

With our traceability and product integrity system, we make a positive impact on society without any negative. With our standards, we pave the way to new state-of-the-art standards within the industry. During 2021, Vion experienced no product integrity non-compliance issues. This has a positive impact when it comes to building trust with the consumer. Trust in food can only be attained when there is a high level of transparency. Connecting farmers and consumers through specific supply chains is a good way of showing people who is behind the production of our food. This gives the farmer and his family a recognisable face and shows consumers that our food's supply chain is a work of craftsmanship, from farmer to butcher or vegan food producer.



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

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

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

The integrity assessments require evidence on how Vion assures and verifies the mandatory and extra product related information. Our objective for 2022 is for 85% of our sales volume to originate from plants which are certified according to a specific product integrity standard.

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

- Supplier associations.
- Customers.
- Technology providers.
- Competent authorities: Dutch NVWA and German official authorities.
- Dutch Standard Setting Agency (NEN-ISO).
- German International Featured Standard (IFS Food).
- German integrity system Orgainvent.

Activities in 2021

During 2021, we further implemented modernised software systems and cloud solutions in our pork production plants. We did this in order to optimise the data flow in a more precise, efficient way and to be able to make product balance calculations in more detail. In the daily product balance calculation, we compare the number of animals delivered that day to the number of products made from it. These two figures must correspond with each other.

Separate supply chains for specific retailers

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

Integrity of Vion Good Farming Star pork verified by DNA

In the last few years, the integrity of our products and processes have become more important for our customers and consumers. By 'integrity', we mean that all attributes associated with the product, including animal welfare and origin, can be 100% verified. We have already implemented process integrity control systems with verification by product, balanced throughout the whole supply chain. In addition to



Traceability and product integrity



these certified systems, we have now added the monitoring of product integrity through the DNA testing of consumer products.

From pig to sausage: Identity Preserved

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

In addition to this DNA integrity system for the Good Farming Star pork concept, we have started to establish the same DNA monitoring system for the organic pork supply chain. We are currently in the final stage of developing DNA traceability for this chain.

IFS product integrity assessment

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

In October 2021, we successfully passed the first follow up IFS Product Integrity Assessment at Vion Boxtel. In 2022, the first IFS Product Integrity Assessments are planned at ME-AT in the Netherlands, the first German pig and cattle slaughterhouse, as well as the German Food Service production plants.



Traceability and product integrity

Outlook

- At minimum, all German production sites which have been part of the Vion family for longer than three years will be assessed by IFS PIA in 2022.
- We will continue to develop and implement the DNA product traceability system.

Results

% external sold volume with a specific integrity standard (IFS PIA, Orgainvent, LQB Herkunft)



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



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



Clarification of the results

The 2021 target was to have 85% of our external sold volume certified under a specific integrity standard. We reached 76%. The certification body was unable to plan the required site audits in Q4 of 2021. These audits are already conducted in 2022 at the time this report is published.



Animal welfare

Why is this topic material?

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

Boundaries

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

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

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

Vion's management approach

Our policy, commitment and objectives

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

Our objectives are to:

- Assist farmers in the continuous process of making improvements in animal welfare.
 - Provide hauliers with information and continuous education to evaluate and improve the transportation process of animals.
 - Give assurance to customers, consumers and society with respect to the control of animal welfare in the supply chain.
- To create trust while having professional standing with regard to animal welfare and transparency with all stakeholders. We have animal welfare KPIs on the transportation, handling and stunning of animals, and monitor these on a daily basis. The effective stunning of all animals is obligatory before slaughtering can proceed. Our aim is to achieve effective stunning at the first attempt. Every month, we report the figures to the executive committee. With regard to the slaughtering process, our target for 2022 is for 99.9% of animals to require no restunning.

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

The corporate animal welfare policy was updated in 2021. Our policy goes beyond the slaughtering process and also concerns animal welfare at farms and during transportation. Before communicating the updates publicly, we first discuss our intended updated policies with the stakeholders involved.

Animal-friendly husbandry policy

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

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

EKO-code

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



Animal welfare

▶ Impact on society

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



There is a strong link between animal welfare and the health of livestock. We therefore encourage farmers to invest in robust breeds. Dual-purpose breeds, such as Simmental in dairy production, are not only seen as providing more tasty beef and their production as more environmentally friendly, but their robustness is also generally related to fewer diseases and the cows' longer lifespan. Around one third of our cattle are dual-purpose or crossbreeds. The others are mainly dairy breeds.

In Germany, we are involved in working groups for increased animal welfare at farm level according to the "Initiative Tierwohl" concept of German retailers.

We offer the market the choice of higher animal welfare standards in beef. We consider customers and consumers to be a very important driver in determining the development of animal welfare labels in the beef market and we are committed to developing this market segment.

Our overall target is to scale up animal welfare programmes, with at least 25% of sold value certified under a recognised animal welfare label by 2025 and 50% by 2030. We want to stimulate the production of organic meat by taking a leading position not only in the Netherlands, but also Germany and Belgium and to set up organic chains for both pork and beef in these countries.

Antibiotics policy

EU antibiotics policy

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



allowed to be used prior to a clinical examination and antibiogram. Their use is regulated and monitored by the official authorities and private standards.

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

Vion's antibiotics policy

We take our responsibility very seriously when it comes to food safety and human health. With respect to antibiotics, there is a clear dilemma between animal welfare and the use of antibiotics: sick animals need treatment with antibiotics so as not to compromise animal welfare. However, that also means the transmission of antibiotic resistance which should be considered in food safety assurance schemes. We have banned antibiotics which are critical for humans in all pork supply chain programmes. In addition, we will explore the possibility of expanding the list of banned antibiotics in 2022 with regard to certain antibiotics projected to becoming designated as critical to humans by the WHO.

Furthermore, as a result of our participation in several projects with stakeholders like universities, customers, and ZLTO, we now know that the transmission of antibiotic resistance to humans via Vion pork is minimal. Nevertheless, we want to remain vigilant and are developing a monitoring system to ensure the absence of relevant antibiotic resistance genes in our products. Such genes form the essence of the antibiotic resistance problem, whereas antibiotic usage is merely a proxy or indication thereof. To ensure that our suppliers work according to our policy, we have (in addition to the governmental monitoring programme) implemented our own monitoring programme on the residue of veterinary drugs in the Netherlands. With this risk-based programme, we can ensure that legal withdrawal periods are respected and that no substances are used which our standards do not permit.



Animal welfare



Transportation policy

The transportation of animals is critical with respect to animal welfare. Animals are handled and placed in unfamiliar settings. We have strict guidelines to minimise the stress of animals and ensure animal welfare. There are two important aspects at play with regard to transport: the transport distance and the circumstances in which the animal is transported. We use our decentralised network of appropriately sized locations to have as short a transport distance as possible for all animals. This mainly results in a maximum transport distance of 200 km, which is comparable to a maximum of 4 hours transport time. Paying attention to ensuring the adequate planning of transport routes results in transport times being within the legal requirements of 8 hours maximum. We publish data on the origin of livestock for each plant on our transparency website.

We take a broader responsibility with respect to the welfare of animals delivered to us. In addition to the live animal inspection by the official (external/independent) veterinarian, we conduct standardised checks at every unloading of the animals:

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

Data concerning the condition of the animals received are not only reported to farmers and transporters, but also published every quarter on our transparency website www.vion-transparency.com.

Our policy during extreme temperatures

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

The protocol prescribes measures like:

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

Animal welfare policy at slaughter

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

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

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

- At slaughterhouses, there is an animal-friendly infrastructure to minimise discomfort. The unloading area, lairage, stunning and bleeding areas are all designed to calm the animals and get them used to the new environment.



Animal welfare



- The lairage is designed and operated to realise a rest period of 1.5 to 2 hours for all individual animals before slaughter.
- Pigs and cattle have sufficient room to lie down in the lairage area.
- Showers are present in the lairage of pigs to nurse the animals.
- CCTV is present in all areas where there are living animals.

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

In almost all pig slaughterhouses, the animals are stunned using high concentrations of CO₂. When using CO₂, a pig is unconscious within 15 seconds. When using electricity, the Midas equipment is used. With this equipment, both a head-to-head stun and a stun of the heart is carried out. According to the scientific research of EFSA (European Food Safety Authority), both stunning methods are considered acceptable methods to stun pigs for slaughter. Our basic standard for the stunning of pigs is:

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

Our standard for the stunning of cattle is:

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

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

In the Netherlands, all slaughterhouses are certified to conform to the criteria of the Beter Leven Keurmerk (BLK) and, in addition, Apeldoorn and Groenlo are SKAL certified (organic label). Compared to non-BLK certified slaughterhouses, we meet with some additional requirements to obtain the BLK certificate:

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

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

- The unloading of animals has to be done within 30 minutes.
- Extra space in the lairage.
- Special training of employees and animal welfare officers.

We control animal welfare at all our slaughterhouses with measures that include:

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



Animal welfare



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

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

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

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



Animal welfare



Activities in 2021

Husbandry actualities

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

The Business Benchmark on Farm Animal Welfare (BBFAW) evaluates the world's leading food producers, retailers and food service companies regarding their management and reporting of farm animal welfare. The report of March 2021 showed that Vion performed at Tier 3 of the Benchmark.

Bigldee

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

Development of Vital Pig Farming Programme

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

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

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

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

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

Transportation actualities

Extreme temperature protocol

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

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

At temperatures of 35°C and above, all transport of animals is halted. During 2021, this resulted in reduced slaughtering times where one shift per day was removed from the schedule during several days of hot weather.

African swine fever

We participate in both Germany and the Netherlands in the African Swine Fever prevention team of the government. Together with other stakeholders, parking places next to highways were identified as high-risk locations. A number of measures had already been taken, for example, the installation of boar-resistant trash cans, fences, and signs. Several Vion volunteers and others regularly audit these parking lots, using an app to report these audit findings to



Animal welfare



the highway stewards. This is an example of effective cooperation between the individuals of the pork supply chain and the government which is responsible for the maintenance of the highways.

Slaughtering actualities

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

- We carried out an investigation to improve the design of the lairages and passageway to stunning. Learning points are being implemented whenever we update our lairages to guarantee they meet the most modern insights in animal welfare control.
- We participate in a scientific project to improve the stunning procedures of pigs with the Friedrich Loeffler Institute. The investigations are specifically on finding alternatives to CO₂ stunning.
- We used virtual 'Cow glasses' to train our employees and optimise the layout of our new lairage in Altenburg. The virtual 'cow glasses' software (C.O.M. Wetzlar) simulates what cows would see through their eyes. What a cow would see is depicted on the screen of the glasses, and therefore enables the user to experience how animals see their surroundings.
- In collaboration with several universities and other scientific institutes, our workers are trained in handling animals in a friendly way. The training is based on the animal's natural behaviour. All individuals who work with live animals receive this training. Going above legislative minimum requirements, we have implemented a continuous education programme to keep all individuals up to date with the scientific standards concerning animal welfare.

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

Compliance with animal welfare regulations

In the Netherlands, Vion got two fines in 2021 for non-compliance with animal welfare regulations both in Bostel. One case concerned the time between stun and stick of a pig that was stunned according to procedures, but not fast enough bled. The other case concerned the care of pigs that stayed overnight after a disruption of the slaughterline. In both cases the employees at the lairage are re-instructed to follow the procedures and additional checks are carried out. In Bavaria Vion received three warnings. Two warnings concerned repair of the water system and the need of additional drinking points. The third was about the regulation of group behaviour between pigs more enrichment of the lairage is suggested to distract the individuals animals a bit more. In all three cases the issues have been solved.

Camera surveillance to improve practices

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

That is why we have co-created software based on Artificial Intelligence with a group of stakeholders including animal welfare NGOs and Deloitte. This software is capable of analysing all recorded hours of footage and selecting only the relevant footage. This selected footage is reviewed daily and based on this review, potential corrective actions will take place. With this new software tool, we have modernised the monitoring of animal welfare. It is a unique use of artificial intelligence and we are setting a new standard regarding animal welfare monitoring worldwide.



Animal welfare

▶ Outlook

- We continue to develop and implement our smart CCTV software for the unloading area of the lairage. With this standard, we have a contemporary instrument to monitor and continuously improve the welfare of animals that are delivered to slaughter. In 2022, we aim to install this instrument based on Artificial Intelligence in all slaughterhouses.



