



THE POWER OF THE CHAIN

ANNUAL CSR REPORT 2020

CONTENTS



FOREWORD	3
VALUE CREATION MODEL	10
ABOUT VANDRIE GROUP	12
<i>Who we are</i>	13
<i>Our mission and ambitions</i>	14
<i>Our strategy</i>	15
<i>What we have learned</i>	19
<i>Our dilemmas</i>	21
THE WORLD AROUND US	24
<i>Trends and developments</i>	25
<i>Due diligence and risk management</i>	26
<i>Strengths analysis</i>	30
<i>Exploiting our social role</i>	31
PROGRESS OF CSR OBJECTIVES	36
<i>Our results</i>	37
<i>Our market position</i>	41
<i>Sustainability</i>	47
<i>Animal health and welfare</i>	55
<i>Food safety</i>	61
<i>Good employment practices</i>	66
APPENDIX	70
<i>The scope of this report</i>	71
<i>Independent Assurance Report</i>	74





FOREWORD



**ALL THOSE AMBITIONS THAT WE
HAVE CAN ONLY BE FULFILLED
WITH THE EFFORTS OF OUR
EMPLOYEES AND COOPERATION
PARTNERS.**



FOREWORD

For a long time, people thought black swans didn't exist. Swans are supposed to be white. But people were wrong. Black swans do exist.

In 2008, the economist, Nassim Nicholas Taleb, introduced the 'black swan' as a metaphor for situations that are completely inconceivable. Events that occur all the same and subsequently have gigantic effects. Pandemics have occurred before to a greater or lesser extent, and while the global COVID-19 pandemic may not have been a true black swan, the impact of COVID-19 has certainly been unprecedented. An unpredictable economic crisis, lockdowns and a 'one-and-a-half-metre-society'. What was inconceivable at the beginning of 2020 is now called the new normal. The VanDrie Group was deeply affected by the impact of COVID-19: colleagues who became ill and one who passed away, major market disruptions, brief shutdowns of companies and lots of uncertainty. All in all, it is a difficult time to cope with even more challenges,

as in addition to COVID-19, Europe is also facing a far-reaching climate transition. Nitrogen emissions need to be reduced in the Netherlands. The belief is that agriculture and food production need to be more sustainable. In spite of the uncertain prospects as a result of COVID-19, we are expressing the aim to work on those challenges, together with our partners. For the coming years, we have many ambitions to make our activities even better with as little negative impact as possible. This is an expensive mission in which support is necessary from all corners and from all our stakeholders. Together, we can make a **sustainable livestock farming industry**.

As far as we are concerned, we are fully committed to innovation to achieve this goal. That is why the VanDrie Group opened the Drieveld research centre in 2020 –the epicentre of the VanDrie Group that serves to demonstrate our commitment to sustainable livestock farming. In Drieveld, we make the transition from external developments to internal innovation. The research carried out there focuses, for example, on smart farming, the use of alternative raw materials for feeds, reducing emissions through feeds or improving animal health. We conduct research into the calf husbandry and dairy farm. In this way, we are building bridges between sectors,

as in addition to COVID-19, Europe is also facing a far-reaching climate transition. Nitrogen emissions need to be reduced in the Netherlands. The belief is that agriculture and food production need to be more sustainable.



We believe that our chain is our strength. We make beautiful products based on our passion, whether that is veal or beef, or raw dairy materials, calf skins or animal feed. We are continuously improving our company with inspired innovations and a fresh perspective on the future. That ambition is in line with our origins as family-run company and with our values. The VanDrie Group seeks to meet the highest standards, not only now, but also in the future. We are inextricably linked to society and the European agricultural sector. We share ideas and contribute. Not only with empty phrases, but with tangible impact.

All those ambitions that we have can only be fulfilled with the efforts of our employees and cooperation partners. The VanDrie Group is a diverse organisation. We think it is important that everyone feels at home and can do his or her work safely. We are proud that we weathered 2020 due to the unwavering resilience and focus on results of our employees, veal farmers, suppliers and customers. Everyone's commitment, flexibility and expertise are sorely needed in the coming year too.

Do you want to know more about our results in 2020 and our ambitions for the coming years? You will read more about that in this CSR report. If you have any questions or comments about this CSR report, please send them to us via contact@vandriegrup.com.


I hope you enjoy reading this report.


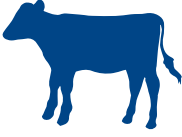
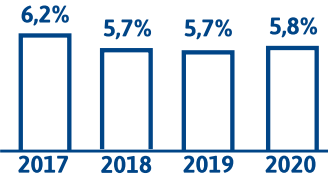

Marijke Everts
Director Corporate Affairs
28 June 2021




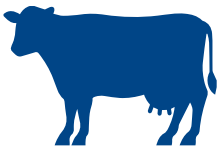








KEY RESULTS IN 2020

OUR ORGANISATION		DISTRIBUTION OF EMPLOYEES PER COUNTRY PER CHAIN LINK	
 ± 2.600 TOTAL NUMBER OF EMPLOYEES	NL	VEAL PROCESSING COMPANIES	36,0%
		FEED/CALF FEED	8,7%
		CALF SKINS	1,4%
		OTHER	5,6%
	BE	OTHER	0,5%
	FR	VEAL PROCESSING COMPANIES	37,0%
	OTHER	0,40%	
	IT	FEED/CALF FEED	9,2%
	DE	FEED/CALF FEED	1,2%

 ± 1.100 VEAL FARMERS		ABSENTEEISM 	AGENCY WORKERS 
		± 1.300	

♂ **77% MALE** ♀ **23% FEMALE**

 44,6 AVERAGE AGE	OUR PRODUCTS	
12,9 AVERAGE NUMBER OF YEARS OF EMPLOYMENT	±92.000  CATTLE	±1,5 MILLION  CALVES

±260.000 TONNES  RAW DAIRY MATERIALS (FOOD AND FEED)	±452.000 TONNES  CALF MILK POWDER	±328.000 TONNES  MUESLI	±190.000 TONNES  RAW DAIRY MATERIALS TRADE	±1,3 MILLION CALF SKINS 
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BRANCHES



THE NETHERLANDS
BELGIUM
FRANCE
ITALY
GERMANY



ORIGIN OF CALVES INTEGRATED INTO THE COMPANY:

60% FROM THE NETHERLANDS
30% FROM GERMANY
10% OTHER EU MEMBER STATES

EUROPEAN MARKET
SHARE OF THE
VANDRIE GROUP

± 28%



VEAL SALES FROM THE NETHERLANDS

7% THE NETHERLANDS • 26% ITALY • 21% GERMANY •
14% FRANCE • 27% REST OF EUROPE • 5% OUTSIDE EUROPE

NUMBER OF EXTERNAL AUDITS: 100

NUMBER OF RECALLS 2020: 2

2019 FINANCIAL RESULTS *

TURNOVER ± 2,4 BILLION EURO

NET PROFIT ± 77 MILLION EURO

NET PROFIT MARGIN ± 3,2%

VEAL EXPORTS 93% TO MORE THAN
60 COUNTRIES

* THE SPECIFIED TURNOVER DATA AND DETAILS OF THE ASSETS AND OPERATIONAL COST TRENDS CAN BE FOUND IN THE VANDRIE GROUP'S ANNUAL FINANCIAL REPORT FOR 2019.

CONSUMPTION* 2018 2019 2020

ENERGY CONSUMPTION

KWH PER CALF SLAUGHTERED	31,3	33,9	44,1
KWH PER TONNE OF CALF FEED	27,3	26,5	26,9

WATER CONSUMPTION

M ³ PER CALF SLAUGHTERED	0,60	0,67	0,79
M ³ PER TONNE OF CALF FEED	0,057	0,054	0,204

GAS CONSUMPTION

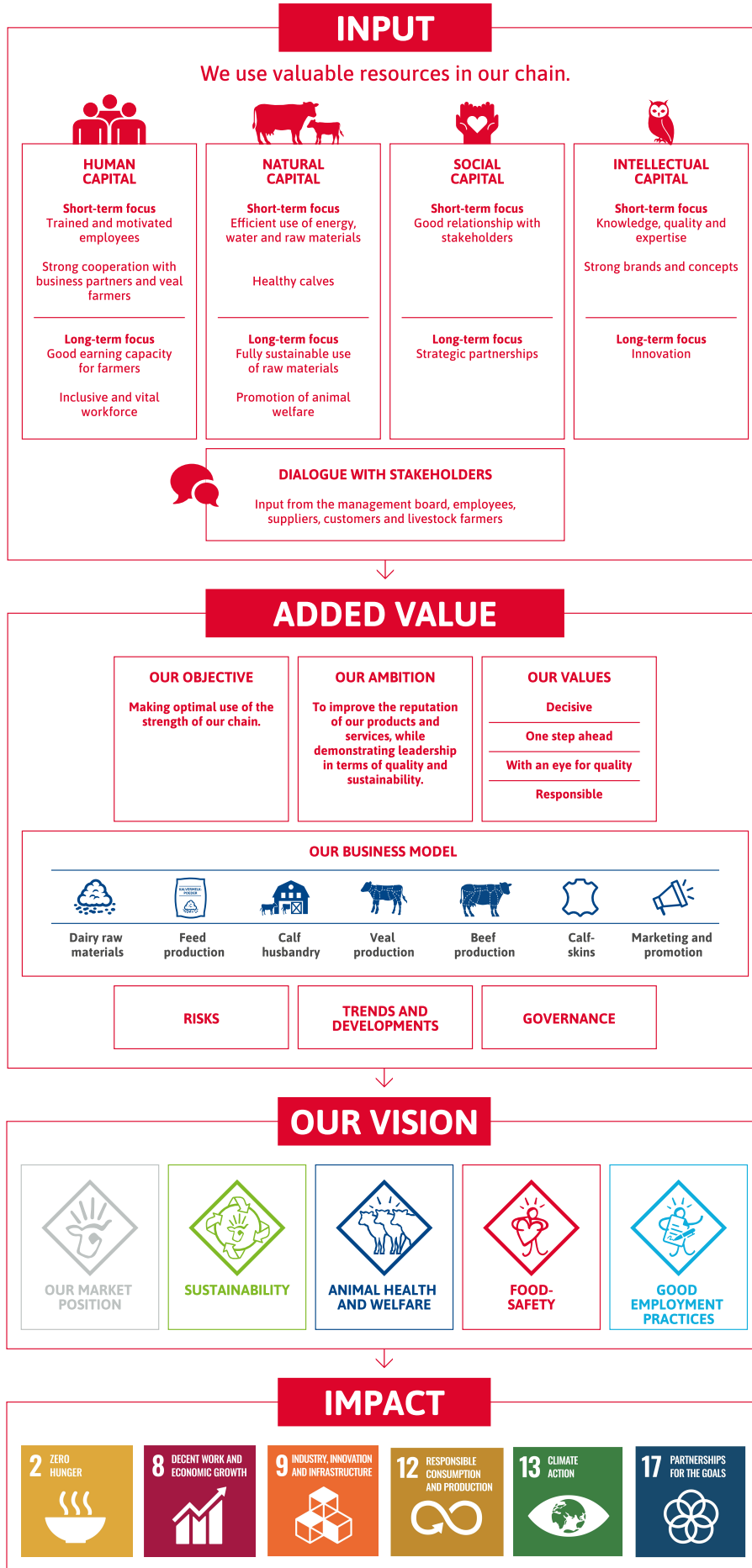
M ³ PER CALF SLAUGHTERED	1,15	1,55	3,15
M ³ PER TONNE OF CALF FEED	1,88	2,96	0,63

* AS A RESULT OF BROADENING THE SCOPE IN 2020, WHICH INCLUDES NOT ONLY OUR DUTCH COMPANIES, BUT ALSO OUR FOREIGN COMPANIES, IT IS NOT POSSIBLE TO COMPARE THE DATA FROM 2020 WITH THE DATA FROM PREVIOUS YEARS. IN OUR SCOPE READ MORE ABOUT BROADENING THE SCOPE. CONSUMPTION WITHIN OUR MEAT PROCESSING PLANTS HAS RISEN DUE TO INCREASED DEMAND FOR CONSUMER PRODUCTS. THIS MEANS THAT WE HAVE TO DO MORE.



VALUE CREATION MODEL

VALUE CREATION MODEL



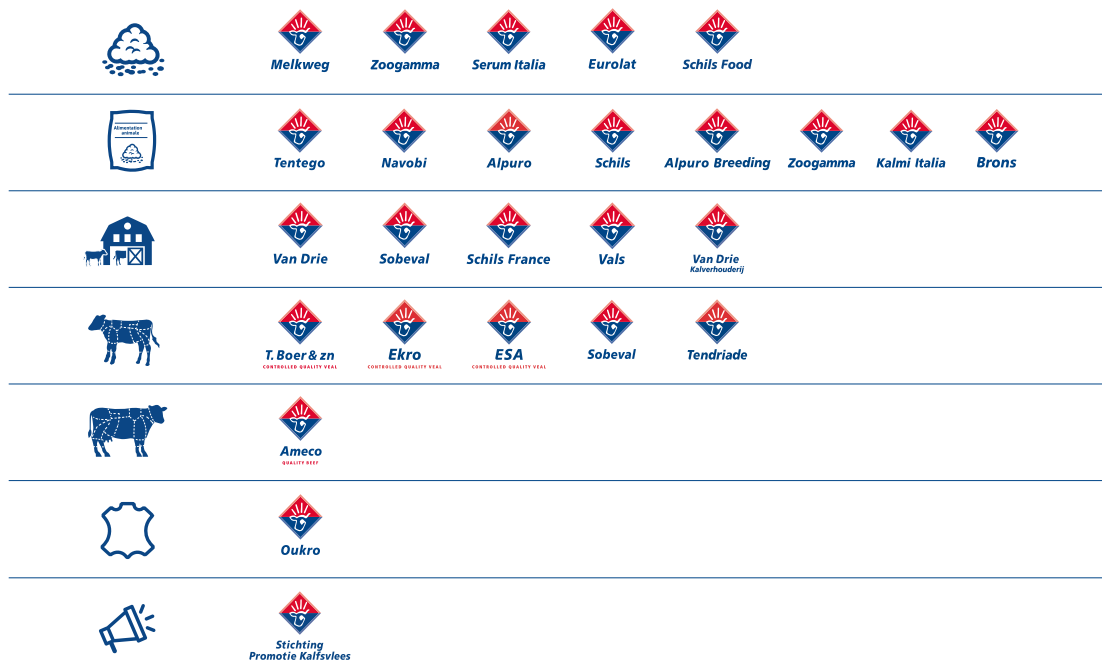


ABOUT VANDRIE GROUP

WHO WE ARE

The VanDrie Group is a Dutch family business. We produce veal and beef, calf feed, raw dairy materials and calfskins. In addition, we trade in dairy products for industrial use and we provide dairy farmers with guidance on breeding their calves. We are real doers and have developed chain integration over the years: we control all the links in the chain. In the 1960s, our founder Jan van Drie sr. started rearing calves that dairy farmers couldn't use to replace their own dairy herd. It turned out to be a strategic choice: Jan's activities developed into the VanDrie Group. The VanDrie Group now includes more than 25 subsidiaries located in the Netherlands, Belgium, France, Italy and Germany. The VanDrie Group has an annual turnover of approximately 2.2 billion euros.

