

CSR ANNUAL REPORT 2012



VEAL WITH VISION



VanDrie Group

CONTROLLED QUALITY VEAL

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INTRODUCTION



VanDrie Group presents..

..the major developments since 2006 within the company in the area of Corporate Social Responsibility (CSR) in an annual report.

Transparency is the keyword here. In this CSR report, the VanDrie Group presents the results of 2012 and the plans for 2013 and beyond. We pay special attention in this report to the key points within the VanDrie Group's CSR policy that we have worked hard for in 2012: our organisation & ambition, food safety, animal welfare and our surroundings & environment. The VanDrie Group is a financially healthy Dutch family company. What also typifies our mode of operation: taking responsibility and entering into long-term collaborations with employees, veal farmers and partners.





VanDrie Group
CONTROLLED QUALITY VEAL


INTRODUCTION



Henny Swinkels
Director Corporate Affairs VanDrie Group

Much time is invested in building trust in existing and new markets. For example, in 2012, much effort was made to expand the Japanese market for veal. In 2013, we are focusing, among other things, on market access in India and China and re-opening of the United States. Food safety is a basic principle, also for new markets. For years we have worked with our integrated quality system, Safety Guard, which guarantees the food safety through the entire chain.

Our long-term vision is not only focused on the opening of new markets. We always look, for example, at new possibilities to replace raw materials that are growing scarce. A striking example of the search to increase the value of all the flows from the production process is the 'Mest vol waarden' (Manure full of values) project. This project was started in 2012 in collaboration with the Wageningen UR (University & Research Centre). 'Mest vol waarden' aims to change the current manure policy and to offer space to refine manure in order to distil out the valuable components. Special



organic binding agents such as proteins, amino acids, fatty acids and other chemical specialities must be retrieved. Manure must be a raw material in the bio-based economy through which manure surpluses can be cleaned up. We would like to produce a high quality product from it, at a profit, thus extracting added value from the so-called manure surplus (Cradle to Cradle). This effort requires focus, research and adjustment. Money is also needed from the European Union for research and implementation. Attention for sustainability is also reflected in our daily production process. At our Casalbuttano production location in Italy, more than 75 percent of the energy need is self-generated. That energy is used to dry the whey.

Our license to produce is especially dependent on the environment in which we are active. The VanDrie Group does not stand by itself. For example, the relationship we have with our employees is extremely important. We are proud that we come out significantly above the national average with an average number of years of service of 13.1. Together with veal farmers, we also invest a lot in the relationship with local partners in the chain.

VanDrie Group defines Corporate Social Responsibility (CSR) an awareness of the world around us. We know where our responsibilities lie and we shoulder them wholeheartedly: whether in relation to our employees, consumers, calves or the environment. Driven by our intrinsic motivation and our ambition to be innovative, we are now ready to take the next step in our CSR strategy. We are adopting the principle of creating shared value: identifying sustainable solutions for CSR dilemmas and issues by reinforcing our relationships with suppliers and buyers in the chain. We are confident that solutions to be found in shared responsibility with other chain partners hold the key to compelling and lasting answers to the social challenges we face jointly.

We would like to show you what we have done in 2012. You can send your questions or comments about this CSR report to info@vandriegrup.com