More importantly, by reviewing the full footage, we can improve our animal handling more effectively.

We have implemented this software at six slaughterhouses and we aim to have implemented this unique software at all Vion slaughterhouses by the end of 2022.

Tail length dilemma

Tail docking early in the life of the pig has a long history in pig husbandry as a measure to prevent tail biting. Tail biting can cause serious problems for the welfare of the pig and the quality of the meat. Preventing tail biting is therefore an important topic.

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

The challenge of tail biting lies in the multifactorial cause. Tail biting occurs in situations in which pigs do not feel comfortable. The cause can lie in diseases, farm management, the pig's housing or a mismatch between the genetics, housing or management. This means that farmers need to have a tailor-made approach to ensure that a decision to stop docking entirely is the right one. That is why we believe in an incremental approach to increasing the pig's tail length. The result of that approach is that the average length of tails has become longer.

Nevertheless, we do see that tail lengths clearly differ from farm to farm. To get farmers to abide by this measure, we need more objective information. To know exactly what the average tail length is of pigs at every farm, we need to measure all the tails. We have therefore developed a fully automatic measuring system. Using a so-called 'vision' system, we measure the tail length of each individual pig. Using the information of the individual pig, we can gain insight into the

performance of the whole farm. We can then compare farms with each other and get them to learn from other farmers. We believe that by starting a conversation on tail size based on actual information, we can get specific farmers to alter their tail docking practices. By doing this, we contribute to achieving a higher standard of animal welfare.

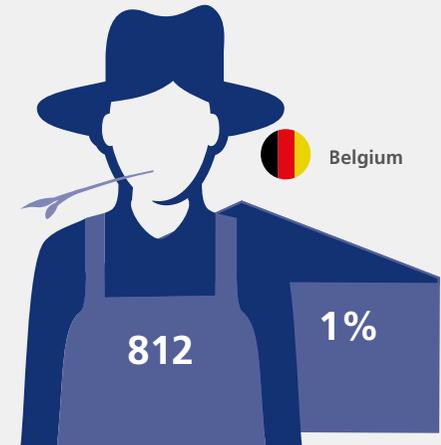


Animal welfare



Results

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





Animal welfare



Results

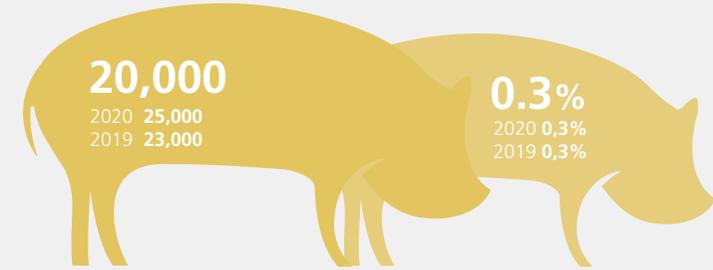
Pigs raised under certified higher animal welfare requirements (EU Organic, Beter Leven, Für Mehr Tierschutz)



The Netherlands



Germany





Animal welfare



Results

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

Vion total



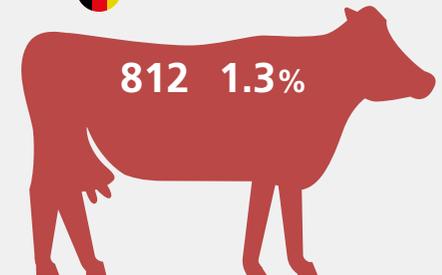
The Netherlands - Organic



Germany



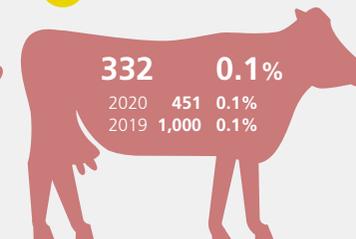
Belgium - Organic



Germany - Organic



Für mehr Tierschutz



Clarification of the results

Cattle

We have noticed that the percentage of slaughtered cattle raised and slaughtered under an organic label within Vion increased substantially

during 2020. This also occurred in 2018 and 2019. This increase was due to a higher number of slaughtered cattle raised under an organic label in Germany.



Animal welfare

Results

The Netherlands: Beter Leven 1 star



The Netherlands: Beter Leven 2 stars



The Netherlands: Beter Leven 3 stars / EU Organic



Germany: Initiative Tierwohl



Germany: Für Mehr Tierschutz 'Einstiegsstufe'



Germany: EU Organic





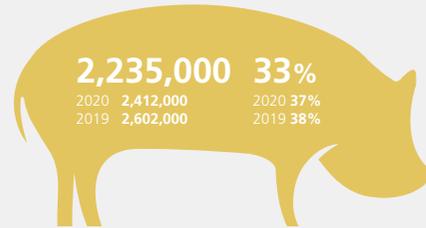
Animal welfare



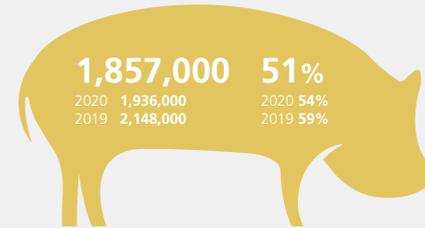
Results

Entire boars (not castrated) of total male pigs slaughtered

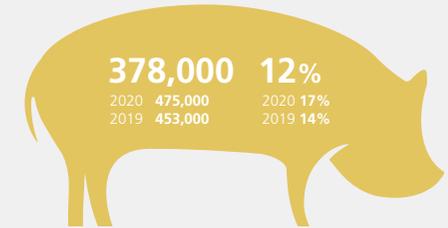
Vion total



The Netherlands



Germany



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

Slaughtered female cattle of milk or dual purpose breed



Average age at slaughter



Clarification of the results

Certain standards prescribe raising entire boars and other farmers voluntarily choose to raise entire boars. We noticed that the percentage of entire boars had decreased.

The percentage of slaughtered female cattle of a milk or dual-purpose breed declined due to the acquisition of Adriaens in Belgium.



Animal welfare



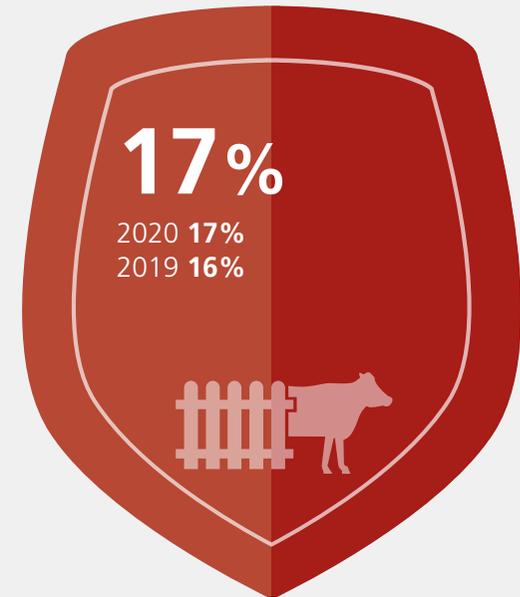
Results

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

 Pigs



 Cattle



Clarification of the results

We only have animals from independently certified regionality programmes in Germany.

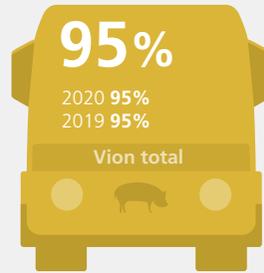


Animal welfare

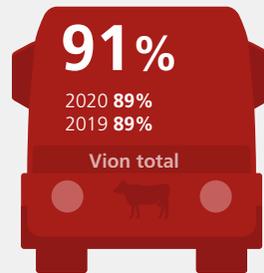


Results

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



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



Clarification of the results

The transport distance from the farmer to the slaughtering facility is measured using a radius. This is because we have the location data of the farmers that deliver to us, but not the actual transport distance travelled

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



Animal welfare

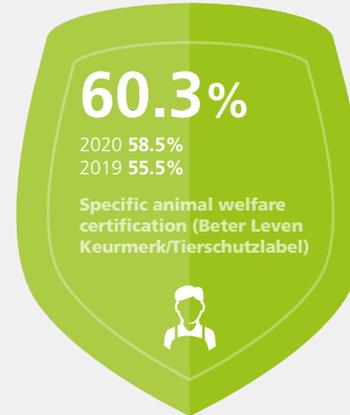


Results

% animals slaughtered in plants with specific animal welfare standards



Total animals: no restun needed



Pigs: no restun needed



Cattle: no restun needed



Clarification of the results

Our very strict rules relating to re-stunning will result in the 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 that it 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 act when needed. Therefore, the target for no restun needed will never be 100%.



Animal welfare



Results

Animals tested where antibiotics were absent



Tested animals % slaughtered animals tested



Pigs found with antibiotics residue above maximum residue limit



Tested pigs % of pigs tested



Cattle found with antibiotics residue above maximum residue limit



Tested cattle % of cattle tested



Clarification of the results

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

This approach resulted in less samples regarding antimicrobial levels in cattle in 2021. The percentage of pigs observed with residues of antibiotics has been stable over the last three years.

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



Sustainable farming

Why is this topic material?

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

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

Boundaries

This topic explicitly concerns the environmental aspects of livestock farming (scope 3). The greenhouse gas emissions (scope 1 and 2) and water usage directly associated with our own operations are addressed as separate topics.

Vion's management approach

Our policy, commitment and objectives

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

Carbon footprint

Because of meat's high nutritional value, within the consumption of food of animal origin, pork and poultry originating from the Netherlands and Germany is a climate-friendly way to meet consumer's protein needs. This meat has a similar CO₂ footprint to tofu (see figure), although its nutritional value for humans is much higher. Pig farmers have been investing a lot in manure storage and processing, resulting in limited greenhouse gas emissions and limited odour nuisance.

With regard to beef production, methane emissions from rumination and manure cause substantial greenhouse gas emissions. Vion mainly slaughters dairy cattle and the offspring of dairy cattle which are essentially by-products of dairy production, making the CO₂ footprint substantially lower than that of beef from pure meat breeds. In 2021, Vion calculated the footprint of meat from 10 Dutch dairy farmers. Results show that these Dutch cattle farmers – as with Dutch pig farmers – are in the top 10% of dairy farmers worldwide when it comes to carbon footprint sustainability.

Our commitment is to put onto the market food items with a lower carbon footprint than today's items and to provide information to customers and consumers on the footprints of the products they buy. Consumers should be able to make informed choices based on relevant, scientifically justifiable,

and internationally accepted data. To achieve this, we are developing a CO₂ label for our products based on the actual data from the supply chain. Our objective is to have the first products with CO₂ labels on shelves in 2022. These data need to be monitored and shared between different partners in the agricultural supply chains. Transparency between different supply chain partners concerning the footprint data procured by benchmarking will reveal options for continuous improvement, which will result in a further reduction of the footprint. We did not reach our target for 2021 (see clarification of results), but were able to expand our data infrastructure to strengthen the feasibility of still reaching our 2022 target. The 2022 objective is to calculate the emissions for all of the approximately 160 Good Farming Star pig farms plus 40 cattle farms.

Use of land, water and sustainable feed

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

The pork production system from which our Dutch and German pigs originate have a water footprint that is less critical when compared to the systems for other foodstuffs (Ibidhi & Salem, 2020)¹. This study shows that the water footprint is determined in large part by the growth of feed crops. The carbon footprint is our first priority in footprint calculations due to the urgency of global warming, but our underlying data infrastructure is designed to be flexible enough to expand into other impact categories, such as water usage.

¹ Ibidhi, R., Ben Salem, H. Water footprint of livestock products and production systems: A review (2020 Animal Production Science, 60 (11), pp. 1369-1380.



Sustainable farming

▶ Impact on society

As commonly known meat production currently has a negative impact on the environment in several ways. With transparency concerning the carbon footprint calculation, we will be able to provide our supply chain partners with more insights into the magnitude of this impact and how it compares to other food products. This will stimulate the whole supply chain in making more sustainable choices and having a positive impact on CO₂ reduction in the meat supply chain. In this way, we work towards to the sustainable management and efficient use of natural resources (Sustainable Development Goals target 12.2).