Our family-run company is driven by values that are in line with our DNA. That is related to commitment and responsibility. The VanDrie Group is globally oriented, but works locally. The links are dependent on each other and therefore strongly connected. Our identity is formed by people of numerous nationalities, backgrounds and cultures who work closely together every day. Approximately 2,600 employees work for us. We are practical and level-headed, and take responsibility for our impact on humans, animals and the climate. That is why we want to continue developing, innovating and investing.



OUR MISSION AND AMBITIONS

Our mission

We want to create maximum customer value through our unique chain and at the same time take responsibility for our people and our impact on animals and the climate.

Our ambitions

- To strengthen our market position and continue improving the reputation of our high-quality products worldwide.
- To innovate in order to make our chain more sustainable.
- To enter into long-term partnerships in order to drive change.

On the basis of our ambitions, we have determined which contributions we will make to achieve the Sustainable Development Goals (SDGs) of the United Nations. The VanDrie Group contributes to:



OUR STRATEGY

Our strategy is a fulfilment of our mission and helps to achieve our set ambitions. It takes into account the challenges both now and in the future, and determines the course our company will take from now until 2025. All our core activities are based on five strategic pillars.



OUR MARKET POSITION

We want to supply our customers with quality products, with high nutritional value and as little negative impact as possible. That is why we are looking in a targeted way at how we can improve our chain and our products. We listen to demands and requirements from the market and society. Working ethically and treating humans and animals with respect is an absolute requirement for us in everything we do. We are entering into new partnerships and setting a new course. We are taking a new position, for example, in the food market with regard to raw dairy materials. We are always looking for new markets where we can be of added value with our products and can contribute to the demand for safe and nutritious animal proteins. In order to do this, we are making active connections with existing and potential customers and customers, and we are entering into dialogue with local stakeholders so we know which themes are important on a local level and we can optimally fulfil customer wishes. Our companies operate in a dynamic global market. Global economic and geopolitical developments are leading to more difficult sales and sometimes to the closing of markets. By entering into new markets, we are simultaneously spreading the risks across our sales channels.



SUSTAINABILITY

As chain coordinator, we are driving the transition to a more sustainable sector. While on the one hand, we achieve this by focusing our production chain on obtaining the maximum value from the calf, by making our products more sustainable, by using alternative raw materials and by making optimal use of residual waste flows and residual heat in the food system, all of which are enabling us to fulfil the ambitions for a circular agricultural system, we also apply smart technologies and develop innovative solutions that reduce emissions in the calf husbandry, which is enabling us to contribute to the national climate objectives. In addition, we are investing in partnerships with knowledge partners and stakeholders in order to strengthen and innovate the chain and make it more sustainable. In this way, we are ensuring that we work in an increasingly efficient manner, reducing the impact on the environment and the surroundings and preventing waste.



ANIMAL HEALTH AND WELFARE

We are listening to the increasing global attention in society being devoted to improving animal welfare in animal protein chains. It is also our responsibility to guarantee the intrinsic value and needs of calves in our chain. We remain critical of our own practices and are continuously improving ourselves. Not only on our own, but also in collaboration with dairy and veal farmers and knowledge partners, we are searching for ways to improve animal health in general and reduce animal diseases. As a result of this, we can further reduce the use of antibiotics in our chain.



FOOD SAFETY

We use our unique quality system, Safety Guard, to safeguard feed and food safety in each link of our production chain. The Safety Guard system also lays down the highest standards in terms of food safety, as a result of which our chain delivers high-quality, safe and nutritious protein-rich products that customers expect from us. With this system, we can trace every meat product that leaves our chain to the individual animal, the husbandry where it grew up and the feed that it received. In this way, we mitigate the risks of food safety violations and we can respond rapidly if there is a recall.



GOOD EMPLOYMENT PRACTICES

Our employees are precious to us. We want to offer an inclusive workplace. We believe it is important that our employees have confidence in the people with whom they work, that they are given opportunities to develop themselves and that they are proud of their contribution within our organisation. Every employee deserves recognition for this. Good employment practices are not therefore limited to the people who have an employment contract with the VanDrie Group. We think it's important that temporary workers also feel at home within the VanDrie Group. We act proactively by training our employees so that in the future, they will still be able to supply products that comply with legislation and regulations and are in line with the wishes and needs in our sales markets.

You can read more about the results in our five strategic pillars [here](#).

WHAT WE HAVE LEARNED

Our lessons in 2020

In March 2020, the COVID-19 pandemic broke out. As part of a vital sector, all companies of the VanDrie Group were able to continue production during the pandemic. However, we were faced with situations for which no contingency plan yet existed: ensuring that employees in our production locations could work under corona-proof conditions, sales channels that came to a standstill, as a result of which we struggled with surpluses, and borders that were closed, as a result of which international trade was hit hard. By reflecting on the actions that we took, or rather didn't take, with the knowledge that we have now, we can learn lessons and improve our organisation.

Optimal crisis management through cooperation

Our main priority was safeguarding employee safety. The VanDrie Group has a company in the Italian region of Lombardy. That is why we had COVID-19 in our sights fairly quickly, as a result of which we were able to take measures relatively quickly at the beginning of March 2020 in order to guarantee the health of employees and to enable production to continue safely.

Cooperation proved to be essential. Not only internally – with our employees and between subsidiaries – but also with external stakeholders, such as municipalities, regulatory authorities, hiring and industry organisations. Available knowledge is not optimal in a crisis and everyone must be able to react quickly and flexibly. Through open communication and intensive cooperation, we were able to quickly take the required steps in order to safeguard the health of our employees and safe production conditions. Examples include a complete reorganisation of the production locations, the use of private laboratories for PCR tests, using rapid tests and tightened requirements in terms of transport and the accommodation of hired employees. We experienced first-hand how important open communication is and that impactful partnerships can arise as a result of that. In 2021, employees from our Dutch meat processing companies tested positive for COVID-19 in spite of all our precautionary measures. We learned from this that we can never allow our vigilance to slacken, especially not at times of crisis.

Spreading across sales channels

From March 2020, countries throughout Europe, our most important sales market, went into lockdown. Sales of veal products remained constant in the retail channels. However, catering establishments had to close, as a result of which an important sales channel for veal fell by the wayside for a long time; this even continued until the spring of 2021. On average, this led to a 30 percent drop in sales, resulting in sharply falling prices and increasing freezer stocks.

This demonstrated the importance of a spread across sales channels, both retail and *out-of-home*, in order to cushion severe market shocks. In addition, the importance of a balanced spread at country level also became clear. Following the outbreak in March, various European Member States differed in terms of their approach and measures, both in scope, duration and timing. By spreading our sales channels and serving more markets, our sales are less vulnerable to unfavourable market fluctuations.

European internal market remains essential

In order to guarantee quality, speed is essential when transporting fresh, cooled meat products to the customer, but also when importing raw materials for feed, so as to prevent delays in planning and production. With the closing of national borders, international trade was made difficult, because additional checks led to delays.

In order to ensure that international trade did not come to a standstill, the European Commission took several measures. One essential measure for us was the establishment of the so-called *Green Lanes*, which ensured that freight traffic could drive on quicker at many border crossing points. A properly functioning European internal market is essential to our value chain. With companies in the Netherlands, Belgium, Germany, France and Italy, we experienced the importance of good European cooperation.

OUR DILEMMAS

A thorough assessment of the choices

We are sometimes faced with dilemmas when implementing our strategy and taking the steps to achieve our ambitions. Difficult choices, whereby development in one area can mean stagnation in the other. Logically, this has an effect on the way in which we work. These dilemmas demand a thorough assessment of the choices, which we often do in consultation with relevant cooperation partners. Not only due to their knowledge and expertise, but also to ensure support for the choices that we ultimately make.

A constant pool of employees versus flexibility

In addition to employees who have an employment contract with the VanDrie Group, a considerable portion of the work is carried out by hired employees. Part of the flexible work concerns (seasonal) work by migrant workers and people for whom it is a job on the side. In the Netherlands, there is a great deal of discussion about the degree of flexible and permanent work, and the legal position of migrant workers. As a major employer in the meat sector, we follow these discussions closely. We have permanent or fixed-term contracts as much as possible for positions that are essential – for example to safeguard animal welfare and hygienic working. However, we know that we are not able to fill various jobs using local workers and we are not in a position to take over the additional services that are carried out by hiring companies. Examples of these include the recruitment of employees in the Netherlands or abroad, offering accommodation and arranging matters that are part of establishing oneself in the Netherlands. We therefore deliberately opt to recruit employees via employment agencies. How do we offer this type of employee sufficient security in spite of this and how do we remain adaptive ourselves?

We check very carefully if the hiring companies with which we work comply with the collective labour agreements, for example, and if they have certified residential facilities for their employees (such as the *Stichting Normering Flexwonen*). Those are absolute basic conditions for us. We also proactively consult with local governments in order to ensure additional good-quality residential facilities will be available for hired employees from abroad in the future. However, given the pressure on the housing market, this is a difficult challenge.

Current legislation and regulations versus a new reality

Results need to be achieved quickly on a large scale in terms of reducing emissions, such as greenhouse gases and nitrogen. We see it as our responsibility to play a leading role herein. Stakeholders expect this of us. We have set goals, such as a CO₂ reduction of 49 percent by 2030 compared to 1990, but we see that adjustments to this policy objective will probably be necessary. The European Commission has raised ambitions, the Netherlands finds itself in a period in which a new government is being formed and The Hague District Court recently ruled in a case brought by Friends of the Earth Netherlands that Shell has to reduce CO₂ emissions faster. This affects our approach.

ABOUT VANDRIE GROUP

The climate transition requires large investments – not only from us, but also from veal farmers. New stall systems at the husbandry are expected to achieve significant emission reductions. However, there are few recognised stall systems at present that a veal farmer can use. At the same time, the sector is having to contend with tight legal frameworks, limited financial support and public backing that is under pressure. In addition, the effects of the coronavirus crisis in the sector are clearly tangible, as a result of which financial resources are limited. Without investment opportunities, there can be no innovations. Without innovations, there will not be any significant improvement in sustainability. How do we ensure that we can continue to make the sector more sustainable in spite of these challenges?

We are committed to gradually removing the barriers that are hindering that necessary transition. We are doing this by means of several routes, in which collaboration and dialogue with stakeholders are essential in order to find solutions and generate support. With national and regional governments, we are emphasising the importance of reducing regulatory burdens and setting up schemes that entrepreneurs can use for large-scale, effective investments. In cooperation with the Dutch province of Gelderland, the Dutch Veal Industry Association (SBK) and the Dutch Federation of Agricultural and Horticultural Organizations (LTO), we established an innovation scheme in the autumn of 2020, for example, which veal farmers from Gelderland can make use of. Part of this scheme is a provincial subsidy aimed at developing innovative stall systems that make a contribution to ammonia reduction.

Calves from the Netherlands versus imported calves

We include calves in our integration that are not suitable for placement at the dairy farmer. Within our chain, we apply strict requirements for responsible and animal-friendly calf transport. A wide range of conditions are essential in that regard. In addition to complying with the maximum transport duration, checks are carried out to see if calves are healthy and fed before transport commences, if the loading and unloading goes smoothly and if vehicles are climate-controlled so that weather conditions have no effect. Moreover, vehicles must have sufficient space, soft bedding and drinking facilities. The way in which a driver drives is also important. Drivers must therefore possess a certificate of professional competence for livestock transport.

The share of Dutch calves in our integration is around 60 percent. In addition, we also buy calves from other Member States and are dependent on those imports. The majority of the foreign calves in our integration come from the region, i.e. Germany, Belgium or Luxembourg. A smaller share come from the Baltic States and Ireland. In all these countries, we do not have any production facilities, such as animal feed companies, husbandries or meat processing locations. We need imports to meet the current market demand.

The importation of calves is viewed critically by political and civil society organisations, especially when it concerns the longer distances over which a small proportion of the calves are transported (such as from the Baltic States or Ireland). How do we ensure that we organise our chain in a sustainable, animal-friendly and affordable way, even when considering how the calves are transported?



ABOUT VANDRIE GROUP

Although foreign calves have a good health status and score lower in terms of use of antibiotics than calves of Dutch origin, we realise that the import of calves from Eastern Europe and Ireland is not in line with the idea of circularity. In the coming three years, we will cut back on the contracts that we have with suppliers for calves from far-off destinations, in order to buy calves more regionally. With this decision, we are speeding up the execution of the sectoral objective to reduce 20 percent of the long-term transports by 2030. In addition, we remain committed to optimising the conditions for responsible calf transport. For example, we apply cold and heat protocols for transport. We train drivers and veal farmers to recognise animal behaviour so the loading and unloading can take place calmly and without stress. We require our transporters to continue investing in climate-controlled transport vehicles. Within the sector, we also take a variety of strict measures to guarantee animal health and biosafety. The Foundation for Quality Guarantee of the Veal Sector (SKV), for example, has for many years been operating a traffic light model to continuously assess and monitor the risk of animal disease introduction per country. Currently there are rearing bans in place for Bulgaria, Romania, Hungary and the United Kingdom. Imports of Irish calves are only allowed subject to supplementary conditions.