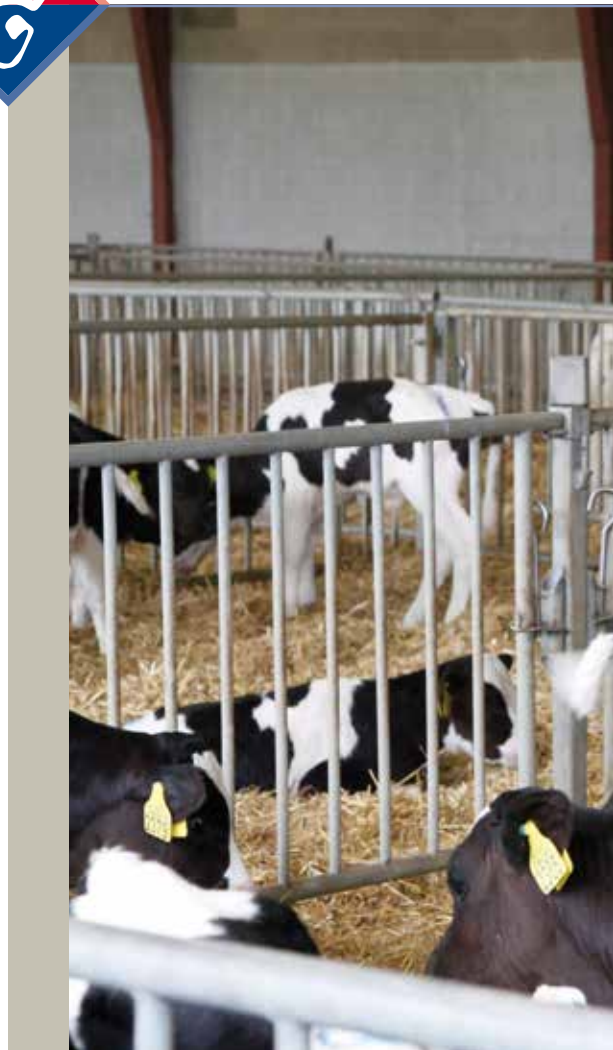
OUR ORGANISATION & AMBITION



VanDrie Group

The VanDrie Group is world market leader in veal. The group consists of 23 companies that are specialised in the trade, production or processing of veal, calf milk powder, roughage & muesli, calfskins and the trade and production of basic dairy products. Our close cooperation with dairy farms, for which 75 percent of the calves is actually a sideline, is of crucial importance. The VanDrie Group specialises in the almost complete increase in economic value of the calves and other side-lines from the dairy farms and the dairy industry.

With annual sales of approximately two billion Euros, we are the largest private concern in the agricultural sector in the Netherlands. Approximately 95 percent of our production is destined for abroad; we export to more than 60 countries and that number increases each year. Our market share within Europe is ± 28 percent, with Italy, France and Germany as the largest customers.





OUR ORGANISATION & AMBITION



Founder

Jan van Drie Sr.

Managing Directors VanDrie Group

René van Drie


Jan van Drie Jr.

Herman van Drie

The VanDrie Group is a Dutch family company. That fact is carried out in our organisation in the manner in which we deal with each other, with people and animals and with society as a whole. In addition, respect is the basis within our family company. The people who work in our companies carefully guide the veal farmers with whom we work. The calves receive the attention that they deserve in the area of health and welfare. And we keep the feed production under our control so that we can monitor the quality ourselves.

There are approximately 260,000 family businesses in the Netherlands. Family businesses represent 53 percent of the gross national product and are responsible for 49 percent of the employment.*

Family businesses are known for traditional values, such as long-term strategy, strong financial basis, customer loyalty, capacity for innovation and a clear focus on sustainability. The VanDrie Group is a typical family company. Jan van Drie bought



his first young calf in the early 1960s in order to increase its economic value. The group, that is managed by three sons of the founder, Jan van Drie, now constitutes the largest veal integration in the world with more than 20 companies. We do not strive for maximum profit and gain in the short-term, but for stewardship and asset accumulation for the next generations. An important goal of our long-term investments is the building of trust in existing, as well as new marketing countries. Long-term cooperation with partners within and outside of our chain is also central to our business operation.

As an agricultural and food company, the VanDrie Group is ranked number nine in the “top 100 Family Businesses” in Elsevier magazine. Since 2008, family businesses appear to be considered by banks to be more resistant to crises than, for example, enterprises listed on the stock exchange. The list shows that family businesses are of eminent importance to the Dutch economy. The family business that forms the backbone of the Dutch economy, also appears to be a stable employer and a reliable relation in times of economic downturn.

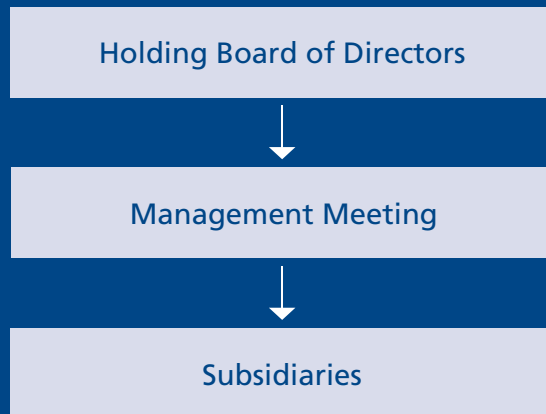
* ING Economic Agency, ‘Strategy and chances in the family business’, April 2013 and study by Nyenrode Business University 2010

You can find more information about the organisational structure of the VanDrie Group and the veal chain via [attachment 1](#).