By communicating the CO₂ emissions comparison with other food products already in our CSR report, we contribute to a situation where people have the relevant information and awareness for sustainable development and lifestyles (Sustainable Development Goals target 12.8).

Also, by investigating and promoting ways to reduce the CO₂ footprint of livestock farming, we improve the raising of awareness and institutional capacity on climate change mitigation and impact reduction (Sustainable Development Goals target 13.3).

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

Buying soy from countries like Brazil and Malaysia may contribute to deforestation. In general, we advocate the use of soy certified by Round Table Responsible Soy (RTRS). The RTRS certification includes strict requirements on the preservation of natural forests and other natural resources. More specifically, all pigs raised under our Good Farming Star programme are fed with RTRS certified soy. Furthermore, Vion is working together with dedicated partners to develop the infrastructure that assures the use of soy from fields that were not associated with deforestation (Identity Preserved soy).

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

Besides that, the food industry in our region produces a lot of by-products, such as bakery by-products, brewers' spent grain and by-products from dairy production. These by-products are not suitable for human consumption but are an indispensable part of pig feed. This reduction of food waste, which prevents the need for products such as soy, has a substantial impact when creating a more sustainable and regional pork production.

Biodiversity

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

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

📅 Activities in 2021

Determining the best method of calculating the carbon footprint of meat

Vion is committed to a calculation methodology developed by Wageningen University, that is:

- Based on internationally accepted standards (the PEFcr and LCA ISO).
- Scientifically accurate.
- Transparent to customers, consumers and governments.
- Accepted by authorities.
- Using actual data from farms and their suppliers and extrapolate this for comparable companies.
- Able to provide information on measures for footprint reductions in the supply chain and especially on farms.

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

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

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

In 2021, we implemented the methodology for pork as an automated calculation system and received data from 45 farms. These are farms which produce pork for the Dutch retail market. Furthermore, Vion aligned itself with initiatives in the dairy sector to use the available data in the Annual Nutrient Cycle tool to calculate the footprint of 10 Dutch dairy farmers. Finally, Vion calculated the carbon footprints of the first five plant-based meat replacers. All results are shown in the figures at the end of this chapter. The carbon footprints



Sustainable farming

▶ Outlook

- In the first quarter of 2022, we will commit ourselves to setting science-based targets on our carbon footprint (scope 1, 2 and 3) to make sure that our reduction ambitions are in line with the Paris Climate Agreement. We will develop these targets in 2022 to get them approved by the Science Based Targets initiative. Besides these short-term reduction targets, we have set the intention of having net zero emissions across the supply chain by 2045 (ultimately 2050). Read more about our ambitions regarding carbon footprint on page 43.
- In 2022, we aim to include data from all of the approximately 145 Good Farming Star farms in the GHG calculations. To this end, we intend to motivate as many farms as possible to collect their data for CO₂ calculations through JoinData. We will continue to host meetings for farmers to share results, so that they can learn best practices and help reduce the environmental footprint.
- To reduce food waste and increase the circularity and sustainability of our products, we will support farmers in using by-products from the food industry by reporting back their carbon footprint and, together with the relevant supply chain partners, indicate possible areas for improvement.
- To develop in 2022 and implement in 2023 deforestation free soy guarantees in two chain concepts as a first step towards achieving Vion deforestation-free value chains by 2030. We need to organise transparency on the origin and certification of the soy and, where possible, use circular and residual flows for feed proteins.
- We will develop and supply practical biodiversity enrichment toolkits and embed additional biodiversity measures in our market concepts.

are expressed as kg CO₂-equivalents per 100 g of protein to allow relevant comparisons to other foods of animal origin or their replacers. The raw data used for the footprint calculations will also be important to calculate other emissions, such as nitrogen and phosphate. Vion participates in the European technical group 'Red Meat' of the PEFcr (Product Environmental Footprint category rules) where norms for calculating the footprint are discussed.

Continuous improvement in sustainability at our organic pig farms

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

Dialogue with stakeholders

Together with industry partners, Vion discusses possible solutions to a variety of environmental topics. For example, Vion was a partner in the workgroup initiated by the Dutch government on the reporting of carbon footprints for food in the Netherlands. The output of the workgroup was a project team which will take the lead when it comes to changes in favour of sustainable farming. We are also in discussions with our supply chain partners on the value and circularity of manure. During several public debates, Vion discussed the sustainability of meat and meat alternatives with a variety of stakeholders. Lastly, Vion is cooperating with stakeholders to align calculation methodologies to ensure comparable outcomes.

? Dilemma

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

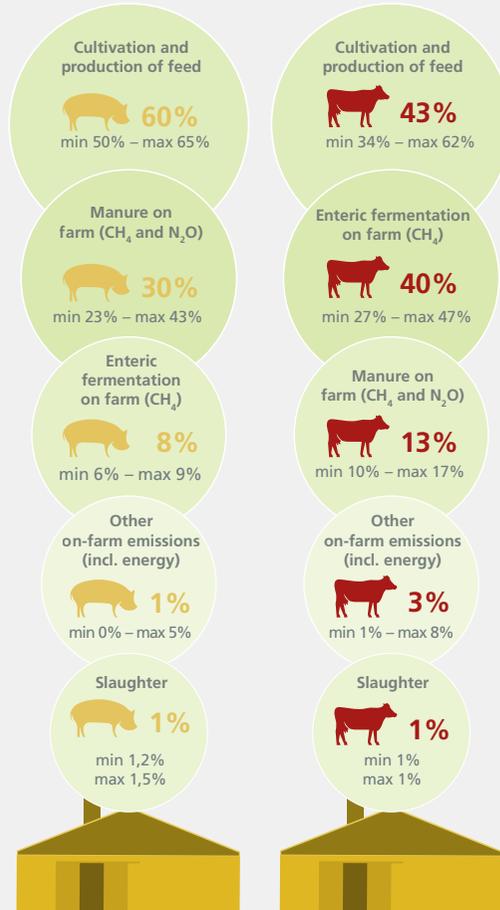


Sustainable farming



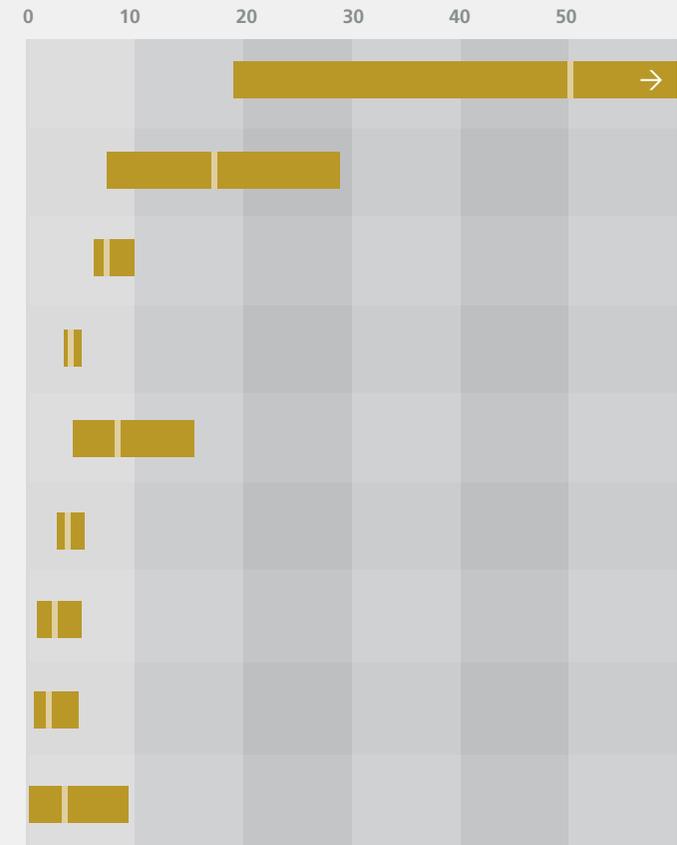
Results

Contribution to CO₂e emissions throughout the pork and beef supply chain



Variability in CO₂e emissions for different foods

(in kg CO₂e per 100 g protein)
| average



Clarification of results versus targets

The results shown above are based on the data of 15 pork farms and 10 dairy farms. Vion did not achieve its 2021 goal of calculating GHG emissions for 160 farmers. This was because data from the farms were not yet fully disclosed by the end of 2021. The relevant data were received in Q1 of 2022 and calculations are ongoing at the time this report is being published. In 2022, we aim to calculate the emissions of 160 Good Farming Star pig farms plus 40 cattle farms.

The carbon footprint calculation of Vion's dairy beef is based on the PEFcr Dairy, where biophysical allocation is used to divide the footprint over milk and meat. However, the current PEFcr Red Meat (including beef and pork) uses economic allocation. Therefore we included both allocation methods in the results.



Fair pricing

Why is this topic material?

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

Boundaries

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



Vion's management approach

Our policy, commitment and objectives

Market situation

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

Policy and commitment

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

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

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

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

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

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

New pricing systems

In 2021, Vion and Albert Heijn introduced a stable pricing system within the Albert Heijn chain. This price is made up of 50% cost price and 50% market price. Within the PLUS chain, Vion and PLUS developed a specific price arrangement. Both systems contribute to safeguarding the continuity of the participating pig farmers and ensure a healthy revenue model. In 2022, Vion will continue to work on new pricing systems within existing and new Building Balanced Chains.

Objectives

The latter system offers more stability in the supply chain for all parties involved. Our objective for the Netherlands is that in 2022, 77% of the delivered pigs are from farmers who participate in Good Farming Balance. Our success can also be measured by market presence and continuity within supply chains. With most of the pig farmers that deliver to us, we have contract with a notice period of one year.

The Good Farming Balance concept is also available for German pig suppliers. 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.



Fair pricing

Impact on society

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



The German market structure with pig traders is completely different to that of the Netherlands. In 2021, 19% of the delivered pigs were from farmers who participate in Good Farming Balance. We aim to reach 25% in 2022. Our mid-term objective for Germany is that in 2025, 50% of the delivered pigs will be from farmers who participate in Good Farming Balance.

Activities in 2021

Building balanced supply chains

We have a number of existing supply chains for Robusto and De Groene Weg, for example, and have dedicated supply chains for specific customers like the Dutch retailers PLUS and Albert Heijn. We take these existing supply chains as a starting point and bring together our partners within them. We do this to ensure that all partners function well as a supply chain. A good example is our growing concept with the Geprüfte Qualität Bayern (GQB) certificate.

With our supply chain partners, we discuss topics like feed, animal welfare, logistics and energy, as they influence farming costs. These subjects are closely related to fair pricing and are becoming increasingly important. To share learned information and improve performance within the supply chain, we are working with a data-cooperation called JoinData and have developed our own blockchain, the Vion Pork Chain VISION. In 2021, the Good Farming Star supply chain was connected to the blockchain, which means the data is transparent for the entire supply chain.

Good Farming Balance

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

Due to the corona measures in 2020 and the African Swine Fever outbreaks in Germany, the international and national meat markets have fallen into imbalance. For the Netherlands, a number of important international markets were temporarily lost in 2020 and 2021. Due to the disrupted market situation, the PIG system was temporarily discontinued in week 15, 2020. Vion has now come up with a suitable solution for 2022 and will introduce a revised PIG system, effective as of 1 January 2022. The revised PIG system is a price based on a benchmark average derived from a portfolio of representative national and international prices and the EU carcass index.



Fair pricing

▶ Outlook

- Vion puts a revised PIG system back into operation, effective as of 1 January 2022.

We are developing new balanced chains with associated price systems for our different pork chains. We will introduce these systems in 2022.



☰ Results

Delivered pigs from farmers participating in Good Farming Balance



🎯 Clarification of the results

Our 2021 target for the percentage of delivered pigs coming from farmers who participate in Good Farming Balance was 75% for the Netherlands and 25% for Germany. The target for the Netherlands has been achieved and the target for Germany was almost achieved.

Pork farmers in Germany faced unprecedented circumstances. African Swine Fever caused a ban on pork exports and an overflow of meat within the EU resulted in a huge drop of pork meat prices. For many German farmers this uncertainty in the markets was a reason to postpone decisions for new contracts.



Carbon footprint of processing

Why is this topic material?