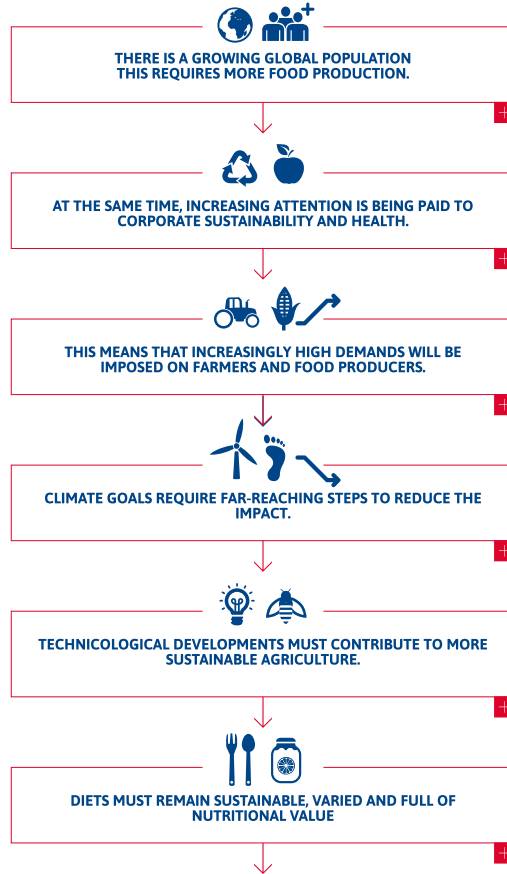




THE WORLD AROUND US

TRENDS AND DEVELOPMENTS

As a company, we are not separate from the world around us. Developments in the food sector, European livestock farming and society call for us to anticipate what is happening around us. It's only in this way that we can remain successful and properly meet the social challenges we are faced with as a company. The impact of the COVID-19 pandemic has required actions from us at short notice, but at the same time placed existing trends and developments under a magnifying glass, which will have an impact on our business operations in the longer term. Together, those insights will shape the subsequent steps that our organisation and its individual subsidiaries take.



OPPORTUNITIES FOR THE VANDRIE GROUP

As a producer in the animal protein chain, the VanDrie Group wants to play its role and take responsibility in terms of contributing to the food supply for a growing global population, with an eye for our people and our impact on animals and our climate. Trends and developments have a direct effect on the VanDrie Group. At the same time, these opportunities offer scope for us to realise our ambitions and create (added) value. On the one hand by means of our core activity – producing high-quality, safe and nutritious animal proteins – and on the other hand by focusing our role as chain coordinator on (progress and) sustainability in each link of our chain.

If we want to contribute to a sustainable food chain and achieving sustainable and healthy diets, each link in our chain must perform optimally. It requires us to anticipate developments that lie ahead of us and not to lose sight of the course we have set towards 2025. Our strategic pillars form the basis for creating added value and capitalising on opportunities, in which continuous development, dialogue, collaboration and adjustment are a given. In the chapter About the VanDrie Group, we go into more detail about that.



DUE DILIGENCE AND RISK MANAGEMENT

How we carry out risk management

The VanDrie Group continuously strives to produce high-quality, safe and nutritious veal and beef products, calf feed, raw dairy materials and high-quality calf hides. We want to meet the standards that are expected of us and are in keeping with our social position and responsibility. We realise that we must set a good example and act ethically. We ensure that we comply with applicable legislation and regulations. Examples include applicable European regulations for producing foodstuffs, the keeping of animals and transport, collective labour agreements and the Dutch Working Hours Act. In addition, sectoral guidelines apply, such as the Dutch Meat Association (COV) code of conduct for the meat industry, COV code for animal welfare at the slaughterhouse, the Nevedi *Convenant aankoop verantwoorde soja* (Covenant for the purchase of responsible soya) and Fefac's Soy Sourcing Guidelines. We believe that an ethical work attitude and good manners, both internally and externally, are of great importance.

As producer in the animal protein chain, however, we are confronted with a wide range of risks, from raw material to end product. When identifying and managing risks, we don't therefore just look at our own companies. We also explicitly look at the chains in which we are active. For this we apply Due Diligence. This is the process by which we, as chain coordinator, identify, prevent and reduce actual and potential negative consequences of activities in the chain. It enables us to be accountable for dealing with these consequences as an integral part of our decision-making process and risk management systems. We carry out our Due Diligence in line with the Guidance on Corporate Social Responsibility (CSR) which is based on the OECD Guidelines for Multinational Enterprises. Below you will find a diagrammatic overview of the most important identified risks for our organisation.

Theme: Human rights

Identified risks	Our measures
<ul style="list-style-type: none"> • Discrimination, violence, intimidation (including sexual harassment). • Failure to identify and properly involve local communities that may be affected by the company's activities. 	<ul style="list-style-type: none"> • To ensure the integrity of every employee, departmental management in our companies immediately intervenes in cases of aggression, violence and sexual harassment. Employees can submit complaints (anonymously) to their direct supervisor, HRM colleague or confidential adviser. The meat processing companies have implemented the COV Code of Conduct. In 2021, we will implement a 'SpeakUp' whistle-blowers' scheme for our employees, customers and suppliers, so that abuses can be reported easily, anonymously and in one's own language. • We invest in the local economy of the areas in which we operate, to ensure that we are contributing towards improving the standard of living of the entire community. We believe it is important to collaborate closely with local SMEs. • In the case of projects, we ensure that we consult with stakeholders (local governments, authorities, local residents). We hold annual stakeholders' meetings.

Theme: Information security

Identified risks	Our measures
<ul style="list-style-type: none"> • Failure to ensure information security and privacy regulations. 	<ul style="list-style-type: none"> • The VanDrie Group has an active privacy policy. Stress tests on the company's ICT systems are carried out on a regular basis.

Theme: Environment

Identified risks	Our measures
<ul style="list-style-type: none"> • Degradation of the ecosystem through air or soil pollution or loss of biodiversity. • Biological, chemical or physical risks of activities or services that exceed the values laid down by law. 	<ul style="list-style-type: none"> • We have committed ourselves to the climate targets arising from the Paris Agreement and have implemented SDG goals in policy. • Our production companies in the Netherlands are certified to the ISO 14001 standard. This standard contains requirements for an effective environmental management system. • Our companies take energy-saving measures and have drawn up multi-year investment plans to that end. • The quality departments at our various subsidiaries and our own Labora laboratory carry out research into biological and chemical risks. • We adhere to sector agreements. When purchasing soy, we adhere to agreements such as the <i>Nevedi Convenant aankoop verantwoorde soja</i> (Covenant for the purchase of responsible soya) and the Soy Sourcing Guidelines of the European Feed Manufacturers' Federation (FEFAC). We also follow the sustainability goals set by the Dutch Veal Industry Association (SBK).

Theme: Corruption, anti-competitive behaviour, bribery requests

Identified risks	Our measures
<ul style="list-style-type: none"> • Bribery of public officials in order to obtain favourable treatment. • Influencing market prices or making prohibited price agreements. • Financial and economic crime such as tax evasion or fraud. 	<ul style="list-style-type: none"> • We implement compliance policy. • We follow the 'Code of Conduct' of the Dutch Meat Association (COV). • We regularly inform our employees about our rules and standards of conduct in terms of competition and corruption policy. • We carry out active monitoring of compliance themes (legislation and regulations, adverse media). • We regularly screen for compliance with regard to EU and OFAC sanctions lists. • We regularly test our invoicing to ensure the correctness of payments in order to prevent money laundering.

Theme: Consumer interests

Identified risks	Our measures
<ul style="list-style-type: none"> • Products that do not meet all agreed or legally required standards for consumer health and safety, including health warnings and safety information. • Misrepresentation or the omission of information, or other practices that are deceptive, misleading, fraudulent or dishonest. 	<ul style="list-style-type: none"> • We have implemented the Safety Guard quality system. Safety Guard is our integrated quality system. Safety Guard is based on the ISO 22000 and 14001 standards, the Food Safety Supply Chain System and the BRC, IFS and GMP+ quality schemes. • Our meat processing companies are under permanent supervision by national authorities. • We have implemented an internal planning & control cycle. In addition, various audits by authorities and customers take place. We also carry out audits at suppliers ourselves. • We give Safe Handling Instructions to buyers of our meat. • We feel a compelling sense of responsibility towards consumers. That is why we work in line with the United Nations Guidelines for Consumer Protection.

Theme: Employment and industrial relations

Identified risks	Our measures
<ul style="list-style-type: none"> • Failure to respect employees' rights. • Failure to adapt machines, equipment, working hours and the organisation of work and work processes to the physical and mental capacities of employees. 	<ul style="list-style-type: none"> • A large proportion of our employees (±90%) work under a collective labour agreement that enshrines the rights and obligations of employees and employers. • Preventive and protective measures have been implemented within production companies to ensure that the use of machines, equipment, chemical products, tools and processes is safe. For example, we regularly carry out a Risk Inventory & Evaluation (RI&E) to promote health and safety at work. We have carried out a special RI&E to ensure that COVID-19 measures are being applied correctly. • We provide adequate and appropriate training and comprehensible instructions on safety and health, together with guidance or supervision, if necessary. In doing so, we take into account the educational level of our employees and the different languages they speak. • OH&S Compliance audits are carried out throughout our entire chain to check whether companies are complying with the applicable legislation and regulations. • We make quality assurance agreements with employment agencies for the hiring of flexible hired-in workers in order to guarantee good working conditions and terms of employment. The employment agencies that we work with use the <i>Stichting Normering Flexwonen</i> (Foundation for Flexible Housing Standards) quality mark. We carry out an independent audit at the employment agencies annually. • Via the Dutch Meat Association (COV), we collaborate with the Labour Standards Foundation (SNA). The aim of SNA is to prevent fraud and illegality in the temporary employment sector.

Theme: Animal welfare

Identified risks	Our measures
<ul style="list-style-type: none"> • Failure to comply with animal health and welfare obligations. 	<ul style="list-style-type: none"> • We require anyone working with our calves to adhere to the 'Five Freedoms' defined by the European Convention for the Protection of Animals kept for Farming Purposes. • We are affiliated with the Foundation for Quality Guarantee of the Veal Sector (SKV) that carries out independent monitoring of regulations governing animal welfare, transport and the use of antibiotics. All of our veal farmers in the Netherlands are certified under the <i>Vitaal Kalf</i> (Fit Calf) quality scheme. • We carry out continuous camera surveillance in our meat processing companies. Animal Welfare Officers (AWO) carry out monitoring at all times. • We train our employees in animal welfare and in recognising and acting on animal behaviour. • We have appointed an animal welfare specialist (<i>dierenwelzingspecialist</i>, DWS). The DWS regularly conducts a peer review of the safeguarding of animal welfare and helps our companies implement points for improvement.

Risk awareness

Managing risks is part of the control and decision-making process of the VanDrie Group. The management board discuss the risks on a regular basis. They assess what effects the risks may have on the external environment, the strategic objectives, the business operations and on our reputation. In order to achieve the company objectives, we must accept risks sometimes to a certain extent. We weigh up the probability that the risk will occur and the size of the effect. Our guiding principles in this regard are:

- We don't take any risks when it comes to the safety of our employees, our customers and our products. We rule out all risks, in so far as that is possible and realistic.
- Our risk appetite with regard to compliance is low. We must comply with legislation and regulations and want to act in accordance with our values and codes of conduct.
- With regard to strategic risks, we seek the right balance between risks and our objectives in the longer term.
- With regard to financial risks, we apply a medium risk appetite. We want to have a healthy financial basis and meet the financial ratios that are important to us.

STRENGTHS ANALYSIS

The VanDrie SWOT

The VanDrie Group plays an important role in the European veal chain and food supply. When performing our regular activities and implementing our strategy, we must deal with various challenges. It is important to identify the internal and external factors that affect our company, so that we can exploit opportunities and minimise threats.

Strengths	Weaknesses	Opportunities	Threats
Integral chain management	High environmental impact	Apply smart technology and innovation	Changing legislation with insufficient long-term vision (both in NL and the EU)
Commitment to maximum value	Relatively high level of hired-in employees	Global demand for animal proteins is increasing	Long-term sustainability of the entire chain, among other reasons due to required climate transition
Financially strong organisation	Reputation of the sector	Further increase circularity and eco-design within the chain (improving the sustainability of products)	Food safety and/or animal welfare infringements
Spreading of risk across sales markets and channels	Recalls if products do not comply	Commitment to use of alternative raw materials	Not managing to recruit enough well-trained staff
Collaborations with knowledge partners and stakeholders	Innovation takes time		Scarcity of raw materials
Highest standards of food safety and animal welfare (Safety Guard)			Dependence on global market and international transport routes

EXPLOITING OUR SOCIAL ROLE

In conversation with stakeholders

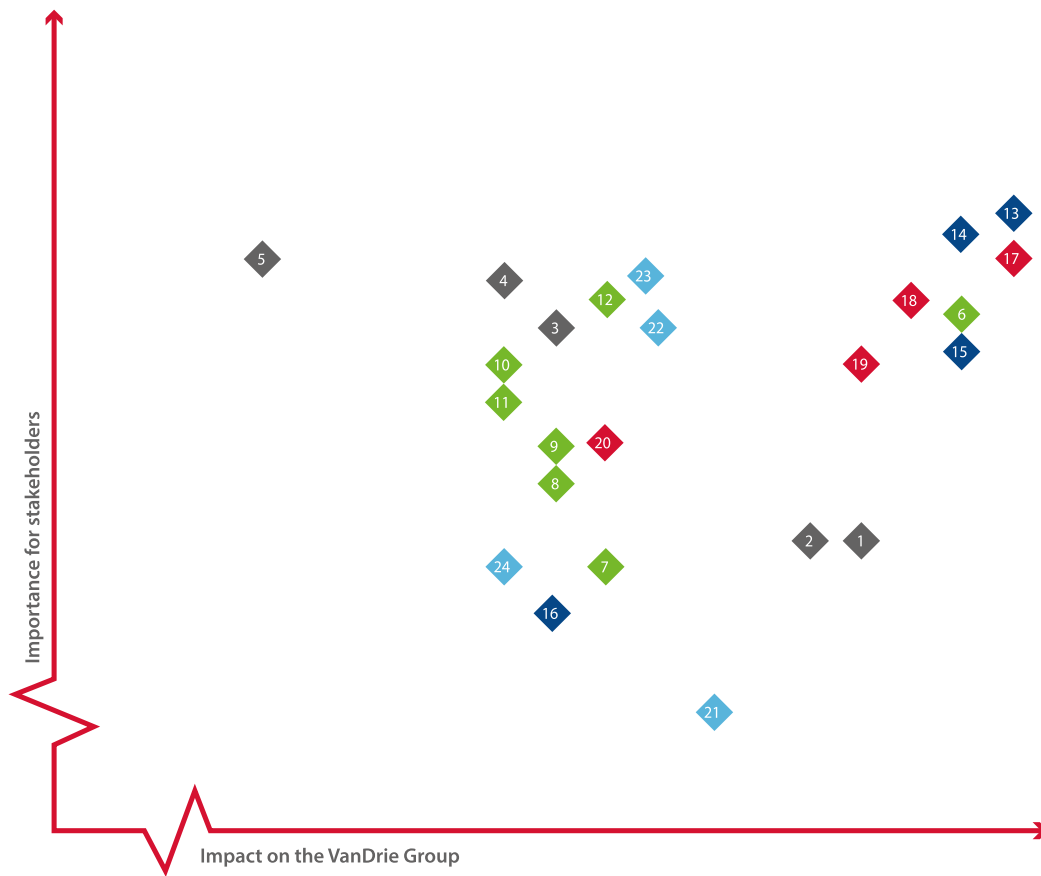
Our companies are part of society and have an impact on our immediate surroundings. We see it as our duty not only to minimise the negative impact of our activities, but also to add value to our environment. It is therefore essential to us to have good contact with stakeholders so that we understand them and know what they expect from us, but also so that we can explain why we do what we do. The nature and frequency of these conversations or consultations are varied. We are not only an employer or cooperation partner of farmers; we also have intensive contact with local partners and international customers.