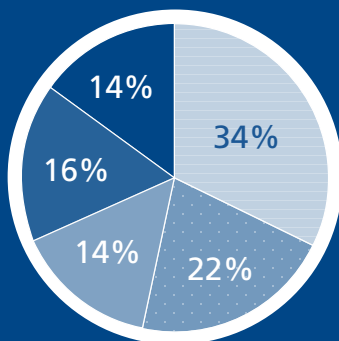
OUR ORGANISATION & AMBITION



ORGANISATIONAL STRUCTURE



VEAL DISTRIBUTION



Italy

France

rest of Europe

Germany

outside of EU

Facts and numbers

Our people:

- ± 1,700 employees
- ± 1,500 veal farmers

Our products:

- ± 1.4 million calves
- ± 500,000 tons calf milk powder
- ± 125,000 tons muesli & roughage
- ± 250,000 tons trade in basic dairy products
- ± 1.3 million calfskins

Our customers:

The food service industry (wholesale), retail, supermarkets, butchers, hotels, restaurants, catering and institutional markets

Our results:

- Sales 2011: ± 2 billion Euros
- Profit after taxes over 2011: 56.6 million Euros
- Export: 95% to more than 60 countries

Our concepts:

VanDrie Controlled Quality Veal,
Peter's Farm, Vitender, Friander

Lead by Example

Because we are the world market leader, we have to be an example for the rest and we are happy to take on this responsibility. That is why we invest a significant share of the profits back into the group. So that we develop ourselves further as a company and can continue to grow while lowering the burden on the environment at the same time. With the result a reduction of medicine usage in our animals, calves receive the best nourishment and have a better life for their entire life cycle. So that consumers are able to enjoy safe and delicious meat on their plate with our veal.

“The VanDrie Group is a Dutch family business that stands for high quality and safe products. We consider respect for people, animals and the environment to be of paramount importance. And we care about what it is we leave behind for the next generations. This belief is reflected in our logo, which consists of a hand and a calf symbolising respect for humans and animals.”



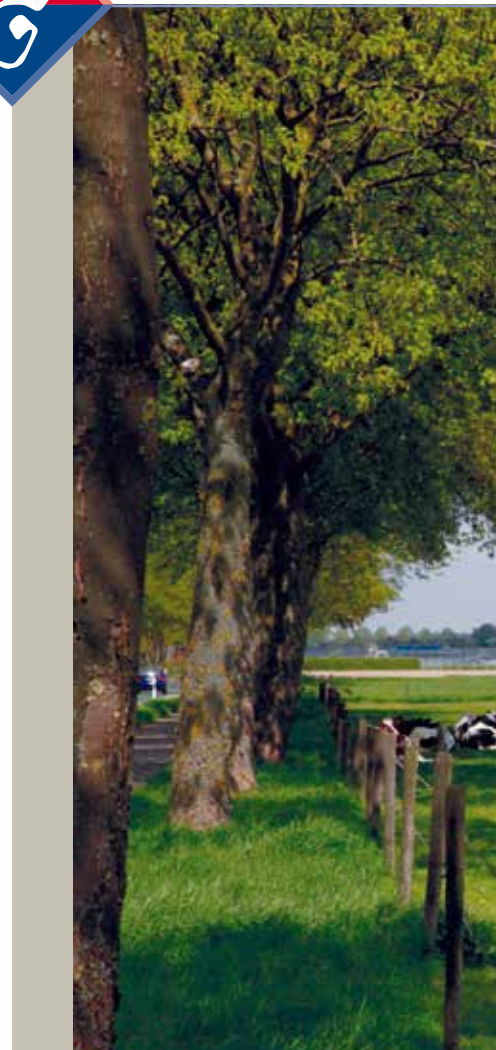
VISION & AMBITION



VanDrie Group employs a CSR policy where relevant issues are signalled early on and running, sustainable solutions are sought to face the challenges within our sector. We do our best to make the entire chain sustainable and try to take steps forward at every single link of the chain. Relevant stakeholders recognise our demonstrable results in the areas of animal welfare, sheltering, manure processing, quality assurance and new market concepts, amongst others. Last year, and for the second year in a row, the VanDrie Group was the highest rated family business in the agricultural business in the Transparency Benchmark of the Ministry of Economic Affairs (known as EL&I then).

Driven by our intrinsic motivation and our ambition to be innovative, we now take our next step in our CSR policy. We want to find sustainable solutions, by means of the principle of 'creating shared value', for CSR dilemmas and issues through the strengthening of our chain relationships with suppliers and customers. We are convinced that the solutions that are found in the shared responsibility with other partners in the chain, make powerful and sustainable answers to the social issues for which we stand collectively.

More information about VanDrie Group's CSR vision can be found via [attachment 2](#).





STRATEGY



Socially Responsible Entrepreneurship is anchored in VanDrie Group's business operations. In order to stay ahead of the societal developments our CSR strategy for the next four years contains a number of clear priorities that are closely related to economic, ecological and social developments:

- A close cooperation with other players and partners in the chain, such as the dairy farmers and the dairy sector;
- Expanding relationships with animal health and welfare organisations and other societal institutions;
- Further improving animal welfare;
- Further reducing use of antibiotics in veal farming through a chain-driven approach;
- Using raw materials more efficiently and optimising the use of residual products and by-products;
- Researching new qualitative sources of proteins and fats for animal feed that does not compete with consumption purposes for people;
- Contributing to the feeding of nine billion people in 2050 by not only supplying veal, but also by sharing our knowledge and expertise.