Greenhouse gas (GHG) emissions cause global warming. The reduction of greenhouse gas emissions is a matter of worldwide concern. We need quite a large amount of energy for such operations as refrigerating meat, cleaning and transportation, which means we can play a significant role in reducing CO₂ emissions.

Boundaries

The main contributors to GHG emissions in the meat industry are feed production, animal husbandry, and manure emissions (see 'Sustainable farming'). For Vion's operations, the main contributing factors are the transportation of animals, meat and employees in vehicles owned or leased by Vion, methane emissions from the animals while at Vion, and the energy used in the plants. We have taken all our own operations (scope 1 + 2) into account. Emissions at farms are part of the environmental aspects of scope 3, mentioned in the topic 'Sustainable farming'.

Vion's management approach

Our policy, commitment and objectives

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

We are committed to limiting energy use as much as possible, but without compromising product quality and food safety. To that end, we work on energy saving measures. All production sites submit monthly reports on energy efficiency, which are benchmarked against best practices. When sites show a wide divergence from the benchmark, we focus on how to reduce the energy consumption there. Vion is audited to make sure it conforms to the European Energy Efficiency Directive (EED). In Germany, 14 of our production locations have ISO 50001 certified energy management systems. Regulations in Germany require each site to set a yearly target for energy reduction and to have internal and external audits carried out to show how those targets were achieved.

Our objective for 2022 is to decrease our Scope 1 + 2 CO₂e emissions per tonne sold from 88 to 84. Reduction of non-renewable energy forms part of our financing agreement with our bank and will be audited externally. Reductions in energy usage will not only be achieved by increasing energy efficiency and applying the latest techniques, but also by structurally changing our consumption model.

In 2020, we began rolling out an energy monitoring tool at our locations and installed numerous meters to measure energy and water usage. The system measures usage at each separate department, which is useful when trying to identify possibilities for reduction. This system is currently present at all German sites, and we will expand its use to all Vion sites in 2022. Our production facility in Belgium already has an electricity monitoring system. It will be the basis for setting the individual target for consumption reduction per plant, regular monitoring of the results, rapid adaptation, and achieving the best outcome.

Activities in 2021

Energy savings

Based on the latest Energy Efficiency Directive (EED) audit conducted at the Dutch production locations, we continued to increase our sustainability efforts:

- We further expanded the use of LED lightning at our locations, both indoors and outdoors.
- At Vion Groenlo B.V., we invested in a heat recovery furnace to lower our gas usage. At Groenlo, we also reduced compressed air pressure and improved efficiency by preheating water in a steam boiler.
- Distrifresh B.V. has installed frequency control on the compressor for the cooling installation.

In Germany, we already have 14 locations with the ISO 50001 certificate, ensuring the efficiency and low energy consumption of our sites. We want to expand the certification to a larger number of sites to cover not only Germany, but also the Netherlands and Belgium.

We installed solar panels on the roof at our site in Crailsheim in 2021. The system has a maximum output of 15 kWp which is used to supply the gate and to charge e-bikes. We channel the rest of the energy into our company.



Carbon footprint of processing

▶ Impact on society

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



In 2021, Vion took delivery of eight new semi-trailers with fully electric refrigeration technology to reduce emissions in food logistics. Since March 2021, Vion has been testing an aerodynamic system to reduce the fuel consumption of our fleet.

Our production hall in Boxtel is built to conform to the latest energy efficiency techniques. In 2021, we began using three electric terminal tractors in Boxtel.

Cooling

Since cooling takes up the biggest part of our energy usage, using approximately 40% of all electricity demand, we are focusing on ways to make the cooling process more energy efficient. In addition to the spray cooling system used to cool carcasses and a programme to optimise the cooling temperature per room and per moment, we are investing in modernising our cooling system at approximately 10 sites and will be investing over € 5 million over the next 5 years (> € 3 million in 2022).

In 2021, we also focused on sustainable investments for the next years in the budgeting process to incentivise and control the achievement of our sustainability targets.

Re-utilising released energy

We are also always looking for ways to reutilise released energy. In 2021, we began evaluating the concept of converting slaughterhouse waste into biogas to power our fleet and ensure long-term, profitable independency in logistics and the energy sector. This evaluation will be finalised in 2022.

Green electricity

At present, the solar panels in Furth im Wald are not able to provide for the entire energy demands of the site, but they are needed for peak periods, such as during summer when we need more energy for cooling. In Crailsheim, besides production, the solar panels are also used to charge the electric bikes of our workers. We provide as much energy as possible by combining different energy generation methods and take care of the remaining demand using a centralised approach.

Refrigerants for cooling

Vion uses ammonia, but also CO₂ and Freon. When cooling installations need to be renewed, Vion replaces Freon with ammonia or CO₂. This lowers GHG emissions, as Freon has a higher potential impact on global warming. Ammonia does not contribute to ozone depletion nor global warming, while also having very good physical and thermodynamic properties. However, CO₂ is a more economical refrigerant and safer for our workers. We will look for the best solution for each individual situation.



Carbon footprint of processing

▶ Outlook

- During the first quarter of 2022, we are committed to setting science-based targets on our carbon footprint (scope 1, 2 and 3) to make sure that our reduction ambitions are in line with the Paris Climate Agreement. We will develop these targets in 2022 to get them approved by the Science Based Targets initiative. Besides these short-term reduction targets, we intend to have net zero emissions across the supply chain by 2045 (ultimately 2050). Read more about our ambitions regarding carbon footprint on page 43.
- Our goal for 2022 is to increase the number of sites with solar panels and e-loading stations for cars. This will be combined with a long-term energy purchase strategy, which not only focuses on the purchase of certificates, but really supports the generating of green energy.
- In 2022, we will finalise the evaluation phase of the biogas potential, including footprint, capacity and financing model, with a detailed business case for implementation. Once finalised, this biofuel will also be used for heating, energy/ electricity, cooling systems, and to power our fleet.
- We will roll out energy monitoring software to all production locations.
- At all sites, we are reviewing the latest emission figures. In 2022, we will define individual emission reduction targets per site, focusing on the target of net zero at all sites for scope 1 and 2 by 2040.

Results

Total absolute energy consumption (in GJ)



Total electricity consumption (in GJ)		
2019	2020	2021
679,000	744,000	779,000

Non-renewable electricity (in GJ)		
2019	2020	2021
679,000	744,000	779,000

Renewable electricity (in GJ)		
2019	2020	2021
0	0	383

Total fuel (gas + oil) consumption (in GJ)		
2019	2020	2021
918,000	891,000	902,000

Non-renewable fuel (in GJ)		
2019	2020	2021
911,000	862,000	875,000

Renewable fuel (in GJ)		
2019	2020	2021
7,300	29,500	27,100

Energy purchased for consumption (in GJ)		
2019	2020	2021
1,557,000	1,539,000	1,642,000

Self-generated energy consumption (in GJ)		
2019	2020	2021
40,500	41,700	39,600

Self generated energy sold (in GJ)		
2019	2020	2021
0	0	0

Energy intensity (in MJ / tonne sold)



Electricity consumption in MJ / tonne sold		
2019	2020	2021
335	366	390

Fuel (gas + oil) consumption in MJ / tonne sold		
2019	2020	2021
452	439	452

Non-renewable energy intensity (in MJ / tonne sold)



Clarification of the results

Our absolute energy use increased mainly due to more production locations, sometimes working in double shifts, and a new cold store with freezers.

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

The intensity of reused and renewable energy is subtracted from the total consumption to get a net non-renewable intensity. The 2021 target for non-renewable energy consumption per tonne sold was a maximum of 800 MJ. We ended 2021 on an average of 812 MJ per tonne sold.

We did not reach the target due to a lower sales volume produced at more production locations, sometimes during double shifts, a new cold store with freezers, and a delayed switch to renewable electricity use.

Vion uses 0.05% renewable electricity. The weighted overall average country production for renewable electricity is 26% in the Netherlands (2020)¹ and 46% in Germany (2021)².

References

¹ <https://www.cbs.nl/en-nl/cijfers/detail/82610NED>.

² https://energy-charts.info/charts/renewable_share/chart.html?l=de&c=DE&interval=year.



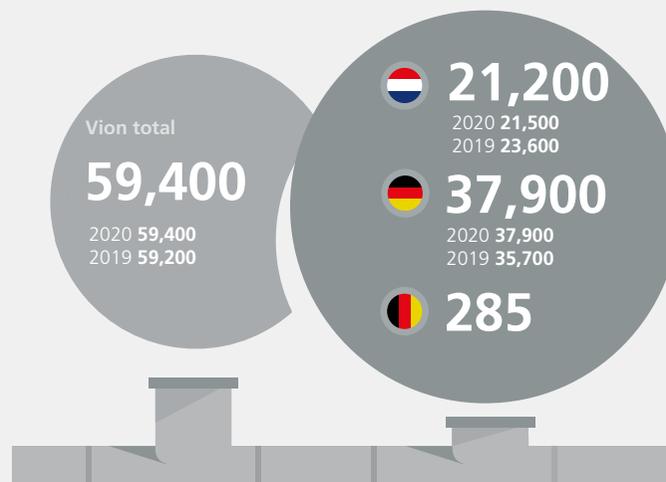
Carbon footprint of processing

▶ Outlook

- At Vion Tilburg B.V., we will implement a frequency-controlled compressor to optimise output and reduce consumption.
- In 2022, we will expand the amount of electric terminal tractors.
- In spring 2022, we will test two 26-ton e-trucks in the food logistics fleet in Crailsheim and start the roll-out of fully electric trucks.
- In 2022, we will start using second-generation e-trailers. The second-generation e-trailers have a technological solution which supplies the trailer cooling system with energy through a battery and the recovery of braking energy.
- We plan to increase the number of electric vehicles to 10% of the fleet, supported by the expansion of our e-loading infrastructure.
- In general, we will review our corporate policies (e.g. travel, car, home-office) to ensure they reflect Vion's sustainability targets.
- As of 2022, we are creating a training programme to increase sustainability awareness and share best practices across the entire organisation, fostering the carbon footprint discussion and highlighting the responsibility of each person.

Results

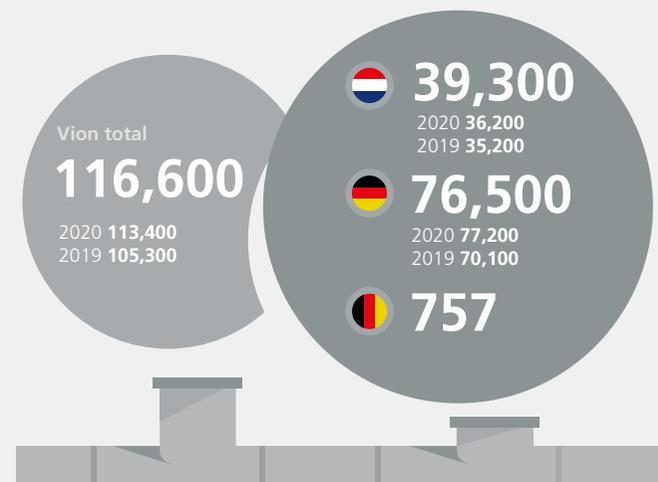
Absolute direct GHG emissions (scope 1) (in ton CO₂e)



Absolute direct GHG emissions (scope 1) sources (in ton CO₂e)

	2019	2020	2021
Own generation of electricity, heating, cooling, and steam	47,000	46,000	46,400
Transportation	11,600	12,500	12,000
Fugitive emissions	700	893	849
Total	59,200	59,400	59,400

Absolute indirect GHG emissions (scope 2) (in ton CO₂e)



GHG emissions intensity (scope 1 + 2) (in kg CO₂e / tonne sold)

	2019	2020	2021	2022 (target)
Vion total	81	85	88	84
Netherlands	54	53	60	
Germany	113	129	124	
Belgium	-	-	139	

Clarification of the results

Our absolute scope 2 CO₂e emissions increased due to having more production locations, working in double shifts sometimes, a new cold store with freezers, and a delayed switch to renewable electricity use. The intensity also increased due to a lower sales volume.

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

- Gas and fuel consumption.
- Vion's transportation of workers, animals and products.
- Refrigerants for refrigeration and air conditioning.
- Methane emissions of the animals while at Vion.
- Use of CO₂ for packaging and to anaesthetise pigs.