We maintain close contact with our cooperation partners, at each level, about a multiplicity of material issues. We also regularly invite customers, livestock farmers and local governments to visit our company. In addition, we share information about strategic matters and long-term developments with stakeholders at policy level. The management board of VanDrie Group is actively involved in such consultations. We conduct a **VanDrie dialogue** annually, in order to discuss material issues in depth with a broad group of stakeholders.

Every three years, the VanDrie Group conducts an extensive materiality analysis in order to determine which CSR aspects we need to report on. We regard a theme to be of material importance if it has an effect on decision-making of stakeholders or has a significant impact on our organisation. On the basis of the analysis, we form the materiality matrix. This matrix is an important starting point for the way in which we report in this report. The most recent materiality analysis was conducted in the spring of 2020. Fifty stakeholders indicated via a survey which themes they deem most important for the VanDrie Group. The more frequently a particular theme was mentioned by the stakeholders, the 'higher' the theme in question was placed in the matrix. Board members of the VanDrie Group then determined which themes have the greatest impact on the organisation. The material themes are linked to our five strategic pillars and to our main risks.

Materiality matrix

THE WORLD AROUND US



MARKET POSITION

1. Customer satisfaction
2. Operating profit
3. Development, knowledge and innovation
4. Ethical business operations
5. Human rights in the chain

SUSTAINABILITY

6. Maximising the value of calves
7. Nuisance for local residents
8. Manure
9. Reduction of greenhouse gas emissions
10. Sustainable raw materials
11. Reducing waste
12. Circular agriculture and circular economy

ANIMAL HEALTH AND WELFARE

13. Animal welfare in the chain
14. Prevention of animal diseases and reduction of antibiotics
15. Safe and complete calf feeds
16. Collaboration with the dairy sector

FOOD SAFETY

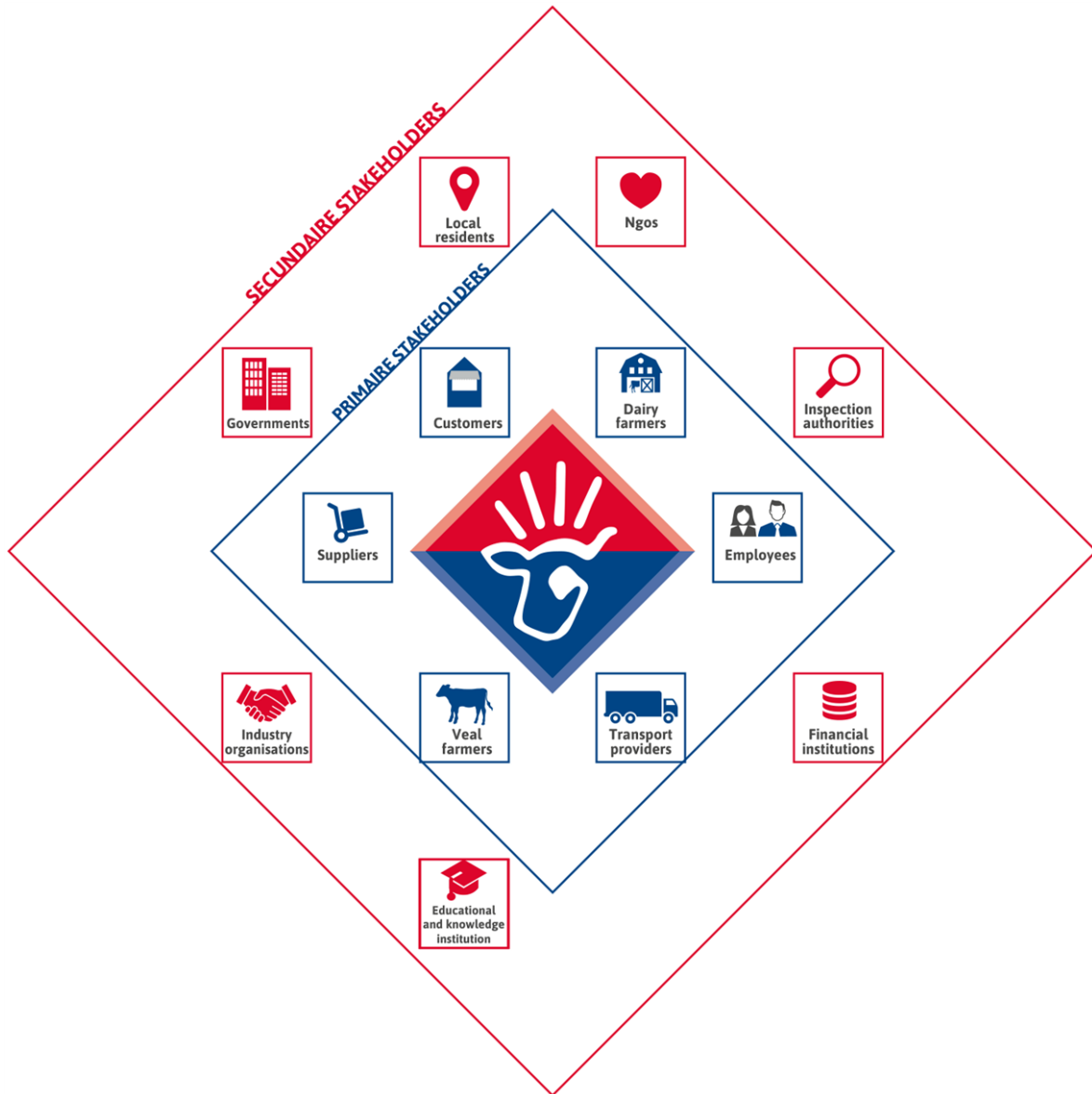
17. Responsible and safe production
18. Traceability
19. Pathogen prevention
20. Food defence

GOOD EMPLOYMENT PRACTICES

21. Hiring of labour
22. Occupational health and safety
23. Education and training



Spotlight on stakeholders



Stakeholder table

Stakeholder Group	Material aspect	Consultation via:	Impact on VanDrie Group policy
Employees	<ul style="list-style-type: none"> • Animal welfare in the chain • Occupational health and safety • Education and training 	<ul style="list-style-type: none"> - Work discussions - Coaching - Daily contact - Newsletters and social media 	<ul style="list-style-type: none"> - A future-proof employer - Optimising working conditions - Guaranteeing food safety - Improving animal welfare
Veal farmers	<ul style="list-style-type: none"> • Prevention of animal diseases and reduction of antibiotics • Animal welfare in the chain • Circular agriculture and circular economy 	<ul style="list-style-type: none"> - Visit by regional manager and veterinarian - Direct contact with employees - Knowledge sessions - Newsletters and social media 	<ul style="list-style-type: none"> - Guaranteeing food safety - Improving animal welfare - Future-proof design of the chain - Efforts to reduce environmental impact
Suppliers	<ul style="list-style-type: none"> • Sustainable raw materials • Responsible and safe production • Safe and complete calf feeds • Traceability • Sound business operations 	<ul style="list-style-type: none"> - Daily contact - Audits - Entry checks and purchasing requirements 	<ul style="list-style-type: none"> - Guaranteeing food safety - Ensuring better valorisation - Future-proof design of the chain
Customers	<ul style="list-style-type: none"> • Customer satisfaction • Operating result • Development, knowledge and innovation 	<ul style="list-style-type: none"> - Customer visits - Company visits - Relationship management - Newsletters and social media 	<ul style="list-style-type: none"> - Market penetration and retention of market share - Joint development of customer-focused concepts - Customer satisfaction
Dairy farmers	<ul style="list-style-type: none"> • Collaboration with the dairy farm • Maximising best value of calves • Animal welfare in the chain • Circular agriculture and circular economy 	<ul style="list-style-type: none"> - Daily contact via Alpuro Breeding - Dairy farmer and study group visits - Newsletters and social media 	<ul style="list-style-type: none"> - Improving partnership between the dairy farm and the veal sector - Improving animal health - Improving animal welfare - Reducing use of antibiotics
Veterinary surgeons	<ul style="list-style-type: none"> • Prevention of animal diseases and reduction of antibiotics • Collaboration with the dairy farm • Animal welfare in the chain 	<ul style="list-style-type: none"> - Regular consultation between the veal farmer and the regional manager - Stakeholder meetings - Relationship management 	<ul style="list-style-type: none"> - Improving animal welfare - Improving animal health - Reducing use of antibiotics
Transporters	<ul style="list-style-type: none"> • Animal welfare in the chain • Reduction of greenhouse gas emissions 	<ul style="list-style-type: none"> - Daily contact - Training and consultation 	<ul style="list-style-type: none"> - Improving animal welfare
Governments	<ul style="list-style-type: none"> • Sound business operations • Circular agriculture and circular economy • Animal welfare in the chain 	<ul style="list-style-type: none"> - Regular consultations - Social media - Relationship management 	<ul style="list-style-type: none"> - Future-proof design of the chain - Maintaining support

THE WORLD AROUND US

Local residents	<ul style="list-style-type: none"> • Nuisance for local residents 	<ul style="list-style-type: none"> - Information meetings at companies - Social media 	<ul style="list-style-type: none"> - Efforts to reduce environmental impact - Maintaining support
Consumers	<ul style="list-style-type: none"> • Customer satisfaction • Development, knowledge and innovation 	<ul style="list-style-type: none"> - Newsletters and social media - Tastings and trade fairs 	<ul style="list-style-type: none"> - Input for innovation and new, customised market concepts - Customer satisfaction - Maintaining support
NGOs	<ul style="list-style-type: none"> • Circular agriculture and circular economy • Animal health and welfare 	<ul style="list-style-type: none"> - Newsletters and social media - Stakeholder meetings - Consultations 	<ul style="list-style-type: none"> - Maintaining support - Future-proof design of the chain
Industry organisations	<ul style="list-style-type: none"> • Responsible and safe production • Circular agriculture and circular economy • Reduction of greenhouse gas emissions • Animal welfare in the chain • Occupational health and safety 	<ul style="list-style-type: none"> - Board meetings and other network meetings - Daily contact 	<ul style="list-style-type: none"> - Guaranteeing food safety - Improving animal welfare - Efforts to reduce environmental impact - Maintaining support
Inspection authorities	<ul style="list-style-type: none"> • Animal health and welfare • Responsible and safe production 	<ul style="list-style-type: none"> - Regular audits - Continuous inspection by the government in meat processing plants 	<ul style="list-style-type: none"> - Guaranteeing food safety - Improving animal welfare - Market penetration and retention of market share
Educational and knowledge institutes	<ul style="list-style-type: none"> • Education and training • Development, knowledge and innovation 	<ul style="list-style-type: none"> - Via trainees and graduates - Newsletters and social media - In public-private partnerships (research projects) 	<ul style="list-style-type: none"> - A future-proof employer Input for innovation
Banking and insurance companies	<ul style="list-style-type: none"> • Operating result 	<ul style="list-style-type: none"> - Regular consultations 	<ul style="list-style-type: none"> - Market penetration and retention of market share Input for innovation



OUR RESULTS

We believe it is important to show what we have accomplished in 2020. You can read about our results in the table below and in the following chapters, named after our policy pillars.

Policy pillar: Our market position

VanDrie Group's objectives	Measurable result 2020	Objectives 2021 and beyond	Status
We are committed to improving the sales of all our products.	Spread across sales channels (increase retail +/- 4%).	We intend to definitively formalise the takeover of Van Dam Beheer b.v. in 2021.	●
We will strengthen our chain.	Takeover of Brons Voorthuizen and takeover of Van Dam Beheer b.v. announced. No access has been obtained to the Mexican veal market.		
We operate with integrity. We treat each other with respect and know which standards we need to meet.	Reported cases of discrimination: 0. Training employees in the area of competition.	We will roll out a tightened compliance policy in 2021. We will implement SpeakUp! in 2021 – a whistle-blowers' scheme accessible to all.	●
We will invest in R&D.	Realisation of Drieveld research centre in Uddel. Renovation of Labora laboratory in Staverden.	We will strengthen the collaboration with external research partners.	●

PROGRESS OF CSR OBJECTIVES

Policy pillar: Sustainability

VanDrie Group's objectives	Measurable result 2020	Objectives 2021 and beyond	Status
We will reduce our climate impact in the entire chain. We will reduce our CO2 emissions by 49% by 2030 compared to the reference year 1990.	Certification of all our production companies in the Netherlands to the ISO 14001 standard. Investment plans made for energy measures in production companies in the Netherlands.	Due to the introduction of heat recovery, the VanDrie meat-processing companies in the Netherlands will operate practically gas-free by 2025. In the coming years, we will implement energy-saving measures in our production companies.	●
We're going for sustainable husbandry and making our actions transparent.	Newly launched Public-Private Partnerships, such as <i>Betere stal, betere mest, betere oogst</i> (Better stall, better manure, better yield). A VanDrie Dialogue about a future-oriented, sustainable calf husbandry was conducted in January 2020.	We will enter into strategic partnerships to achieve emission reductions in the calf husbandry through innovation.	●
We are making our production more efficient – less waste, smart use of raw materials and reuse.	Reduction of waste at animal feed companies in the Netherlands by 19% in 2020, compared to 2019.	In 2021 and 2022, we will conduct research into further optimisation of waste streams.	●

Policy pillar: Animal health and welfare

VanDrie Group's objectives	Measurable result 2020	Objectives 2021 and beyond	Status
We will reduce our use of antibiotics by 15% by 2022 compared to the reference year 2017.	63.2% reduction in use of antibiotics from 2007 - 2020. Reducing calf mortality to 2007 levels.	By 2022, we want to achieve a generic reduction of antibiotics by 15% compared to 2017. We will push for the information exchange between the dairy farm and veal sector to be improved.	● ●
We will reduce the long-distance transportation of calves.	The number of calves transported over long distances decreased by 32% in 2020 compared to 2009.	We will stop importing calves from Eastern Europe and Ireland into the Netherlands by 2026.	●

PROGRESS OF CSR OBJECTIVES

Policy pillar: Food safety

VanDrie Group's objectives	Measurable result 2020	Objectives 2021 and beyond	Status
<p>We will invest in the quality departments of our companies.</p> <p>We will expand our Safety Guard quality system.</p>	<p>Number of FTEs in 2020: 60.92*</p> <p>Number of FTEs in 2019: 36.45</p> <p>Number of FTEs in 2018: 34.65</p> <p>Renovation of Labora laboratory in Staverden.</p> <p>We created a new position, which is responsible for centralising and expanding the quality approach of the VanDrie Group.</p> <p>*for an explanation, please also read our scope</p>	<p>We will transfer the management of the quality departments of our Dutch subsidiaries to a central level.</p>	<p>●</p>
<p>We will counteract pathogens in the chain.</p>	<p>Risk analysis into pathogens within the chain completed.</p> <p>±70% fewer soiled calves supplied to meat-processing companies in 2020 compared to 2014.</p>	<p>We will develop efficient measures to both prevent and combat pathogens.</p>	<p>●</p>

PROGRESS OF CSR OBJECTIVES

Policy pillar: Good employment practices

VanDrie Group's objectives	Measurable result 2020	Objectives 2021 and beyond	Status
We will offer an attractive benefits package to our employees. In addition, we will offer permanent education, internships and traineeships.	Implementation of the heavy work scheme, as a result of which employees can stop working earlier.	A new collective labour agreement for the meat sector needs to be concluded in 2021.	●
	Number of internships: 34 Number of traineeships: 40 Due to COVID-19, insufficient progress was made with the development of an e-learning environment, the employer brand roll-out and consolidating the role of job coaches at the meat-processing companies.	We will map out critical positions in the production process and consolidate long-term work relationships with the employees.	●
We will reduce sickness absence.	Sickness absence data: 5.8%	We have not formulated more ambitious targets to this end.	●
We will reduce heavy working positions.	No significant result achieved.	In 2021, we started a study into robotisation in meat processing, with two PhD research places facilitated by the University of Twente.	●
We will set clear quality standards for employment agencies with which we work and audit these companies annually in terms of fair pay and accommodation. By doing so, we want to offer a good and safe working environment for hired-in employees.	First audit conducted into fair pay and accommodation.	We will draw up quality agreements with employment agencies with which we work in 2021.	●
		We will enter into discussion with local government authorities about building additional, good-quality accommodation for foreign workers in the vicinity of our companies.	●





OUR MARKET POSITION

We want to supply our customers with quality products, with as little negative impact as possible. That is why we are looking in a targeted way at how we can improve our chain and our products. We listen to demands and requirements from the market and society. Working ethically and treating humans and animals with respect is an absolute requirement for us in everything we do. We are entering into new partnerships and setting a new course. We are taking up a new position, for example, in the food market with regard to the production and trade in raw dairy materials. We are always looking for new markets where we can be of added value with our products and can contribute to the demand for safe and nutritious animal proteins. In order to achieve this, we are making active connections with existing and potential customers and consumers. We are entering into dialogue with local stakeholders so we know which themes are important on a local level and can optimally fulfil customer wishes. Our companies operate in a dynamic global market. Global economic and geopolitical developments are leading to more difficult sales and sometimes to the closing of markets. By entering into new markets, we are simultaneously spreading the risks across our sales channels.

Our operating result

The consequences of COVID-19 have had an impact on the results of the VanDrie Group. Increasing direct and indirect costs and reduced sales have affected the financial strength of the organisation. In addition, various large investments have taken place, such as renovations at various locations and completion of the Drieveld innovation centre. The financial figures for 2020 will be published by the Dutch Chamber of Commerce at the end of 2021. For that reason, this information is not included in this report.

In 2020, the VanDrie Group completely took over the animal feed company Brons from Voorthuizen. The Netherlands Authority for Consumers & Markets (ACM) issued approval for that. Brons from Voorthuizen produces high quality compound feeds for beef cattle, pigs and poultry. Brons, with a turnover of 45 million euros, is a stable factor in the Dutch compound feeds market. The takeover means that the long history of the family business that started in 1929 will continue. All jobs at Brons will be maintained, as well as the company name and premises. The Brons family will also remain actively involved in the company's activities.



PROGRESS OF CSR OBJECTIVES

In December 2020, the takeover of the Dutch activities of A.J. van Dam Beheer b.v. was announced. A.J. van Dam Beheer b.v. is active in various disciplines within the veal sector. Its activities include the trade in calves and keeping calves on contract. The company was started by the Van Dam family in 1979. The family-run company now has a turnover of 120 million euros and has 14 employees. Following our takeover of its activities in the Netherlands, the employment will be maintained. The activities of A.J. van Dam Beheer b.v. outside the Netherlands will be continued unabated and independently by the company. We are waiting for approval from the ACM.

In February 2020, the business location of VanDrie Belgium in Hasselt was closed. This was because there was no development space at that location; the local authority did not issue an extension of the environmental permit. A social plan was drawn up for employees and, where possible, they have been accommodated at other VanDrie organisations. In 2019, Animal Rights lodged a complaint with civil proceedings before a Belgian investigating judge due to alleged animal welfare violations. In 2020, the investigation into the stated charges began, despite the fact that VanDrie Belgium was set to close. This investigation had not yet been completed at the time of publication of this report (June 2021).

A step forward in the value chain with the monetising of whey
As food producer, we are always looking for ways to create added value by producing of safe and nutritious animal proteins. From day one, the creation of value from residual waste flows has been an important part of this. We include those ideas in the positioning of our company.

Serum Italia, a subsidiary of the VanDrie Group in Italy, produces whey protein concentrates (WPC) and other whey derivatives for sports foods and ingredients for dairy products and food manufacturers. Bert van den Burg, commercial manager at Serum Italia, talks about the value of whey, a residual waste flow from cheese production.

“Northern Italy is known for its luxury cheeses like *Grana padano* or *Parmigiano Reggiano*. These are valuable products in the economic sense of the word, because as a result of producing them, the Italian cheese makers achieve high valorisation of the milk. For a long time, less attention was paid because of that to the value of a residual waste flow, the liquid whey. In Italy, this was mainly used to feed the pigs. A missed opportunity, as the whey contains valuable components. By drying it, you can concentrate it into a product that consists of a minimum of 80% proteins.



In 2018, the VanDrie Group decided to capitalise on this opportunity with the takeover of Serum Italy. In order to manufacture products for human consumption, stricter requirements apply, in fields such as hygiene, safety and quality, for example. This also meant we needed to change our way of thinking, because we were faced with a different market: our future customers were producers of dairy and sports food. They have different needs to those of livestock feed manufacturers.”

“ Its only when you properly understand the needs of the customer, as well as your own product, that you can take the next step in the value chain.”

By entering the food market, the VanDrie Group has taken a step forward with Serum Italia in the value chain. The bar is higher for us now, but as a result of that, the value being obtained from whey is higher too. We process about 60,000 tonnes of liquid whey every year. I see enough opportunities to add more value there. For example, there are even more potential customers in the foodstuffs industry and many whey products are used for medical food, children’s food and baby food, As whey protein is very similar to breast milk in terms of amino acid composition. The VanDrie Group will continue investing in the processing of liquid whey into powdery products with broad application in the food industry. For example, we are not only looking for ways to create value, but we are simultaneously combating the waste of valuable nutritional raw materials.

Customer satisfaction

COVID-19 has meant that food fairs, which the VanDrie Group normally takes part in, were cancelled. We were also not able to receive customers at our companies. Direct contact with our customers is essential to properly serve customer wishes. For that reason, the VanDrie Group was the first meat producer in the world to develop and publish a **3D cuts book** in November 2020. By means of augmented reality technology (AR), customer specifications can easily be made clear remotely based on the images. In this way, customers all over the world can view various meat cuts from different perspectives.

Development, knowledge and innovation

The VanDrie Group wants to be a key player in a sustainable livestock farming sector that provides valuable nutritional food products and in which animal welfare and earning capacity within the chain are guaranteed. In view of the challenges facing the veal sector now and in the future, innovations to improve the chain are essential. That is why the VanDrie Group opened the Drieveld research centre in the village of Uddel in the province of Gelderland in 2020. The new research centre is going to help the Research and Development (R&D) department of the VanDrie Group in order to accelerate development in the chain. On the one hand by conducting practice-oriented research, and on the other hand by sharing knowledge and innovations with chain partners and stakeholders.



PROGRESS OF CSR OBJECTIVES

Drieveld has a stall with 1,064 places for calves, divided over five sections and a large viewing room that offers visitors the opportunity to observe everything. Two sections have been specially equipped for research on breeding calves (calves suitable for dairy farming) and three sections for calves destined for the veal sector. In this way, we aim to build a bridge between the dairy farm and calf husbandry. You can read more [here](#).



We are involved with various research projects directly or via our industry organisations (such as the Dutch Veal Industry Association (SBK)) or the Dutch Feed Industry Association (*Nederlandse Vereniging Diervoederindustrie, Nevedi*). In 2020, three public-private partnerships were started.

Reduction of emissions and improvement of stall climate by tackling the source in calf stalls.

In the quest for new stall systems in livestock farming, the reduction of emissions is the main focus. This is also of major importance to the veal sector. At the same time, the veal sector wants to prevent a one-sided focus on reducing emissions from leading to undesirable shifts to other themes, such as deteriorating animal health or animal welfare. That requires a more holistic approach. That is why the SBK has started a special research project which should make it clear with technical designs what the impact of these will be on stall climate, animal health (reduction in antibiotics) and animal welfare. The VanDrie Group is involved in this via the SBK. The duration is four years.

PROGRESS OF CSR OBJECTIVES

Better stall, better manure, better yield

Everything within this research project revolves around manure flows from new stall systems. Livestock farmers are urgently seeking new stall solutions that will reduce emissions of ammonia, methane and nitrous oxide. An important cause of these emissions is the combination of manure and urine. That is why research is being conducted into separating these two components. This also provides other manure products (e.g. in terms of their composition and their possible application in agriculture). The research is looking at how arable farming, which is an end-user of manure, can better utilise these products. Examples include precision fertilisation and as a replacement for artificial fertiliser. The VanDrie Group is involved in this via the SBK. The duration is four years.

Klimaatmonitor Nederlandse Agroproductie (Climate Monitor Dutch Agroproduction)

At this moment, the effect of Dutch agroproduction chains on our climate cannot easily be linked to Dutch climate policy. This is due to the difference in the orientation of the international chain approach that the business community applies and the national sectoral approach of the government. In the national approach (also referred to as the *schoorsteenbenadering* or 'chimney approach'), the effects of the efforts of agrosectors, which take place other than on the farm as the primary unit and beyond the national borders, are not taken into account. The business community does take these into account, however, by basing itself on a Life Cycle Assessment of its processes and products. The aim of this public-private partnership is to improve the monitoring of the Dutch Agro & Food production on the basis of the chain approach and the national registration (*schoorsteenbenadering*), and to align them more effectively. The VanDrie Group is involved via Nevedi. The duration is four years.





SUSTAINABILITY

As chain coordinator, we are driving the transition to a more sustainable sector. While on the one hand, we achieve this by focusing our production chain on obtaining the maximum value from the calf, by making our products more sustainable, by using alternative raw materials and by making optimal use of residual waste flows and residual heat in the food system, all of which are enabling us to fulfil the ambitions for a circular agricultural system, we also apply smart technologies and develop innovative solutions that reduce emissions in the calf husbandry, which is enabling us to contribute to the national climate objectives. In addition, we are investing in partnerships with knowledge partners and stakeholders in order to strengthen the chain. In this way, we are ensuring that the work carried out in every link of our chain is increasingly efficient, the impact on the environment and the surroundings is reduced and waste is prevented.

Maximising the value of calves

The Dutch veal sector emerged in the 1960s. With the growth of dairy farming, the number of calves also increased. However, not every calf is suitable for placement with the dairy farmer, bull calves being one example, so people started looking for other ways to enhance the value of these calves. Maximising the value of calves is the basis of the VanDrie Group. With respect for the intrinsic value of animals, we give our full commitment to process and utilise all parts of the calf in the best possible way. Our aim is to make optimal use of every meat component, raw material, residual waste flow or by-product. Thinking in terms of cycles and the use of residual waste flows has been intertwined in our policy from day one.

The coronavirus crisis created a situation in which valorising all components did not succeed in 2020. The demand for products suitable for the catering industry and food service came to a complete standstill for a long time, while quantities of frozen stock increased. The leather market stagnated for a long time, due to temporary closures of tanneries. As a result of this, the stock of calfskins increased and the revenues from these products decreased.



The road towards reducing emissions in the calf husbandry
Veal farmers must quickly and significantly reduce energy consumption and emissions, especially of ammonia and methane, between now and 2030. However, current stall systems are not designed for this and suitable techniques are not sufficiently available.

Within the Region Deal Foodvalley the VanDrie Group works together with agricultural entrepreneurs, governments, knowledge institutions and the business community in the region on innovation in agriculture. An important project in this Region Deal is focusing on emission reduction in livestock farming. Jan Workamp, affiliated with the Livestock Emission Reduction Practice Centre, is the theme leader for this component. In the *'Boer aan het Roer'* (Farmer at the helm) testing ground he works with livestock farmers to test out innovations in practice. In 2020, many livestock farmers signed up for this. The veal sector was well represented.

Jan Workamp: "It is estimated that around 70% of the ammonia on a veal farm is released from the manure pit. For the veal sector, the biggest gains in ammonia reduction can therefore be achieved in the stall. This requires systems that separate manure and urine, for example, so that emissions do not occur. Currently, only stall systems with air washers are registered for the veal sector. This filters the outgoing air to remove ammonia and odour, thereby benefiting local residents and the environment. It's an end-of-pipe solution. However, this does not change the indoor climate in the shed, even though there is much to be gained from it. The benefits include a healthier working environment for veal farmers and better animal health and welfare for their calves."