Our scope 2 emissions are based on our purchased electricity consumption and the location-based method. The organisational boundary is set based on financial control. The sources for the CO₂-emission factors used to calculate the CO₂-equivalents are:

- for electricity use in Germany and Belgium <https://ghgprotocol.org/ghg-emissions-calculation-tool>,
- for all other emission factors <https://co2emissiefactoren.nl/>.

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



Water usage of processing

Why is this topic material?

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

Boundaries

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



Vion's management approach

Our policy, commitment and objectives

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

Our objective is to reduce our use of municipal water from 1.75 m³ per tonne sold in 2021 to a maximum of 1.65 in 2022 and ultimately 1.2 by 2030. Although a few sites have a ground water source, the scope of our objective is on the use of municipal water, as we want to minimise the use of available drinking water. Reductions in water intensity should be achieved by saving programmes wherever appropriate.

In 2021, we implemented ECON at all our German sites and we plan to have it implemented at all Vion locations by 2022. This system measures the water consumption at each department separately, which is useful information when trying to identify water-saving possibilities. This will also make it easier to report, to set KPIs per department and location, to share best practices, and to give definition to water-saving projects. In 2022, we will use this to further evaluate each site's consumption and to determine specific reduction targets per location.

Besides saving water, Vion only discharges purified water to the surface water. Depending on the production site, we either clean the water used in the production processes in our own wastewater purification plants, or we utilise the municipal wastewater plants that have enough capacity to process Vion's wastewater. The minimum standard we use for the quality of purified water we discharge to the surface water is set by the local government and differs per site.

Activities in 2021

Our activities are focused on minimising the use of municipal water. This is part of what we call 'good housekeeping'. When we acquire new production facilities, like Adriaens, we evaluate them for their sustainability advantages. Adriaens, for example, already has a wastewater treatment facility and re-uses part of the water needed. In Groenlo, we are investigating whether we can use groundwater from existing water wells to use in our secondary processes, such as cleaning lorries, to partially replace municipal water.

Wastewater treatment and re-use saves on municipal water usage. Therefore, in Crailsheim, we invested 1.5 million euro for a new wastewater treatment system with better efficiency and performance. In Apeldoorn, we installed a water recycling system for water used in the slaughter process, which reduces water consumption by 30 m³ per day.

? Dilemma

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



Water usage of processing

Impact on society

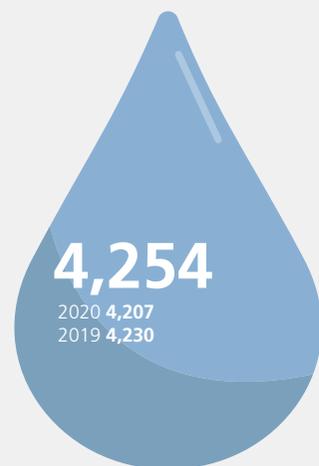
Globally, there is an increasing lack of fresh water, but not usually in the countries where we have our production facilities. Therefore, we do not have a direct negative impact on the availability of fresh water in our society, although using any water will always have a negative impact on the total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

Outlook

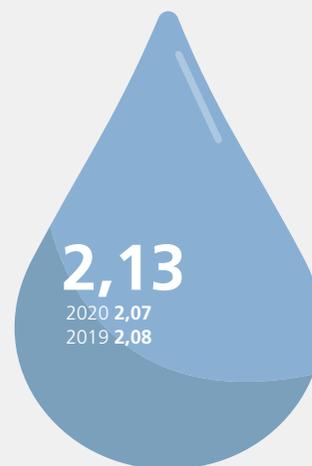
- We will strive to improve the efficiency of our water usage and to implement improvements in the purification of wastewater, wherever feasible.

Results

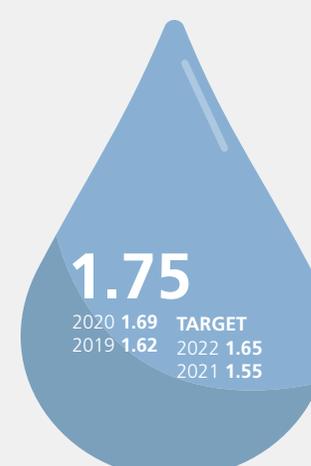
Absolute water consumption
(in megaliters x 1000)



Water intensity
(m³ water used / tonne sold)



Water intensity of municipal water
(m³ municipal water used / tonne sold)



Absolute water consumption sources
(in megaliters x 1000)

Water use withdrawn from municipal water supplies (third-party water) (in hm³)

2019	2020	2021
3,296	3,429	3,491
78%	82%	82%

Water use from own ground water wells (in hm³)

2019	2020	2021
934	778	763
22%	18%	18%

Number of plants with own water source (ground water)

2019	2020	2021
3	3	4

Number of plants without own water source

2019	2020	2021
23	26	23

Clarification of the results

The 2021 target was to use a maximum of 1.55 m³ municipal water per tonne sold. We ended 2021 on an average of 1.74 m³ per tonne sold.

This increase is due to having more production locations that have to be cleaned while producing a lower sales volume.

Other relevant CSR topics

Nutritional value of meat, meat alternatives and additives

Relevance of the topic

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

Too much salt, trans fat and sugar can have a negative effect on human health. Consumers are increasingly interested in natural products of good nutritional value.

It is important that consumers know about the role of nutrients in our diet, so that they can make well-informed dietary choices. We can have an impact on that by cooperating with scientific institutes and sharing scientifically based information along the

Vion's approach

We mainly produce fresh, unprocessed meat of natural nutrient content and meat alternatives. When we process food, we look carefully into ways to use the minimum amount of sodium, nitrite and sugar as required for safety or consumer acceptance.

We support scientific investigation on the role and source of proteins in a healthy diet and we actively work together with independent research institutes. We share this scientifically based information with all our stakeholders along the food supply chain. In 2021, we launched a research project in cooperation with the Maastricht University Medical Centre to study the effects of beef, as part of a varied meal, in stimulating muscle protein-synthesis rates in humans. In 2020, we began a research project on pulse proteins together with Wageningen University.

Protein

Meat can be a good source of proteins, minerals and vitamins in a healthy diet. The protein content of fresh meat is around 20% and it is high-quality protein containing all 8 essential amino acids needed for the growth and maintenance of the human body. Fresh meat contains many important types of vitamin B, such as vitamin B1, B6 and B12. Meat is also rich in easily absorbable iron and other minerals.

Essential amino acids have an impact on muscle protein turnover and muscle strength in humans. Our muscles are continuously being rebuilt, subject to catabolic (breakdown) and anabolic (build up) processes. In essence, we construct a new set of muscles every two months. Public Health authorities recommend that groups which have high protein requirements, such as the elderly, children and sportsmen, consume 25 grams of protein per meal¹.

As we get older, our muscle mass starts to diminish. Muscles represent about 45% of our body weight between the ages of 20 and 30 years and drop to only 27% by the age of 70. Consuming 1.0g to 1.3g of protein per kg of body weight per day, combined with twice weekly exercise, reduces the loss of muscle mass. Further studies also show that an evenly distributed consumption of protein during the day can help the elderly maintain their muscle mass. A protein intake of 20 to 25 grams, four times a day is suggested if you want to promote health¹.

References

¹ Drs. Irene Linders and Maïke Blokhuis, Local Public Health Officials at the GGD Noord- and Oost- Gelderland, Vion Corporate Social Responsibility Report 2018, p.76

Nutritional value of meat (alternatives) and additives

food supply chain with all our stakeholders, including the consumer.

Additives, sodium and nitrite

Vion makes limited use of additives to ensure the wholesomeness and safety of the final product. When additives are used, we always clearly label this on our products to inform customers and consumers properly and meaningfully. Vion produces pure, natural products. For processed products, including vegan products, we only use the ingredients necessary to ensure a safe and stable product. This means that we only use ingredients which have been approved by the European Food Safety authority's legislation for additives and ingredients.

For several years, we followed an ongoing strategy to reduce the sodium content and especially nitrite concentration in our meat products and bacon. We have already achieved a lot in the field of sodium reduction, lowering the salt content in consumer products such as cooked ham and bacon by between 10% and 50% in recent years. Salt contributes to the sodium level in products.

In the majority of our processed meat products, we add nitrite for the following reasons:

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

Too much nitrite is unhealthy. When nitrate is combined with proteins, it can produce nitrosamines. Nitrosamines are carcinogenic (especially with colorectal cancer) according to the International Agency for Research on Cancer (IARC). The reduction of nitrite use over the last fifteen years has significantly reduced the risk of cancer in humans. That said, to increase the likelihood of developing colorectal cancer, you must consume at least 50 grams of meat with nitrite per day. Most people don't do that. A moderate and varied diet is always of great importance to human health.

We are committed to reducing nitrite in our products. In 2021, Vion managed to produce nitrite-free bacon without compromising on food safety or product quality.

Fat

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

Nutritional value of meat (alternatives) and additives

There is a shift going on with regard to how fat is perceived by many nutritional experts. Traditionally, saturated fat was thought to increase the risk of cardiovascular disease and high cholesterol levels. However, current research suggests that individual saturated fatty acids have their own important biological functions in the body and may play a role in cancer prevention by stopping the development of cancer cells, as well as being involved in the cell messaging and immune functions². Besides that, there is only a limited amount of saturated fat in meat. Bacon of course contains more fat, but pork fillet contains less than 3% fat, and 60% of that fat is unsaturated. Meat does not contain trans fats. Trans fats are bad for humans because they increase the risk of disease in the heart and blood vessels.

Informing stakeholders

We inform consumers of the nutritional value of our food so that they can make well-informed choices. This nutritional information is provided on the label of our products. In addition, we have people in our company who regularly give lectures on fat and nitrite in meat, for master's students at Wageningen University, for example, as well as for external companies. We also discuss nutritional value when developing new products with our customers and suppliers of raw materials.

Plant-based meat alternatives

Meat consumption is in a slight decline in our home markets and, since 2019, Vion is investing substantially in plant-based products. In 2020, Vion opened a solely vegan production location (ME-AT the alternative) in Leeuwarden. A dedicated team is developing, producing and marketing plant-based products. The products look like meat, taste like meat, and can take the place of meat for consumers who want to limit their total meat consumption, or eat vegetarian or vegan food.

To create wholesome meat alternatives, we enrich products with vitamins and minerals like B12 and iron. 90% of our range of plant-based products has a premium nutritional score (A). This means plenty of fibre and protein, and not too much saturated fat, salt (sodium) and sugar. Our plant-based range of burgers, sausages, mince, ribs, schnitzels and other pieces are an alternative for each meal, as well as for BBQ and gourmet occasions.

References

² Lippi G, Mattiuzzi C, Sanchis-Gomar F. (2015). Red meat consumption and ischemic heart disease. A systematic literature review. *Meat Sci.*; 108:32-36.

Sustainable packaging



Relevance of the topic

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

Vion's approach

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

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

Recyclability of packaging materials

We are constantly looking for ways to reduce the use of packaging material and make it more recyclable. By 2030, we want to have 100% recyclable plastic packaging without compromising product quality and food safety. We are performing tests with consumer packaging to reduce the amount of material used. To improve recyclability, we are looking into the use of mono material instead of multibarrier packaging.

Reducing materials

At two locations, we invested in a new type of consumer packaging: a flatskin cardboard pack for a typical steak in which recyclable cardboard was substituted for 60% to 85% of the plastic packaging to reduce the amount of plastic material used. The rear side was made of cardboard and the individual packaging materials could be easily separated for recycling purposes.

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

Dilemma

Although we aim to reduce packaging, it is still a necessary part of ensuring food safety and the extended shelf life of products. As food wastage has a bigger impact than packaging when it comes to CO₂ emissions, our approach prioritises shelf life for us and our customers.

Reusing material

We work together with our clients and peers in using a system of reusable plastic crates and large boxes. Within this system, Vion maintains more than 1.2 million E2 crates and more than 10,000 large boxes in the reuse cycle. This greatly reduces the need for primary and secondary packaging materials. Broken crates are sent to recycling companies to make other items from them.