"An integrated approach was an important criterion in the selection of the innovations for the testing ground. Other criteria were feasibility and affordability, and preferably that the innovation is applicable in existing stables. In 2020, we received a relatively large number of applications from the veal sector. We see an enormous willingness among veal farmers to take part; many of them even come up with an idea or make their own farm available as a pilot farm. Some have even developed a particular technique on their own initiative, which they would like to have tested."

"To determine emissions, we are obliged to take measurements in the stalls at least during a full year."

“When innovating, the duration is always an issue. We often want it faster than it can be done in reality. In order to determine emissions, we are obliged to take measurements in the stalls for at least a full year.” We need to know what reductions that system achieves under different weather conditions and at different ventilation capacities. Only then will we know whether a new system will actually deliver the promised reduction in emissions.

In January 2021, the ‘Calf stable Ammonia Reduction’ pilot project started on a veal farm where an innovative system had been installed. Throughout 2021, the ammonia concentration on this farm will be measured. This is being carried out in cooperation with Wageningen University & Research and Utrecht University. In addition, we are further expanding the number of pilot farms. The aim is to take measurements at four veal farms by the end of 2021.”

Read more: In 2020, Marijke Everts, Director Corporate Affairs at the VanDrie Group, was closely involved in selecting the innovations

Reduction of greenhouse gas emissions

Within the context of the European Energy Directive (EED) obligations, an energy audit took place at Dutch VanDrie Group companies in 2020. An energy audit is a systematic check every four years in order to collect information about current energy consumption and a company’s opportunities to achieve savings. In total, the VanDrie Group has 11 locations in the Netherlands. An energy audit was conducted of six branches in the country. The other five branches have been certified in accordance with the environmental system ISO140001 + CO2 reduction management and are therefore exempt from the energy audit obligation. Various opportunities for savings emerged from the EED audit, which the companies have implemented in their multi-year investment plans. In this way, we continue working to achieve more efficient business operations and to reduce our climate impact. Our meat processing companies in the Netherlands are going to improve the utilisation of residual heat in the coming years. This should result in companies being practically gas-free by 2025. Some gas capacity will probably remain necessary in order to cope with emergencies or critical processes, such as the management of sterilisation water.

Sustainable raw materials

We are using more and more residual products for the production of our animal feed. However, we still have to purchase some of the raw materials directly. When doing so, we expressly look at sustainable options. Suppliers are assessed, among other things, on sustainability and environmental performance. As a result of our role as food producer, we believe we have a responsibility in that regard, but this is also because we can see that more public attention is being devoted to the use of certain raw materials. Examples include soya and palm oil. We do not turn a blind eye to that: we view it instead as incentive to continue looking for alternatives, to make our current raw materials flows even more sustainable and to communicate about the choices we are making.



Soya

About four percent of calf feed consists of soya products. They are very good vegetable proteins that are easily digestible for calves. Moreover, soya products have a favourable amino acid composition, in line with calves' need for digestible amino acids. The soya products that serve as raw material in our calf feed are by-products that are released during the production of soya oil. These raw materials comply with the Fefac Soy Sourcing Guidelines (FSSG).

In order to combat deforestation and the use of crop protection agents, while at the same time improving the position of farmers in the soya production areas, various initiatives have been set up for the use of responsible soya. Round Table on Responsible Soy (RTRS) is an important example of that. RTRS only allows soya for which no deforestation has taken place. The percentage of soya with an RTRS or other certificate is estimated to be 2 percent worldwide. The Dutch animal feed sector of which the VanDrie Group forms part, processes soya fully in accordance with these responsible soya standards. Our sector is therefore at the cutting edge of sustainable soya sourcing.

Palm oil

Approximately 0.5 percent of calf feed consists of palm oil. As an energy source it provides essential fatty acids (linoleic acid and linolenic acid) that cannot be created by an animal itself. These essential fatty acids subsequently help with the absorption of vitamins and are therefore indispensable to guarantee the calves' good health. For the Dutch production and sales, this complies fully with the certification of the Roundtable on Sustainable Palm Oil (RSPO). We have agreed in a covenant via the Dutch animal feed industry organisation (Nevedi) that all palm oil and palm-oil-related products that we purchase and are intended for consumption in the Netherlands are RSPO certified. RSPO is a multi-stakeholder organisation that determines the standard for sustainable palm oil production and sets rules such as no chopping down of rainforests and observance of human rights. At this moment, approximately 18% of all palm oil that is produced worldwide is RSPO certified.

Besides purchasing RSPO certified palm oil as part of the covenant, we are also collaborating with our supplier Olenex (part of Wilmar) on Mariposa. Mariposa is a fund in which companies donate money on the basis of the palm oil volumes that they buy. The Wilmar sustainability team, on behalf of Olenex, is going to set up projects in Latin America with that fund, by means of which palm oil farmers will be helped to become more sustainable. In this way, we also want to increase our impact. One of the projects is WISSE, which was launched at the end of 2019. During a three-year programme, more than 1,800 small farmers in Latin America will be trained to become sustainable entrepreneurs. The participants will receive training courses in order to combine sustainable, small-scale palm oil cultivation with nature preservation. Participants will also be coached to certify their production according to the strict sustainability criteria of the RSPO or the International Sustainability and Carbon Certification (ISCC) system.

Circular agriculture and the circular economy

The prediction is that the global population will consist of almost 10 billion people by 2050. If we want to feed them in a responsible manner, our food production must be more in balance with nature, so that we do not exhaust the Earth. The Dutch Ministry of Agriculture, Nature and Food Quality (LNV) is committed to a transition to circular agriculture. This is a system in which arable farming, livestock farming and horticulture primarily use raw materials from each other's chains and residual waste flows from the food industry and food chains.



PROGRESS OF CSR OBJECTIVES

By **connecting chains**, the companies of the VanDrie Group are working in various ways on achieving an efficient cycle. For example, the raw materials that we buy for our animal feed are to a considerable extent residual products and co-products from various dairy and food producers. About 80 percent of our calf milk consists of residual waste flows, such as whey, low fat milk powder and permeate (residual waste flows from the dairy and cheese industries). In addition, by-products make up a significant proportion of the muesli that calves eat. Approximately 30 percent of these products come from residual waste flows from arable farming (grain processing and oilseeds) and the food industry. When selecting the raw materials, we try to buy these locally as possible. With a share of 80 percent, we obtain the majority of our raw materials from Europe. More than a third of the raw materials come from within a 250-kilometre radius of our feed production sites.

Sustainable agriculture means a lot to the farmyard and the veal farmers with whom we collaborate. In 2020, we conducted a sustainability scan with our contract veal farmers in the Netherlands. Various indicators were mapped out: the use of water, energy, land, heat generation and production of manure. We will use the resulting data to inform veal farmers about average results, so that they can compare their efforts with other veal farmers. This will also serve as an incentive to take further sustainability steps. In the future, we will conduct this sustainability scan more often in order to make the progress clear.

The sustainability scan made it clear that at present 25 percent of the energy generation at the husbandry takes place via solar panels versus 75 percent of energy obtained via grid supply. This means that a considerable roof area is available for solar generation. Under the pretext of *'liever op dak dan in de weide'* (rather on the roof than in the meadow), it remains important that good support resources are available for veal farmers to achieve the transition to sustainable energy generation on the roof.

As a result of the sustainability scan, we now know the different ways in which manure is used or processed. 26 percent of the manure produced is used for the fertilisation of the veal farmers' own fields which they manage, while 25 percent of the manure produced goes to third parties, such as farmers in the vicinity. The remaining 49 percent goes to manure processing plants, such as *Stichting Mestverwerking Gelderland* (Gelderland Manure Processing Foundation, SMG). SMG processes incoming calf manure, after which the products from this are sold as manure for arable farms in the Netherlands and abroad and serve as raw material for companies that manufacture manure granules. The challenge remains to ensure that we keep reducing the impact on the environment. That is why we conduct ongoing research into new processing options and techniques. For example, we started the study entitled 'No Time to Waste' with Eindhoven University of Technology in 2020. This study focuses on the development of smart membranes that can selectively extract nitrogen components from aqueous manure streams. This can significantly reduce nitrogen emissions from the stalls. In addition, this allows the valuable minerals from manure streams to be provided in the correct, crop-specific proportions, thereby minimising the quantity that is flushed out into the ground and surface water.

Reducing waste.

Plastic is frequently used as packaging material both in our food and feed activities. These packagings serve to preserve the quality of products as long as possible and to extend the shelf-life of products. We can't do without them, unfortunately. We are, however, continuously searching for ways in which we can reduce the amount of plastic waste in our chain. We see at our animal feed companies that it helps if customers receive products in bulk instead of in bags. In 2020, the share of bulk rose, which resulted in a 19 percent reduction in waste at our Dutch animal feed companies compared to 2019.



PROGRESS OF CSR OBJECTIVES

An additional advantage of bulk deliveries is that the logistics becomes more efficient, as bulk lorries drive with compartments so that different loads can be transported at the same time. An increase in bulk deliveries therefore results in a decrease in the number of kilometres driven. In 2021, we want to make the waste flows at the companies more transparent in order to make further progress in our ambition to reduce waste. Want to know more about how we collaborate in the field of logistics? [Take a look at this.](#)





ANIMAL HEALTH AND WELFARE



ANIMAL HEALTH AND WELFARE

We are listening to the increasing global attention in society being devoted to improving animal welfare in animal protein chains. It is also our responsibility to guarantee the intrinsic value and needs of calves in our chain. We remain critical of our own practices and are continuously improving ourselves. Not only on our own, but also in collaboration with dairy and veal farmers and knowledge partners, we are searching for ways to improve animal health in general and reduce animal diseases. As a result of this, we can further reduce the use of antibiotics in our chain.

Animal welfare in the meat sector requires maximum cooperation. Working with animals in the meat sector is subject to strict legal requirements. Our meat processing plants are under permanent surveillance by various authorities and are subjected to camera monitoring. In addition, strict animal welfare protocols have been implemented at sector and individual company level. The meat sector is therefore able to minimise the number of animal welfare incidents that occur in meat processing plants. But, that number should be reduced to zero, says the Dutch Meat Association (COV).

In 2020, members of the COV, including the VanDrie Group, entered into discussions with each other to arrive at a sector-wide code of animal welfare. Karel de Greef, researcher in Animal Husbandry and Society at Wageningen Livestock Research, supervised this process.

Karel de Greef: "The process involved numerous interviews with employees from multiple organisational layers of the various participating organisations, including VanDrie subsidiaries Ekro and T. Boer & zn. This includes board members and location managers, Animal Welfare Officers (AWO), quality managers and production staff who work with animals on a daily basis. An important part of the process was also that stable managers and AWOs from the companies visited each other's production sites, to see and discuss how the other was doing. The findings of the interviews and visits served as a basis for the content of the Code of Conduct."

“ It is essential that companies in the meat sector work together more, in order to reflect on and learn from each other's practices for ensuring animal welfare.”

A key word that encapsulates the process is 'cooperation'. Cooperation is a word that has multiple meanings. Working with animals remains a matter of customisation. On the production line, cooperation between people must be maximised in order to be able to react adequately to animal behaviour and deviations in the process. But on a business-to-business level, it is essential that companies in the meat sector work together more, that they reflect on each other's methods for ensuring animal welfare and that they learn from each other. An equally crucial part is to implement this attitude among employees who work with animals.

Based on the findings of this process, the sector drew up the 'Code for animal welfare at the slaughterhouse', which came into force at the beginning of May 2021. Key measures included in the Code include establishing long-term working relationships with employees who work in the stall, exchanging experiences and best practices, providing more intensive employee training and involving external animal welfare specialists. By adopting this process, companies in the meat sector have consciously chosen to show openness to each other. When it comes to the careful handling of animals, visiting one another's sites is an activity that remains ongoing. The challenge now is to ensure that the joint effort is and remains in focus at all levels of the companies.”

Read more about the 'Code of Animal Welfare at the Slaughterhouse' [here](#).

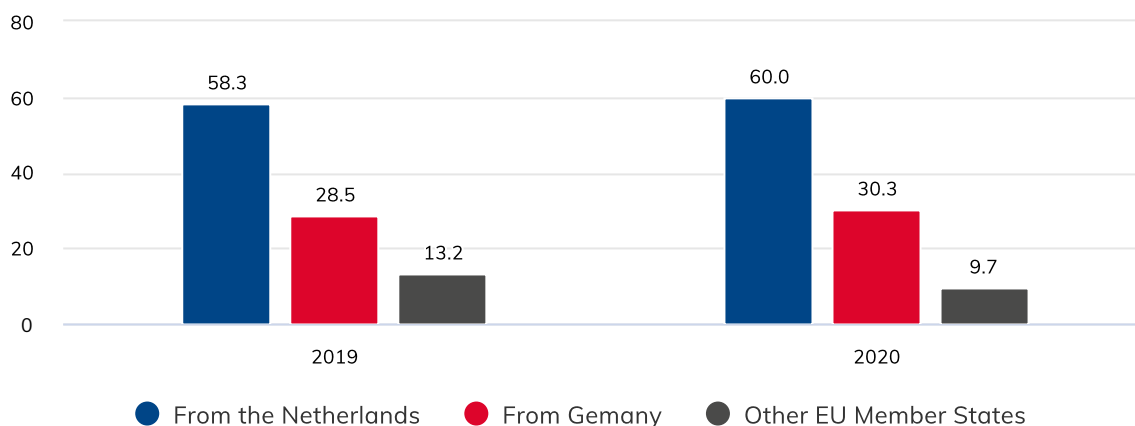
Import

In 2020, approximately 60 percent of the calves in our integration came from dairy farms in the Netherlands. This means we are dependent on imports to meet the demand from the market. The calves from abroad primarily came from our neighbouring country, Germany: 30 percent of the calves from our integration originate in Germany. The remaining 10 percent of the calves come from other EU Member States, primarily from Belgium, Luxembourg, Denmark, Estonia, Ireland and Lithuania. We have been reducing the number of calves that are transported over long distances for many years. Compared to the reference year 2009, long-distance transportation decreased by 32 percent in 2020. In 2020, we set out our goal regarding this theme in more specific terms. For example, we have decided to stop importing calves from Eastern Europe into the Netherlands by 2025. With this decision, we are speeding up the execution of the sectoral objective to reduce long-duration transportation by 20 percent by 2030.



Origin of calves in our integration

in percentage



Preventing animal diseases and reducing the use of antibiotics

In recent decades, there has been substantial investment in animal health management in our VanDrie chain. This has led to a considerable reduction in the use of antibiotics. Compared to 2007, the reduction achieved by 2020 was 63.2 percent. We are committed to reducing the use of antibiotics even further in the coming years. On a sectoral level, the goal is to reduce the use of antibiotics by a further 15 percent by 2022 compared to 2017. In 2020, we managed to achieve a reduction of 15.4 percent compared to 2017. We therefore managed to achieve our goal faster. A large amount of knowledge is acquired by means of research and that knowledge can be put to use on a practical level to achieve further reductions compared to the sectoral goal by 2022.

In 2020, for example, the VanDrie Group was active in a research project into polyserositis (infection of the serous membranes in calves) caused by the bacterium *Mannheimia haemolytica* in the calf husbandry sector in the Netherlands. *Mannheimia haemolytica* can be found in the nasal cavity and the pharynx, and around the tonsils in healthy animals. If the animals are under stress, however, or if their immune system has been weakened by an infection, the bacteria can multiply explosively in the upper airways. The large quantities of bacteria are inhaled by the animal in that case and become lodged in the deeper airways where they can cause pneumonia and pleurisy. Sick animals can infect other members of the herd via direct contact or via smearing of their mucus or nasal mucus. In the research project, pathophysiological and epidemiological research was conducted into the causes of this illness so that better guidance can be given to reduce the incidence of polyserositis.

PROGRESS OF CSR OBJECTIVES

In 2020 and 2021, the VanDrie Group participated in a sectoral study into salmonellosis at veal companies. Salmonellosis is caused by the salmonella bacteria. Cattle can absorb these bacteria via the trough. The bacteria subsequently lodge in the gastrointestinal canal, where they cause infections. After infection, animals excrete the bacteria via the manure over the course of several weeks. In this way, herd members can also become infected. It can also be transferred via visitors, clothing, tools or instruments, because the bacteria can remain living outside the animal. The most sensitive age for an infection among cattle is between two weeks and three months old. As part of the sectoral study, a study day has been organised for vets, advisers and veal farmers. A special hygiene protocol will also be developed that can be used in practice to prevent an outbreak of salmonella.



[Read here](#) how we collaborate every day with professionals on the prevention of animal diseases and improving welfare.

A CALF CONSUMES ROUGHLY


250 KG
OF CALF MILK POWDER


325 KG
OF MUESLI


35 KG
OF CHOPPED STRAW

Safe and complete animal feeds

Whereas calves received extremely uniform feed before 2009, primarily calf milk, that has changed dramatically in the past decade. The share of roughage in the feed package has increased by 150 percent in 2020 compared to 2012. A substantial part of the milk has therefore been replaced by more feed concentrate and roughage. The shift from milk to more vegetable raw materials produces a more vital and healthier calf. The rumen creates more vitamin B and there is iron in the roughage. More roughage thus contributes to species-specific behaviour, such as rumination, and at the same time it fosters health.



PROGRESS OF CSR OBJECTIVES



Feed for calves plays an important **role in improving the sustainability** of the calf husbandry, as better rumen fermentation and feed utilisation leads to a reduction of ammonia and methane emissions. An optimal composition of feed with roughage and feed concentrate leads to a lower nitrogen and phosphorous input and less loss of ammonia and methane in the calf husbandry. In recent years, the VanDrie Group has gained new insights into the phosphate needs of calves by carrying out R&D research. This has enabled a reduction to be made in the phosphate levels in feed.

In 2020, we managed to achieve a result of -6.2 percent compared to 2018.

Animal welfare in the chain

Safeguarding animal welfare is essential. We realise that the slaughter of animals is the most critical point in our production chain, and that this is something we may be called to account for. We always take signals altering us to possible non-compliance extremely seriously, wherever they have come from. At the beginning of 2020, the French animal rights organisation, L214, published images online that were made at veal processing company named Sobeval, which is a subsidiary of the VanDrie Group. According to L214, the images showed that Sobeval was not complying with the regulations with regard to the slaughtering process. In addition, L214 lodged a complaint with the public prosecutor from Périgueux. In the interim period, an administrative investigation was carried out at Sobeval by the French Ministry of Agriculture. That led to an improvement plan at Sobeval; a comprehensive training programme was given to employees. In October 2020, the prosecutor from Périgueux indicated that the case would be closed. Sobeval was not prosecuted.



FOOD SAFETY



FOOD SAFETY

We use our unique quality system, Safety Guard, to safeguard feed and food safety in each link of our production chain. The Safety Guard system also lays down the highest standards in terms of food safety, as a result of which our chain delivers high-quality, safe and nutritious protein-rich products that customers expect from us. With this system, we can trace every meat product that leaves our chain to the individual animal, the husbandry where it grew up and the feed that it received. In this way, we mitigate the risks of food safety violations and we can respond rapidly if there is a recall.

Responsible and safe production

All over the world, food safety and quality are the basic standards that customers and consumers expect from us as a food producer. Our Safety Guard quality system guarantees food safety, animal welfare, fire safety, occupational health and safety and the environment throughout the entire production chain. A fast-changing world requires structural and innovative solutions that extend beyond the current method of quality management. That is why we revised our quality structure in 2020. The transition envisages that the organisation will develop into a chain where quality ethos is proactively used to continuously improve our system and to be in compliance with the changing requirements within the system. Whereas control over the quality policy was previously performed by each of our subsidiaries, a central control has now been organised. In order to achieve this, a Corporate Chain Quality Officer who is responsible for this process was appointed in 2020. Moreover, the internal audit structure has been intensified.

An indicator to determine whether veal products and animal feed are have been produced responsibly and safely is the number of recalls (the recall of products by a supplier). Two recalls took place in our chain in 2020. With these recalls, veal was recalled due to food safety standards being breached. Due to the properly-functioning tracking and tracing system, the recalls were of limited size and it was possible to get in touch with customers quickly. The recall procedure was tightened within our animal feed companies in 2020, as a result of which it is possible to intervene at an earlier stage of the production in the event that the legal standards in the field of food safety are breached.



Pathogen prevention



Due to the outbreak of COVID-19, the political and social attention about (the introduction of) infectious animal diseases and zoonoses has grown. A zoonosis is an infectious disease that can jump from animal to human. Zoonoses occurring in the Netherlands include COVID-19, Lyme disease, Q fever, toxoplasmosis, salmonellosis and bird flu. About two thirds of the pathogens of infectious diseases come from (wild) animals. People can become infected with these in various ways: via food, water or air, and via direct contact with infected animals or pets or with contaminated animal material, such as manure. Zoonotic pathogens can also be transmitted by ticks and mosquitos.

We pursue an active policy to reduce pathogens so that outbreaks of infectious diseases are prevented. Prevention and

surveillance are essential principles within this policy. In 2020, we conducted a risk analysis into critical points in the chain. This analysis indicates the direction to be followed when developing appropriate preventive and counteractive measures.

In recent years, good coat hygiene has been an important point for attention within our chain. A clean coat without faeces is important to prevent contamination on the carcass and therefore enables the meat to be processed hygienically. The extra attention not only led to further regulations within the SKV, but also to better figures. We saw the delivery of soiled calves fall by 70 percent in 2020 compared to 2014.

Raising food safety in the chain up to a higher level

The VanDrie Group wants to further improve the quality structure and safeguarding of food safety within the chain. Labora, the lab of the VanDrie Group, plays a key role herein. In order to properly fulfil this function, innovation in terms of microbiological research and tracing pathogens is crucial. For that reason, 2020 was characterised by expansion for Labora. Auke Scheepstra, the Head of Laboratory and Meindert Nieland, quality manager and team leader of microbiology, talk about the new opportunities that the lab offers:

“Food safety has been laid down in the form of strict European legislation and regulations. Nevertheless, we’ve been seeing for a few years that both legislators and customers of food manufacturers are more and more frequently setting extra requirements, in order to limit risks further. Examples include ruling out certain materials, identifying new safety risks at an early stage and better self-regulation. In order to satisfy this growing demand for research and create room for implementing new techniques, Labora was thoroughly renovated in the space of one and a half years. This included the renovation of the existing lab and an expansion in the form of a new building.

The most important development is the expansion of our microbiological lab and the arrival of a Bio Safety Level 3 lab (BSL3). The design of a BSL3-lab is subject to extra strict safety requirements, as a result of which we can conduct research into pathogens that cause serious diseases more safely. Examples include so-called category 3 organisms, such as Shiga toxin-producing E. coli (STEC). This expansion means that we also have more space to use innovative research techniques. For a long time now, microbiological research has been conducted by means of PCR technology, with which Salmonella, Listeria and E.coli can be detected. A new innovation in this area is whole genome sequencing (WGS), a molecular technique that makes it possible to demonstrate relationships between pathogens in order to trace possible sources of infection.

“ By exchanging experiences and linking research results, we create synergy within the chain.”

With this renovation, the VanDrie Group is investing in knowledge and research techniques with which we can raise food safety in our chain to a higher level. Collaboration and knowledge sharing between the companies is extremely important in that regard. For that reason, we will be working in various chain projects on specific improvements within food safety in the coming year. Half of this is focused on research. Labora acts as a knowledge hub within the VanDrie Group and receives lots of samples from the different companies and a wide range of questions regarding food safety and interpretation of results. By exchanging experiences and linking research results, we create synergy within the chain.”

PROGRESS OF CSR OBJECTIVES

Food defence

In connection with food defence, our production facilities are protected against malicious actions that could threaten the security of production. In contrast to food safety, which concerns unintentional contamination, food defence assumes there has been intentional contamination. Protecting production facilities against such intentional contamination is necessary to guarantee food safety for customers and authorities.

Our companies are actively concerned with this theme. That means that a risk analysis is regularly made in order to identify the risks and vulnerabilities of the products, the facility and the facility's surroundings. Internal audits are also conducted in the food defence programme.



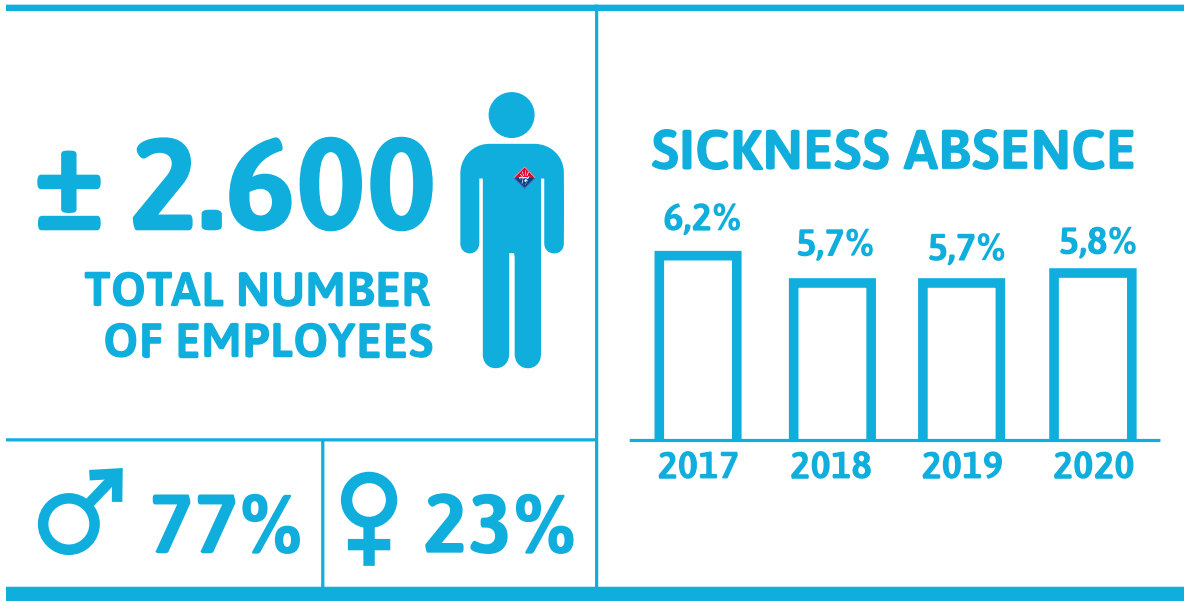


**GOOD EMPLOYMENT
PRACTICES**



GOOD EMPLOYMENT PRACTICES

Our employees are precious to us. We want to offer an inclusive workplace. We believe it is important that our employees have confidence in the people with whom they work, that they are given opportunities to develop themselves and that they are proud of their contribution within our organisation. Every employee deserves recognition for this. Good employment practices are not therefore limited to the people who have an employment contract with the VanDrie Group. We think it's important that temporary workers also feel at home within the VanDrie Group.



Occupational safety and health

The coronavirus crisis placed the theme of occupational safety and health in 2020 in a new light. A direct consequence of this was that additional measures were taken within our companies, in addition to the strict hygiene rules that were already in place. Where possible, our colleagues worked from home. A daily health check and direct disinfection were imposed at our production locations, which applied to all employees and visitors. A risk-oriented testing policy was implemented and wearing face masks became commonplace. In accordance with the guidelines from the National Institute for Public Health and the Environment (RIVM), production spaces were adjusted and the transporting of employees and hired-in workers was monitored. In our meat processing companies, special 'coronavirus supervisors' monitored compliance with the measures.



PROGRESS OF CSR OBJECTIVES

In spite of these measures, we were not able to keep out COVID-19. After more than a year of strict monitoring, various employees at subsidiaries in Apeldoorn tested positive in April 2021. Based on the baseline measurement, 55 people out of 1,360 employees turned out to be positive. This equates to an infection rate of 4.04 percent. In response to this, a decision was taken to close ESA until further measures could be implemented, such as more intensive testing and further adjustments in production halls, corridors and hygiene locks. The activities of Ekro and Ameco were also halted, as a precaution, in order to be able to guarantee absolute occupational health and safety for employees. Following an intensive improvement plan with lots of checks by the Netherlands Food and Consumer Product Safety Authority (NVWA), *Veiligheidsregio Noord Oost Gelderland* (Security Region North East Gelderland) and the Social Affairs and Employment Inspectorate (ISZW), the companies were able to quickly normalise the situation. Colleagues from T. Boer & zn share their experiences during the course of 2020 [here](#).