Sustainable packaging



Recycled material

In Leeuwarden, we are using recycled plastic (r-Pet) as our main packaging option. For the Business Unit Retail, we started using trays made of 90% recycled polyethylene terephthalate (rPET). This saves non-renewable fossil fuels and reduces CO₂ emissions by around 70% compared to the usual trays made of polypropylene (PP). Our customers and consumers also benefit from this. The tray is clear, solid and has a higher density, which means that the protective atmosphere for the meat lasts longer. This improves shelf life and product safety. 85% of the products we produce for Retail are already packed in rPET trays.

Renewable material

Our development department now uses a different kind of cool box for sending samples to customers. We used to use Styrofoam boxes, but we replaced these with a carton box lined with recycled cellulose fibres (paper floc) which isolates the product even better than Styrofoam. It requires only a very thin layer of plastic (less than 5%), which makes it recyclable within the wastepaper stream. By using paper, we use renewable material instead of non-renewable fossil plastic. This new cool box makes a 40% saving on plastic. In addition, the address labels and tape are made of paper, so the whole packaging can be recycled through the wastepaper stream.

(Food) waste avoidance



The topic

We recognise that preventing food wastage is a major priority for the food industry. And especially with products of animal origin, we owe it not only to society, but to the animals to make respectful use of all animal products.

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

Vion's approach

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

Food consumption shows a certain seasonality, such as increased spareribs consumption during the barbecue season. We try to meet this seasonal demand by storing more of a product during specific seasons. That said, if demand is lower than expected and creates an unforeseen oversupply of consumer products, we also donate our products to a food charity.

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

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

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

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

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

Indirect economic impacts



The topic

Vion's activities in large-scale meat processing provide an income and livelihood to many thousands of local farmers, feed producers and sectors of the service industry such as distribution and supervision. Around 40% of dairy farmers in the Netherlands and 30% of dairy farmers in Germany and 3% of dairy farmers in Belgium deliver their animals to Vion. For pig farmers, it is around 55% in the Netherlands and around 40% in Germany.

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

Vion's approach

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

We therefore aim for continuity and growth in our core production regions, and we are continuously investing in an efficient production and logistics process. After its introduction in the Netherlands, the German plants started to work according to the lean methodology of the 'Vion Operating System'. We have also increased our efforts to improve operational, commercial and back-office processes, and management systems.

Community involvement



The topic

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

Vion's approach

In 2021, our company, our employees and society at large were again faced with the challenges of the global pandemic.

Despite the unforeseen circumstance we continued with our normal community activities. We delivered animal organs for medical research when needed by universities and hospitals. We also donated our products to food banks who distributed them in a wider area and actively supporting them, supporting them if and when we can. Due to the pandemic and its restrictions, carrying out these activities was a bigger challenge for Vion in 2020.

In Boxtel, as one of the largest employers in the village, we work closely with the municipality. In 2020, although faced with many challenges, we closed a long-term social agreement. Together, we set goals on various topics:

- Participation on the labour market. (e.g. We help status holders find jobs within Vion.)
- Financial/debt assistance for workers through job coaches and field coaches.
- Member of stichting Zorg om Boer en Tuinder, for farmers in need.
- Eliminating language deficiencies. e.g. We offer language courses not only for our workers, but also for citizens.
- Labour migrants and their housing in the Netherlands and Germany (in partnership with flex organisations).
- Social projects. (e.g. Donating foodstuffs for social events, providing safety clothing and masks and supporting individual sites initiatives for non-EU refugees relieve.

Employees spend free time helping others, some through various foundations. Examples include the Salvation Army, Duchenne Heroes and the Alpe d'Huzes project.

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

Nuisance for neighbours



The topic

Vion's production plants are designed to operate in accordance with national, regional and local environmental regulations, which include the interests of neighbours with regard to nuisances. However, it is obvious that food production companies of this size will have an effect, for example, on traffic.

Vion's approach

Vion tries to prevent and resolve such nuisances by finding appropriate solutions in dialogue with its neighbours, local communities and the competent authorities. Key words in our approach are transparency and openness. Complaints are monitored, based on figures from the 'Omgevingsdienst' of the municipality of Boxtel and the internal department handling complaints. The number of complaints decline since the new construction of our production site in Boxtel is finished. Together with these figures and the sounding board group of local residents in Boxtel, we will continue the dialogue and look for solutions.

In the communication with neighbours of our Boxtel headquarters, we work intensively together with the Boxtel municipality. Through articles, press releases and information in local newspapers, we keep residents of Boxtel informed of company developments. All site managers are now responsible for community management. This responsibility is part of the Vion policy.

Appendices

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS



About our CSR 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. We also monitor the media and engage with the scientific community. To open a dialogue and to learn from each other, Vion participates in round table meetings. In addition, Vion provides specific stakeholders with the opportunity to raise topics in interviews that are included in our quarterly German farmers' magazine proAgrar. See the chapter 'Our stakeholders' in our CSR report and the appendix 'Stakeholder engagement' in the online appendix of our CSR report for more information about our stakeholder engagement.

Sustainability context

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

- We calculated the footprint of meat for other parts of the supply chain and compared the footprint of meat with other food products.

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

Materiality

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

Completeness

Our policy, management approach and our performance with regard to the material topics has received the most attention in this report, as these reflect Vion's significant impacts. Besides this, we have also included a short summary of our approach to the less material topics, because we realise that for some stakeholders a topic that is defined as less material can nonetheless be important. We invite our stakeholders to react to our report and to share their expectations with us via their regular contact person or at csr@vionfood.com. 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 steering committee and a CSR reporting team consisting of managers from Communication, Quality Assurance, and an external consultant. The CSR strategy proposals, including the materiality matrix and the approach on these topics, 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 KPIs (Key Performance Indicators). 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 reporting team and the executive committee. To monitor our progress on these targets, we report on the results at least each quarter to the executive committee. In cases where the results are falling behind the target, the executive committee will decide if they need to make more resources available to reach the objectives, or if we need to adjust the objectives.

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

Financial information

Key figures

Amounts in millions of euros

	2021	2020	2019	2018
Results				
Revenue	4,597.9	4,901.9	5,060.1	4,670.2
Normalised EBITDA ¹	40.0	122.3	113.2	60.5
Earnings before interest and taxes	(30.8)	52.6	36.4	16.8
(Loss)/profit for the year	(29.0)	52.9	26.6	10.2
Cash flow				
Net cash flow from operating activities	2.7	271.7	(30.1)	90.0
Net cash flow from investment activities	(60.8)	(73.5)	(51.8)	(58.5)
Balance sheet				
Total equity	449.1	493.1	453.2	448.2
Balance sheet total	1,126.2	1,071.6	1,190.6	987.7
Net debt ²	114.8	6.9	178.7	35.1

General information

The financial information as presented in this CSR report is derived from the annual report 2021 of Vion Holding N.V. It consists of the key figures, consolidated statement of profit and loss, consolidated statement of financial position, consolidated statement of total comprehensive income, and consolidated statement of cash flows.

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 company report 2020.

The consolidated financial statements of Vion Holding N.V. and its subsidiaries for the year ending on 31 December 2021 were authorised for publication by the management board following approval by the supervisory board on 10 March 2022. The financial statements were adopted by the general meeting of shareholders on 17 March 2022.

	2021	2020	2019	2018
Ratios				
Added value as % of revenue ³	27.4%	26.7%	24.4%	24.6%
Staff costs as % of revenue	14.0%	12.6%	11.6%	12.3%
Normalised EBITDA ¹ as % of revenue	0.9%	2.5%	2.2%	1.3%
Normalised EBITDA ¹ as % of added value	3.2%	9.4%	9.2%	5.3%
Solvency	39.9%	46.0%	38.1%	45.4%
Return on average capital employed ⁴	(4.5%)	8.9%	8.4%	3.2%
Employees				
Number of employees (FTEs) at year-end	7,974	4,673	4,544	4,558
Number of employees (FTEs) including flex workers at year-end	12,281	12,124	12,445	11,929
Average number of employees (FTEs)	7,692	4,454	4,539	4,497
Average number of employees (FTEs) including flex workers	12,446	11,984	11,969	11,876

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

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

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

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

Consolidated income statement

(in thousands of euros)

	2021	2020
Continuing operations		
Sale of goods	4,552,103	4,861,496
Rendering of services	45,758	40,360
Revenue from contracts with customers	4,597,861	4,901,856
Other operating income	11,183	11,628
Raw materials and consumables used	(3,340,083)	(3,594,791)
Subcontracted work and external costs	(575,167)	(570,909)
Employee benefits expenses	(645,984)	(616,868)
Depreciation and amortisation	(68,239)	(62,444)
Impairment of non-current assets	(787)	(4,920)
Other operating expenses	(9,581)	(10,999)
Total operating expenses	(4,639,841)	(4,860,931)
Earnings before interest and taxes	(30,797)	52,553
Finance costs	(5,300)	(4,509)
Finance income	42	45
Share of profit of associates and joint ventures	1,526	1,648
(Loss)/profit before tax from continuing operations	(34,529)	49,737
Income tax income	5,523	3,211
(Loss)/profit for the year	(29,006)	52,948
Attributable to:		
Equity holders of the parent	(29,704)	51,727
Non-controlling interests	698	1,221
Total	(29,006)	52,948

Consolidated statement of total comprehensive income

(in thousands of euros)

	2021	2020
(Loss)/profit for the year	(29,006)	52,948
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss (net of tax):		
Exchange differences on translation of foreign operations	(26)	52
Net loss on cash flow hedges	(1,305)	(333)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(1,331)	(281)
Items that will not be reclassified subsequently to profit or loss (net of tax):		
Remeasurement gains on defined benefit obligations	3,883	1,976
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	3,883	1,976
Other comprehensive income for the year, net of tax	2,552	1,695
Total comprehensive (loss)/income for the year, net of tax	(26,454)	54,643
Attributable to:		
Equity holders of the parent	(27,152)	53,422
Non-controlling interest	698	1,221
Total	(26,454)	54,643

Appendices

Consolidated statement of financial position

(in thousands of euros)

Assets	2021	2020
Non-current assets		
Property, plant and equipment	335,297	321,922
Investment properties	859	961
Intangible assets	70,373	59,260
Right of use assets	41,312	37,394
Investment in associates and joint ventures	10,385	9,101
Other non-current financial assets	710	4,005
Deferred tax assets	42,687	36,833
Total non-current assets	501,623	469,476
Current assets		
Inventories	224,338	188,122
Trade and other receivables	363,999	348,176
Prepayments	12,806	10,093
Other current financial assets	2,921	5,603
Income tax receivable	1,797	1,116
Cash and cash equivalent	18,708	49,058
Assets held for sale		–
Total current assets	624,569	602,168
Total assets	1,126,192	1,071,644

Equity and liabilities	2021	2020
Equity		
Issued share capital	2,285	2,285
Share premium	372,716	372,716
Legal reserves	25,466	22,143
Retained earnings	64,531	31,076
Result for the year	(29,704)	51,727
Equity attributable to equity holders of the parent	435,294	479,947
Non-controlling interests	13,820	13,141
Total equity	449,114	493,088
Non-current liabilities		
Interest-bearing loans and borrowings	116,784	36,817
Other non-current financial liabilities	3,659	5,799
Provisions	2,191	737
Net employee defined benefit liabilities	119,071	127,410
Deferred tax liabilities	70	137
Total non-current liabilities	241,775	170,900
Current liabilities		
Trade and other payables	403,060	368,289
Interest-bearing loans and borrowings	13,059	13,350
Other current financial liabilities	6,240	5,842
Contract liability	1,059	2,879
Income tax payable	1,323	6,409
Provisions	10,562	10,887
Total current liabilities	435,303	407,656
Total liabilities	677,078	578,556
Total equity and liabilities	1,126,192	1,071,644

Consolidated statement of cash flows

(in thousands of euros)