Position of hired-in workers

In our current working method, we make use of a considerable temporary workforce. Our ambition is to change this in the coming years. In 2021, a plan will be made to take on more permanent employees. We know that we cannot achieve this overnight and must continue working together with employment agencies. In order to safeguard the position of hired-in workers, we want employment agencies to make every effort to ensure that the living and transport conditions of our hired-in workers are kept fully in line with the guidelines, which, at the time of the COVID-19 crisis, were shifted to those of the RIVM and the applicable coronavirus protocols. We have been monitoring this right up to the present time. In 2020, we actively visited the housing locations of the migrant workers who work at our companies in order to make an independent assessment of the living conditions on site. Moreover, we verified in all cases whether that accommodation met the standards of the *Stichting Normering Flexwonen* (Foundation for Flexible Housing Standards, SNF). It was also identified which additional measures were necessary or desirable. This assessment was shared with the hiring companies and with the Dutch Meat Association (COV). In our internal audit plan, we included in 2020 that we want to repeat such checks annually. These checks will ensure fair pay, accommodation standards, good registration of data and that employees have health insurance. In 2020, we launched consultations with the municipality of Apeldoorn about achieving more and improved residential facilities for hired-in workers. However, given the pressure on the housing market, this is a difficult challenge.

Employment conditions

In 2020, discussions got under way in order to reach a new collective labour agreement (CAO) for the meat sector in the Netherlands. The previous collective labour agreement had a term of fourteen months and ended on 31 December 2020. On 7 May 2021, a new collective labour agreement was concluded. This collective labour agreement will run until 1 March 2022. The actual wages will be increased by 1.5 percent with retroactive effect from 1 March 2021 and by 1 percent from January 2022. In the previous collective labour agreement, an important outcome was achieved as a result of the negotiations: a special scheme for demanding professions, as a result of which employees can retire earlier.



Retiring earlier becomes possible due to the new Heavy Work scheme for the meat sector

In 2020, the collective labour agreement for the Dutch meat sector included a heavy work scheme for the first time. This new scheme was a result of the pension agreement. The meat sector is therefore one of the first sectors in the Netherlands to have developed such a heavy work scheme and make it available to its employees. Godfried Biemans, P&O Manager at ESA, is a member of the joint working group that developed this scheme.

Godfried Biemans: "In the meat sector, we are dealing with an ageing population, especially in the production departments. My generation started working very early and was generally very loyal. At a meat processor, you could therefore develop into an excellent professional with a certain specialism. However, this does make it difficult for them to find other work later in their careers. Working in a production environment of a meat processing plant is physically demanding work. At ESA, too, we have noticed for some years that employees who have been working in production for a long time have higher levels of absenteeism and visit the company doctor more frequently.

In view of the state pension age being raised to 67 in the Netherlands, not only the VanDrie Group but the entire meat sector felt the urgency to consider tax options that would allow the older generation of employees performing heavy work to retire earlier. At the end of 2020, COV representatives, together with the FNV and CNV trade unions, achieved a tax arrangement that makes this possible. The scheme applies to employees in the meat sector who have worked in a physically demanding job (had meat in their hands) for at least 20 years and have been employed by their final employer for at least 10 years. It's a temporary scheme that will last up to the end of 2025. This is a kind of generation pact that is now very relevant in view of the ageing population in our sector.

" The heavy work scheme is a kind of generation pact that is now very relevant in view of the ageing population in our sector."

At the same time, we are working within ESA on ways to further improve sustainable employability. For example, we are investigating the extent to which parts of our production process can be further automated and robotised. But also how we can organise task rotation in the production departments more effectively, so that employees have more physically diverse work. This is not easy, because it would require a person to learn new skills. Fortunately, we see that the younger generation is open to this."

[Read more](#) about the heavy work scheme.





Education and training

Due to the coronavirus crisis, a substantial proportion of our training courses were postponed. We did take measures, however, to ensure that all essential, regular training courses could go ahead. Examples include training on food safety and extra training regarding animal welfare. Work placements and graduation assignments also still took place, with the caveat that remote working was also the norm there. In 2020, we offered a place to 34 trainees. In 2020, a start was made on a joint training institute. In addition, the existing knowledge and available e-learning courses will be combined within our companies. In this way, we will learn from each other and we will motivate our employees to continue developing themselves.



APPENDIX

THE SCOPE OF THIS REPORT

Being accountable

This is the fourteenth year in which we have accounted for our activities. One of the ways that we do this is by means of this CSR report. In 2020, we performed our materiality assessment. The designated material themes form the basis for the reporting of our results.

Definition and scope

This year, the VanDrie Group is focusing primarily on the operational performance the Netherlands in 2020, but what we have done for the first time this year is to include more data about our foreign subsidiaries. The assurance report provides further clarification on that. Because additional data has been used, the figures for 2020 cannot be compared to the results from 2019. This applies, for example, to the results that relate to the consumption of gas, water and electricity. This annual report is intended mainly as a means of providing accountability to our stakeholders in the Netherlands. The report is based on the core GRI Standards. The report has also been drawn up in line with the criteria of the Transparency Benchmark of the Dutch Ministry of Economic Affairs and Climate.

The materiality matrix, which was revised in 2020, provides insight into what our stakeholders find important. We will now report on this. Given that we operate in a competitively sensitive market, we have consciously opted only to report on our financial results and internal structure to a limited extent in this report. We have also not provided a detailed report about our track and trace system, though this was in fact indicated as a material theme. This is a working system about which no objectives or results can be shared on an annual basis. We did not have any assurance carried out on material themes such as maximising the value of calves, safe and complete animal feeds or the prevention of pathogens. The CSR report is not an integrated annual report. We devote considerable attention to the topics that our stakeholders have indicated as highly relevant.

Management and control

The Corporate Affairs department is involved in determining the content of the report and manages the entire report process and the implementation of material issues inside and outside the company. The content of the report is determined on the basis of internal and external interviews and also of management reports from all companies. Het Portaal supported the VanDrie Group in terms of content, both when updating the materiality matrix and also with the substantive part. F19 developed the layout of the digital web environment. Translations were handled by Tekom Vertalers B.V.. The VanDrie Group's entire management team supervises the aforementioned developments. Every year, the material aspects of the business are discussed at the management meeting. Moreover, the effectiveness is considered and policy is amended and adjusted, is required. The approval of the publication of the CSR results is also decided within that meeting.

APPENDIX

The data in this report relates to the performance and material issues of the VanDrie Group (i.e. companies in which VanDrie Group Holding BV has a majority interest) and not to the performance of suppliers, customers, consumers, etc. The quantitative details in this report have been collected from financial systems, the personnel management system and Safety Guard. We do not possess an automated information system that covers all the information. A standardised reporting template is used to collect all information on an annual basis. Where possible, the data for this report has been measured. We have had to make estimates for several indicators for which no reliable, measured data was available yet. Those estimates are based on measured data. The data is evaluated internally before it is reported.

The reporting period runs from 1 January 2020 to 31 December 2020. The publication date is 30 June 2021. The **Assurance report** was drawn up by Mazars N.V.. A separate **GRI** index is also included in the report. Any changes to the definitions and measurement methods compared to previous years are stated in the report, together with the corresponding data.



APPENDIX



INDEPENDENT ASSURANCE REPORT

Assurance Report with limited degree of assurance by Mazars N.V.

Our conclusion

We examined the CSR indicators of Van Drie Holding (hereinafter the VanDrie Group) in Mijdrecht for 2020 that are included on the page entitled 'Table of indicators belonging to the assurance report'.

On the basis of the tasks performed and the assurance information obtained, we have no reason to suppose that the selected CSR indicators of the VanDrie Group, as displayed on the page 'Table of indicators belonging to the assurance report', were not, in all material respects, compiled in accordance with the applicable criteria.

The basis for our conclusion

We conducted our investigation in accordance with Dutch law, including the Dutch including Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information (attestation engagement)'. The focus of this assignment is to obtain a limited degree of assurance. Our responsibilities in this respect are described in the section 'Our responsibilities for the investigation'.

We are independent of VanDrie Group as required in the 'Regulation regarding the Independence of Accountants in the case of Assurance Engagement' (ViO). In addition, we complied with the Code of Conduct and Professional Practice for Accountants Regulation (VGBA).

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Applicable criteria

Our assignment is limited to the selected CSR indicators in the table on the page 'Table of indicators belonging to the assurance report'. The VanDrie Group reporting criteria apply to these selected CSR indicators. A more detailed description of the selected CSR indicators can be found in the explanatory notes to the table on the page 'Table of indicators belonging to the assurance report'. We believe that the data included in the table is relevant and appropriate to our evaluation.

Other information in the CSR report

The VanDrie Group has compiled its CSR report based on the Global Reporting Initiative (GRI) Standards Core. Application of the GRI guidelines requires specific activities. An important part consists of determining the material subjects and the scope of the report. The VanDrie Group has conducted a materiality analysis, making use of the materiality matrix found included on the page 'Table of indicators belonging to the assurance report'.

APPENDIX

We have read the CSR report and considered whether the information contains material deviations based on our knowledge and our understanding obtained by performing the tasks described under 'Our responsibilities for the investigation'. This work does not have the same depth as our work with respect to the selected CSR indicators in the table on the page 'Table of indicators belonging to the assurance report'.

Responsibilities of the board

The board of the VanDrie Group is responsible for drawing up the sustainability information in the CSR report in accordance with the reporting criteria of the organisation and the GRI Standards Core, including the identification of the intended users and the applicability of the adopted criteria to the objectives of the intended users.

The board is also responsible for such internal control that the board deems necessary to make it possible to compile, measure and evaluate the selected CSR indicators without deviations of material importance that form the result of errors or fraud.

Our responsibilities for the investigation

Our responsibility is to plan and execute an assurance task in such a way that we obtain sufficient and suitable assurance information to reach the conclusion that we are to deliver.

The work performed in that context is varied in nature and timing, as well as more limited in scope than for assurance engagements aimed at obtaining a reasonable degree of assurance. The degree of assurance that is obtained from assurance tasks focused on obtaining limited assurance is therefore also considerably lower than the assurance that is obtained from assurance tasks focused on obtaining reasonable assurance.

We apply the '*Nadere voorschriften kwaliteitssystemen*' (Regulations for Quality Management Systems, NVKS). As a result, we have a coherent system of quality control including established guidelines and procedures to ensure compliance with ethical requirements, professional standards and other relevant laws and regulations.

Our investigation consisted, among other things, of:

- identifying areas in the table of selected CSR indicators in which deviations of material importance as a result of errors or fraud are likely to occur, determining and performing assurance work to respond to these areas and obtaining assurance information that is sufficient and suitable as basis for our conclusion;
- considering the internal control that is relevant to the investigation with the aim of selecting assurance tasks that are appropriate in the circumstances. The aim of this consideration is not to express a conclusion about the effectiveness of the internal control of the entity;
- conducting an environmental analysis and obtaining an insight into the business sector in question, into the relevant social trends and issues, into the relevant legislation and regulations, and into the organisation's characteristics;
- determining the consistency between the information in the CSR report and the indicators in the table on the page entitled 'Table of indicators belonging to the assurance report';
- evaluating the suitability of the reporting criteria and the consistency of their application, such as by evaluating the reasonableness of the estimates made by management;
- obtaining information from the board and other officials of the entity;

APPENDIX

- carrying out analytical procedures and analysis into the interrelationship of data;
- carrying out more detailed checks if the results of the analytical procedures warranted this.

Use of this assurance report

This assurance report only relates to the evaluation of the performance of the selected CSR indicators for the VanDrie Group as found in the table on the page entitled 'Table of indicators belonging to the assurance report'. This assurance report is therefore of limited scope and does not provide any assurance of the VanDrie Group's overall CSR performance for the year in question.

Amsterdam, 1 July 2021

Mazars N.V.

R.C.H.M. Horsmans M.A., RA RV



APPENDIX

Table of indicators belonging to the assurance report

Indicators

Indicator	Unit	2020	2019	Flux
Number of employees	<i>Headcount at year-end</i>	2,551	1,289	1,262 ⁽¹⁾
Full-time employees	<i>FTEs at year-end – including interns</i>	2,422	1,199	1,223 ⁽¹⁾
Proportion of male employees	<i>% of headcounts</i>	76.6%	83.6%	-7% ⁽¹⁾
Proportion of female employees	<i>% of headcounts</i>	23.4%	16.4%	7% ⁽¹⁾
Sickness absence	<i>Percentage</i>	5.8%	5.9%	0.1% ⁽¹⁾
Average years of service	<i>Average</i>	12.9	12.9	0 ⁽¹⁾
Average age	<i>Average</i>	44.6	45.3	-0.7 ⁽¹⁾
Number of hired-in workers	<i>Headcount at year-end⁽²⁾</i>	1,432	1,413	-114 ⁽¹⁾
Electricity consumption	<i>kWh per tonne of feed</i>	26.9	26	26.9 ⁽¹⁾
	<i>kWh per calf or cow slaughtered</i>	44	34	10 ⁽¹⁾
Water consumption	<i>m3 per tonne of feed</i>	0.20	0.05	0.15 ⁽¹⁾
	<i>m3 per calf or cow slaughtered</i>	0.79	0.67	0.12 ⁽¹⁾
Gas consumption	<i>m3 per tonne of feed</i>	0.63	1.80	-1.17 ⁽¹⁾
	<i>m3 per calf or cow slaughtered</i>	3.34	1.55	1.79 ⁽¹⁾
Antibiotics dosages per animal per day	<i>% decrease compared to 2007⁽³⁾</i>	63.20%	61.40%	-1.80%
Number of recalls	<i>Number</i>	2	2	0 ⁽¹⁾
Number of external audits	<i>Number</i>	100	95	5 ⁽¹⁾
Provenance of calves⁽⁴⁾	<i>The Netherlands</i>	60.0%	58.3%	1.76%
	<i>Germany</i>	30.3%	28.5%	1.82%
	<i>Rest of EU</i>	9.7%	13.2%	-3.56%

⁽¹⁾ The scope of the activities for the CSR report for the VanDrie Group relates to the Dutch, French, German and Italian entities this year. **In 2019, the scope included only the entities in the Netherlands.** Due to the expansion of the scope, it is **NOT** possible to compare the data for 2020 with the data for 2019.

⁽²⁾ Hired workers is understood to mean employees that are employed within the companies of the VanDrie Group via employment agencies and do not have an employment contract with an entity of the VanDrie Group.

APPENDIX

(3) New measurement method for daily dosages
Since 1 January 2015, InfoKalf (database), in compliance with the SDa, has applied the so-called MID dosage when calculating the key figures in terms of animal dosages. Following on from this, VanDrie recalculated its key figures for antibiotics dosages for each pair of calves delivered, with retrospective effect from 1 January 2007.

(4) The provenance of the calves in the integration of the VanDrie Group excludes calves that are sold by Van Drie bv.