	2021	2020
Operating activities		
(Loss)/profit before tax from continuing operations	(34,529)	49,737
Adjustments to reconcile (loss)/profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	41,843	42,086
Depreciation and impairment of right-of-use-assets	17,418	16,708
Depreciation and impairment of investment properties	102	163
Amortisation and impairment of intangible assets and impairment of goodwill	9,663	8,407
Gain on disposal of property, plant and equipment	(2,741)	(259)
Finance income	(42)	(45)
Finance costs	4,959	5,993
Net foreign exchange differences	341	(1,484)
Share of profit of associates and joint ventures	(1,526)	(1,648)
Movement in provisions, pensions and government grants	(4,518)	(7,532)
Acquisition costs/(benefit)	1,228	(3,443)
Working capital changes:		
(Increase)/decrease in trade and other receivables and prepayments	(12,251)	165,103
(Increase)/decrease in inventories	(35,634)	38,480
Increase/(decrease) in trade and other payables	28,666	(35,612)
Cash generated from operating activities	12,979	276,654
Interest received	(20)	606
Interest paid	(4,861)	(4,606)
Income tax paid	(5,428)	(949)
Net cash generated from operating activities	2,670	271,705

	2021	2020
Investment activities		
Proceeds from sale of property, plant and equipment	4,205	997
Purchase of property, plant and equipment	(47,187)	(58,864)
Purchase of intangible assets	(7,195)	(8,924)
Development expenditures	(9,563)	(5,022)
Proceeds from sale of financial fixed assets	308	26
Acquisition of subsidiaries - net of cash acquired	(1,611)	(1,432)
Dividends received from associates and joint ventures	241	45
Proceeds from sale of associates	-	(300)
Net cash used in investment activities	(60,802)	(73,474)
Financing activities		
Proceeds from borrowings	75,000	-
Repayment of borrowings	(10,602)	(122,987)
Payment of principal portion of lease liabilities	(17,135)	(16,293)
Proceeds from non-bank debts	544	1,311
Dividend paid to equity holders of the parent	(17,500)	(14,000)
Dividend paid to non-controlling interests	(2,194)	(1,879)
Net cash generated from/(used in) financing activities	28,114	(153,849)
Net (decrease)/increase in cash and cash equivalents	(30,018)	44,382
Net foreign exchange differences	(332)	308
Cash and cash equivalents at 1 January	49,058	4,368
Cash and cash equivalents at 31 December	18,708	49,058

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 the ZLTO. The ZLTO is an association for entrepreneurs working in the agricultural sector and has approximately 13,000 members in Noord-Brabant, Zeeland and the southern part of Gelderland.

Legal form and corporate governance

Vion Holding N.V. is a public limited liability company under Dutch law with a two-tier board. Because it is not listed on the 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 ownership in 2021. Vion's management board consists of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). In 2021, Vion has appointed Tjarda Klimp as CFO. The management board is supported by an executive committee. The executive committee consists of the CEO, CFO, CHRO, and the Chief Operating Officers (COOs) of the Business Units Pork, Beef, Retail and Food Service. The executive committee is led by the CEO. The management board is ultimately responsible for the actions and decisions of the executive committee and the overall management of Vion, including decisions on all CSR topics. The management board is supervised and advised by a supervisory board, including on CSR topics. The management board and the supervisory board are accountable to Vion's General Meeting of Shareholders.

Our employees

In 2021, Vion had 8,688 own employees and 7,128 third-party labourers working to build on Vion's success. We have a high number of flex workers, which is mainly due to the need for flexibility in company operations. Our third-party labour work mostly in production: i.e. slaughtering, deboning, packaging and cleaning processes. Around a quarter of our employees work part-time. Due to the nature of our production processes, most of the workers are men. Around a quarter of our employees are women. For more details, see 'Employees and Third-Party Workers' in the online appendix of our CSR report.

¹ Average total number of employees in FTEs 12,281.

Management board and executive committee

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



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

The way we do business

Our core values



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



Sharp

We want to be at the forefront of the industry.

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



Connected

Being in the middle of vital food chains.

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



Brave

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

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

The way we do business

Our business principles

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

Economic fundamentals

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

Integrity

Ethical behaviour, sincerity, reliability and integrity are the guiding principles for us in every aspect of our work. We also expect these values from everyone we have relationships with. All transactions must be accurately and properly justified in accordance with prescribed procedures and be made fully available for external audits.

Social commitment

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

Animal welfare and animal health

Wholesome and safe animal products can only be derived from healthy livestock. The well-being and health of livestock are strongly linked to each other, and 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 within the company's supply chain.

Human capital

We are fully aware that success is largely dependent upon the dedication and welfare of our employees. We consider them to be the most important asset of our business. We offer our employees good, competitive working conditions, encourage their development, and enable them to use their talents. We invest in the education and training of our employees and offer a working environment in which their conditions are safe and healthy.

Compliance

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

The way we do business

Our Good Business Practice Guide



Our Good Business Practice Guide has three sections:

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

The Good Business Practice Guide is available in twelve languages: English, German, Dutch, Bulgarian, Czech, Hungarian, Latvian, Lithuanian, Polish, Romanian, Slovak and Turkish.



Code of conduct

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



Information security and fraud prevention

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



Whistleblower procedure

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

Vion is committed to always conducting business in compliance with laws and regulations, with integrity in financial management, in a healthy and safe work environment, and with effective corporate governance, our Code of Conduct and all other company policies. It is therefore important that Vion is made aware of any possible violations. External stakeholders can report any critical concerns or abuses in the chain via our website www.vionfoodgroup.com/whistleblower. It can concern abuses that impact the individuals themselves or others.

We want to ensure that any worker at Vion can submit a report without the risk of retaliation, and with the assurance that all reports are treated confidentially and promptly investigated. In addition to reporting directly to management, human resources or the management board, employees can contact the whistleblower line, which is operated by an external service provider. This allows employees to report issues anonymously.

In 2021, we received a total of four reports under the whistleblower policy. These reports were related to HR related topics, product integrity and potential robbery. In all cases, the reports were followed up and corrections made where necessary.

In 2021, there were again no reports of corruption or bribery. Our policy in a case of proven corruption or bribery is to dismiss the respective employee immediately.

Employees and third-party workers (headcounts)

ABOUT
VION

VION'S
CONTEXT

VION'S STRATEGY
TO CREATE VALUE

CSR TOPICS

Vion	2019	2020	2021
Total number of workers own + flex	10,227	12,548	13,189
Total number of own employees	5,159	5,265	8,688
Total number of Vion's own employees with a permanent employment contract	4,557	4,536	7,128
• Male	3,385	3,379	5,279
• Female	1,172	1,156	1,560
Total number of Vion's own employees with a temporary employment contract	602	729	1,849
• Male	402	468	976
• Female	200	261	684
Total number of full-time employees	4,053	3,956	7,258
• Male	3,287	3,206	5,510
• Female	766	749	1,748
Total number of part-time employees	1,106	1,276	1,428
• Male	500	641	744
• Female	606	635	684
% of total employees covered by collective bargaining agreements	86.5%	80.5%	71.9%
# of employees covered by collective bargaining agreements	4,460	4,237	6,248
Total number of third-party labour workers	5,068	7,284	4,501
• 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	74.6%	51.9%	89.1%
# of third-party labour workers covered by collective bargaining agreements	3,782	3,783	4,010

Vion Netherlands	2019	2020	2021
Total number of workers own + flex	2,239	5,867	6,416
Total number of own employees	2,239	2,257	2,358
Total number of Vion Netherlands's own employees with a permanent employment contract	2,026	1,969	2,084
• Male	1,510	1,474	1,523
• Female	516	495	561
Total number of Vion Netherlands's own employees with a temporary employment contract	213	288	274
• Male	111	151	141
• Female	102	137	133
Total number of full-time employees	1,600	1,585	1,710
• Male	1,326	1,308	1,352
• Female	274	277	358
Total number of part-time employees	639	672	646
• Male	295	317	311
• Female	344	355	335
% of total employees covered by collective bargaining agreements	92.0%	95.4%	91.1%
• # of employees covered by collective bargaining agreements	2,060	2,154	2,147
Total number of third-party labour workers		3,610	4,028
• 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		97.7%	98.8%
# of third-party labour workers covered by collective bargaining agreements	3,496	3,528	4,010

Vion Germany	2019	2020	2021
Total number of workers own + flex	7,988	6,681	6,629
Total number of own employees	2,920	3,008	6,257
Total number of Vion Germany's own employees with a permanent employment contract	2,531	2,567	4,971
• Male	1,875	1,905	3,696
• Female	656	661	1,275
Total number of Vion Germany's own employees with a temporary employment contract	389	441	1,286
• Male	291	317	835
• Female	98	124	451
Total number of full-time employees	2,453	2,371	5,476
• Male	1,961	1,898	4,098
• Female	492	472	1,378
Total number of part-time employees	467	604	781
• Male	205	324	433
• Female	262	280	348
% of total employees covered by collective bargaining agreements	82.2%	69.3%	64.4%
# of employees covered by collective bargaining agreements	2,400	2,083	4,028
Total number of third-party labour workers	5,068	3,674	372
• 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	5.6%	6.9%	N.A.
# of third-party labour workers covered by collective bargaining agreements	286	255	N.A.

Vion Belgium	2021
Total number of workers own + flex	144
Total number of own employees	73
Total number of Vion Belgium's own employees with a permanent employment contract	73
• Male	60
• Female	13
Total number of Vion Belgium's own employees with a temporary employment contract	0
• Male	0
• Female	0
Total number of full-time employees	72
• Male	60
• Female	12
Total number of part-time employees	1
• Male	0
• Female	1
% of total employees covered by collective bargaining agreements	73
# of employees covered by collective bargaining agreements	100%
Total number of third-party labour workers	71
• Male	57
• Female	14
% of total third-party labour workers covered by collective bargaining agreements	N.A.
# of third-party labour workers covered by collective bargaining agreements	N.A.

Employees at international sales support offices are included in the data of the Netherlands.

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.

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

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Consumers	<ul style="list-style-type: none"> Consumers in our home markets of the Netherlands and Germany Consumers around the world 	<p>Material topics</p> <ul style="list-style-type: none"> Animal welfare Traceability and product integrity Sustainable farming Fair pricing <p>SDGs</p> <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Yearly Food Service Consumer Trend Analysis Questions and remarks from consumers; each remark from a consumer is answered personally 	<ul style="list-style-type: none"> Marketing Group Communication
Customers	<ul style="list-style-type: none"> Retail outlets Industry (manufacturers) Food services 	<p>Material topics</p> <ul style="list-style-type: none"> Food safety Animal welfare Traceability and product integrity Working conditions Sustainable farming Fair pricing <p>SDGs</p> <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 	<p>Purpose and strategy</p> <p>Material topics</p> <ul style="list-style-type: none"> Animal welfare Traceability and product integrity Sustainable farming Fair pricing <p>SDGs</p> <ul style="list-style-type: none"> Responsible production and consumption Decent work and economic growth 	<ul style="list-style-type: none"> Ad hoc dialogues by the Purchasing and Quality Assurance Departments Workshops Annual meetings of farmer's associations Events for suppliers Lectures at producer meetings Guided plant tours for suppliers 	<ul style="list-style-type: none"> Public Affairs Farming Department Purchasing Quality Assurance CEO
Farmer associations	<ul style="list-style-type: none"> LTO (Land- en Tuinbouworganisatie) ZLTO (Zuidelijke Land- en 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 	<p>Material topics</p> <ul style="list-style-type: none"> Animal welfare Traceability and product integrity Sustainable farming Fair pricing <p>SDGs</p> <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

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Financial stakeholders	<ul style="list-style-type: none"> Shareholder ZLTO Banks Shareholders of parts of Vion's subsidiary companies 	<p>Purpose and strategy Material topics and targets</p> <ul style="list-style-type: none"> Fair pricing <p>SDGs</p> <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
Public authorities	<ul style="list-style-type: none"> National, regional (provincial) and local governments Public auditors like NVWA Transparency Benchmark GGD RIVM Veiligheidsregio's Ministry of Agriculture, Nature and Food Quality 	<p>Material topics and targets</p> <ul style="list-style-type: none"> Animal welfare Sustainable farming Fair pricing Employment and working conditions <p>SDGs</p> <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 Group Communication Quality Assurance Departments Line Management HR
Round table groups	<ul style="list-style-type: none"> RTS: 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 	<p>Material topics</p> <ul style="list-style-type: none"> Animal welfare Sustainable farming <p>SDGs</p> <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Round table meetings and technical advisory group meetings Member of the Steering Committees 	<ul style="list-style-type: none"> Public Affairs Quality Assurance Human Resources Purchase Departments
NGOs	<ul style="list-style-type: none"> Animal welfare NGOs: Dierenbescherming, Eyes on Animals, Wakker Dier, Compassion in World Farming, Deutscher Tierschutzbund, Pro Vieh, Environmental NGOs: Stichting Natuur & Milieu, WWF, Milieudefensie, BUND Consumer protection NGOs: Consumentenbond, Voedingscentrum, Foodwatch, Verbraucherzentrale Bundesverband 	<p>Material topics</p> <ul style="list-style-type: none"> Animal welfare Sustainable farming <p>SDGs</p> <ul style="list-style-type: none"> Responsible production and consumption 	<ul style="list-style-type: none"> Ad hoc direct talks, council or round table discussions with some NGOs Collaboration in the European Animal Welfare Platform Collaboration in animal welfare projects 	<ul style="list-style-type: none"> Public Affairs Quality Assurance Farming Departments Group Communication

STAKEHOLDER	SPECIFIC EXAMPLES OF STAKEHOLDERS	DISCUSSED APPROACH ON PURPOSE, STRATEGY, MATERIAL TOPICS, TARGETS AND/OR CONTRIBUTION TO SDGs	ENGAGEMENT FREQUENCY AND METHOD	RESPONSIBLE UNIT AT VION
Workers and works councils	<ul style="list-style-type: none"> • Own employees • Flex employees • Corporate works council • Local works councils 	<p>Material topics</p> <ul style="list-style-type: none"> • Food safety • Animal welfare • Traceability and product integrity • Working conditions • Carbon footprint of processing • Water use <p>SDGs</p> <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 including CHRO
Trade unions	<ul style="list-style-type: none"> • Corporate and local works councils • Trade Unions: FNV, CNV, de Unie, NGG 	<p>Material topics</p> <ul style="list-style-type: none"> • Working conditions <p>SDGs</p> <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 including CHRO
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) • CoViVa (Coalition Vitalisering Varkenshouderij) 	<p>Purpose</p> <p>Material topics</p> <ul style="list-style-type: none"> • Animal welfare • Sustainable farming • Fair pricing <p>SDGs</p> <ul style="list-style-type: none"> • Zero hunger (safe food) • Responsible production and consumption • Decent work and economic growth 	<ul style="list-style-type: none"> • Membership on the Board of COV, VDF and BGN • Membership on the Board of FNLI and Innofood Twente • Member of CoViVa 	<ul style="list-style-type: none"> • CEO • CHRO • COOs • Group Communication
Competitors	<ul style="list-style-type: none"> • Tönnies • Danish Crown • Westfleisch • Westfort • VanDrie • Müller • Gosschalk • Compaxo • Van Rooij • Food service competitors 	<p>Material topics</p> <ul style="list-style-type: none"> • Animal welfare • Sustainable farming <p>SDGs</p> <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 • COO's • Sales • Marketing • Public Affairs Departments • Group Communication

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

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

Relevance of the CSR topics to our stakeholders

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

GRI Standard	Disclosure	Page	Remarks/reason for omission
GENERAL DISCLOSURES			
Organisational profile			
GRI 102: General disclosures 2016	102-1 Name of the organisation	1	
	102-2 Activities, brands, products, and services	10-17	<ul style="list-style-type: none"> Due to its high sensitivity in the areas of food safety and animal health, the international meat trade is regulated by bilateral and multilateral trade agreements. Vion has gained export access to all the destination countries where pork and beef exports from the Netherlands and Germany are possible.
	102-3 Location of the headquarters	7	
	102-4 Location of the operations	11-12	
	102-5 Ownership and legal form	118	
	102-6 Markets served	20	
	102-7 Scale of the organisation	113	
	102-8 Information on the employees and other workers	123-124	
	102-9 Supply chain	22	
	102-10 Significant changes to the organisation and its supply chain	7	<ul style="list-style-type: none"> Vion bought Adriaens in Belgium. There were no significant changes in the supply chain.
	102-11 Precautionary principles or approach	45-46	<ul style="list-style-type: none"> Based on precautionary principles, we always check that we do not harm the environment with Vion's operations. In case we identify a possible risk, we take a precautionary approach. In 2021, there were no special measures necessary.
	102-12 External initiatives	125-129	
	102-13 Membership of associations	125-129	
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	120-122	
Governance			
GRI 102: General disclosures 2016	102-18 Governance structure	118	
Stakeholder engagement			
GRI 102: General disclosures 2016	102-40 List of the stakeholder groups	23	
	102-41 Collective bargaining agreements	123	
	102-42 Identifying and selecting the stakeholders	23	
	102-43 Approach to stakeholder engagement	23, 112	
	102-44 Key topics and concerns raised	130	

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	113	<ul style="list-style-type: none"> All activities of Vion Food Group are included in the consolidated financial statements.
	102-46	Defining the content of the report and the topic boundaries	112	
	102-47	List of the material topics	32	
	102-48	Restatement of the information		<ul style="list-style-type: none"> Due to the acquisition, the 2021 numbers include Vion Adriaens. The definition of 'animals raised under certified higher animal welfare requirements' is now without Initiative Tierwohl. From this report on, we will report the direct Tank-to-Wheel (TTW) emissions from our energy use at scope 1 and 2, instead of the Well-to-Wheel (WTT) emissions which we used in the past. We are currently calculating our scope 3 emissions that will include the indirect Well-to-Tank (WTT) emissions from our energy use. This approach is conform the Greenhouse Gas Protocol.
	102-49	Changes in the reporting		<ul style="list-style-type: none"> In our previous CSR report, 'Nuisance for neighbours' was a material topic. This topic has become less important because the new construction of our production site in Boxtel has been completed. As a result, we cause less negative impact and therefore receive less complaints.
	102-50	Reporting period	1	<ul style="list-style-type: none"> The report covers the calendar year 2021.
	102-51	Date of the most recent report		<ul style="list-style-type: none"> Our previous CSR report, covering the year 2020, was published in March 2021.
	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	112	
	102-54	Claims of reporting in accordance with the GRI Standards	112	
102-55	GRI content index	131-134		
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				
Fair pricing				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	93	
	103-2	Management approach	93-95	

GRI Standard	Disclosure	Page	Remarks/reason for omission
GRI 300 Environmental topics 2016			
Carbon footprint of processing			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	96
	103-2	Management approach	96-99
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	98
	302-3	Energy intensity	98
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	99
	305-2	Energy indirect (Scope 2) GHG emissions	99
	305-4	GHG emissions intensity	99
Water usage of processing			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	100
	103-2	Management approach	100-101
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	100-101
	303-2	Management of water discharge-related impacts	100-101
	303-5	Water consumption	101
Sustainable farming			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	89
	103-2	Management approach	89-92

GRI Standard	Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016			
Employment and working conditions			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	52-53
	103-2	Management approach	52-63
GRI 401: Employment 2018	401-1	New employee hires and employee turnover	60-61
	403-1	Occupational health and safety management system	52-59
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	

GRI Standard	Disclosure	Page	Remarks/reason for omission
GRI 400 Social topics 2016			
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	62	<ul style="list-style-type: none"> The hours worked of own employees in the Netherlands and Germany are calculated differently. From 2022 we will use a new way of calculating that is the same for all Vion countries, therefore we will start reporting on the work-related injury rates from 2022 onwards. We have no accurate data of the hours worked for workers who are not employees but whose work and/or workplace is controlled by Vion. Therefore, we cannot yet calculate the injury rates for this group. We are working on a solution for reporting on this in the future. We cannot monitor the high-consequence injuries of flex-workers, as we cannot monitor how long they are not able to work because of privacy.
Traceability and product integrity			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	68
	103-2	Management approach	68-71
GRI 417: Marketing and labelling	417-1	Requirements for product information and labelling	69
Food safety			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	64
	103-2	Management approach	64-67
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	66
Animal welfare			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	72
	103-2	Management approach	72-88
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	80-84
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	73, 88
GRI G4: Sector disclosures for food processing	FP13		78

Employment and working conditions

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

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

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

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

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

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

Safety Culture ladder:

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

1,000-man quote:

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

Absentee rate:

The percentage of absentee days during continued remuneration (for the Netherlands and Germany the first six weeks of each sickness, for Belgium the first four weeks), based on own employees.

Work-related injuries:

Injury or ill health arising from exposure to hazards at work that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

Lost time injuries:

Absolute number of injuries of all workers resulting in an absence of at least one scheduled workday.

Food Safety

% sales volume from GFSI approved plants:

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

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

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

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

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

% compliance with Vion internal microbiological standards for product hygiene:

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

Traceability and product integrity

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

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

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

Animal welfare

Number of slaughtered animals

All animals slaughtered at Vion, (including animal and slaughtered at Vion commissioned by other slaughterhouses), and animals slaughtered at other slaughterhouses commissioned by Vion.

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

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

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

Number of not castrated boars as a percentage of the total number of male pigs slaughtered.

Slaughtered female cattle of milk or dual-purpose breed:

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

Average age of female cattle at slaughter:

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

Calculation of KPIs

% pigs/cattle transported ≤ 200 km:

Number of pigs/cattle originating from a farm within a radius of 200 km from the slaughterhouse as a percentage of the total number of slaughtered pigs/cattle.

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

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

No restun needed:

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

% Slaughtered pigs/cattle in independently certified regionality programmes:

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

Pigs/cattle tested for antibiotics:

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

% of pigs/cattle tested for antibiotics:

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

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

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

Sustainable farming

Contribution to CO₂-eq. emissions throughout the pork supply chain:

These data are an average from calculations made for five pig farms in 2019 and include the pre-fattening, fattening phase and slaughter phase. Greenhouse gases other than CO₂ which are measured (methane and nitrous oxide) are recalculated based on global warming potential in kg CO₂-equivalents per 100g of protein.

Variability in CO₂ emissions for different foods:

The category 'Pig meat (NL/DE)' represents the estimates based on actual data from five participating pig farmers in the Netherlands and Germany. The kg CO₂-equivalents emissions per 100g protein are recalculated from the carcass weight, with an estimated 65% meat on a carcass and 16% protein content. Estimates of global pig meat, grains and tofu originate from the scientific paper by Poore¹.

Fair pricing

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

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

Carbon footprint of processing

Energyintensity:

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

Non-renewable energy intensity:

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

Total energy consumption:

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

Absolute direct GHG emissions (scope 1):

GHG emissions from sources that are owned or controlled by Vion (own generation of electricity, heating, cooling, and steam, transportation, and fugitive emissions) in tonnes CO₂-eq.

Absolute indirect GHG emissions (scope 2):

GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by Vion in tonnes CO₂-eq.

GHG emissions intensity scope 1 + 2:

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

Water usage

Total volume of water used:

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

Water intensity:

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

Usage of municipal water per tonne sold:

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

Reference:

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

Definitions

1,000-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 in the Netherlands and Germany, the first four weeks in Belgium), expressed as a percentage of the total days scheduled to be worked by these workers in the same period. In the calculation we only take into account our own employees, not third-party workers.

Amino acids

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

Boundary

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

Direct (Scope 1) GHG emissions

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

Employee

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

Employee turnover

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

Energy efficiency

Absolute energy consumption divided by the volume in tonnes sold.

Energy indirect (Scope 2) GHG emissions

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

Energy reduction

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

External sold volume

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

Financial control consolidation approach

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

Greenhouse gas (GHG)

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

High-consequence work-related injury

Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Injury

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

Lost time injuries (LTIs)

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

KPI / Key Performance Indicator

A quantifiable measure used to evaluate our performance.

Location-based method

For the CO₂ emissions, we use the average grid emission factors for the country in which the energy is purchased/ produced.

Management approach

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

Material topic

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

Maximum Residue Limit (MRL)

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

Non-renewable energy source

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

Renewable energy source

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

Scope of the GHG emissions

Classification of the operational boundaries where the GHG emissions occur.

Slaughtered animals

All animals slaughtered by Vion (including animal slaughtered by Vion commissioned by other slaughterhouses) and by other slaughterhouses commissioned by Vion

Definitions

Slaughter weight

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

Stakeholder

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

Sustainable development/sustainability

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

Third-party worker

Flex workers hired via temporary employment agencies.

Work-related injury

Injury or ill health arising from exposure to hazards at work that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

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Food that **Matters**

Corporate social responsibility report 2021