CSR - MODEL



We developed the model (on the right page) in order to show which issues constitute the main principles of our CSR-policy and to provide understanding of how we handle the CSR-themes and what progress we are making.

At the top of this model is our company philosophy, formulated as 'our organisation & ambition'. We give content and direction to our CSR-policy by means of 'our people', 'our work method' and 'our collaborations'. The VanDrie Group's sense of social responsibility is based on three pillars:

- Food Safety
- Animal Welfare
- Surroundings & Environment

We point out two relevant CSR-themes within each pillar.

For Food Safety, they are:

- Reliable food
- Responsible food

For Animal Welfare, they are:

- Animal health
- Good living conditions

For Surroundings & Environment, they are:

- Cradle to Cradle
- Reduction environmental influence

We will discuss these subjects, amongst others, in this annual report. This model is detailed on our website under CSR (MVO). There we describe dilemmas, the objective that we pursue, our approach to this theme, planning and with whom we collaborate on that particular issue. The content of each theme in this schedule will be updated at least once per year.

More information about VanDrie Group's CSR-policy and the model is located on [our website](#) and [attachment 3](#).



VanDrie Group
CONTROLLED QUALITY VEAL

Our organisation & ambition

Our people

Our work method

Our collaborations

Food Safety

Animal Welfare

Surroundings &
Environment

Reliable food

Animal health

Cradle to Cradle

Responsible food

Good living conditions

Reduction
environmental influence

OUR COMPANY: CSR IN ORGANISATION & AMBITION



As a family business and as world market leader, we have the ambition to be forerunner when it concerns social developments in our sector. Taking responsibility always begins at home. The management bears the responsibility for the entire CSR policy, each business unit has its own objectives and responsibilities within the policy.

Regarding our people, we strive to have healthy employees in a safe workplace with plenty of possibilities for personal development.

In order to safeguard the quality and safety of our products, we employ a work method throughout the entire chain of our business that can be checked at any time and wherein quality and safety come first. The VanDrie Group employs a unique system that monitors the entire integral chain: Safety Guard identifies, controls and registers each calf during the entire chain process via the individual identification number by means.

In addition, for us, taking responsibility means being in contact with the outside world, disseminating knowledge to our business relations and working together in the chain.





OUR ORGANISATION & AMBITION



Facts and numbers

2012 Results:

- Year of Safety at Schils and Eurolat with adjustments to the buildings and information activities that focused on safety;
- Continue attention for training: own training at VanDrie Group, 114 certificates awarded for various courses at Ekro;
- Decrease in absenteeism to 5.4%;
- Continuing with the preventive medical examinations for our employees.

2013 Ambition:

- Continue attention for developing our employee talent;
- Keep absenteeism low;
- Continuing to focus attention on measures that promote safety and health and for making the corresponding effects measurable.

Safety on the work floor comes first in everything that we do. One example of this is the 'Year of the Safety' that our companies, Schils and Eurolat, have just completed. During this themed year, initiatives were taken to further increase the safety of employees. Adjustments were made to the buildings and safe handling was demonstrated to the employees via informational activities.

Where possible, we also stimulate our employees to work on their physical and mental health. In this way, we have, for example, a bicycle plan and the 'Fit in your Skin' programme with which employees can improve their physical condition. The VanDrie Group also stimulates personal development and growth. We offer refresher courses, training and an individual training course at Ekro. In 2012, the BHV/EHBO (Emergency Response/Emergency First-Aid) employees received the training, 'Operational instruction on the work floor' (30 man-hours in total). There were 90 production employees who participa-



ted at Ekro in the HACCP-training from SVO vakopleidingen Food, in which issues such as food safety, (personal) hygiene and labelling were addressed. More information about the training possibilities at VanDrie Group can be found via [attachment 4](#).

Another initiative is the Preventive Medical Examination, which our employees can have done every four years. Here, the 'fittest' component provides a good view of the physical and mental health of each employee.

The average age of the employees at VanDrie Group is 42.9 years.

Keeping the absenteeism as low as possible is important for the company, socially as well as economically. We are then also happy that the absenteeism has decreased from 6.7 percent in 2011 to 5.4 percent in 2012. While at the same time, we, as food manufacturer, are subject to strict rules whereby employees are requested to stay home sooner in order to minimise the risk of contamination. For tables, figures and detailed information about our personnel policy, see [attachment 5](#).

OUR ORGANISATION & AMBITION



Facts and numbers

2012 Results:

- Optimisation of ISO 22000 and ISO 14001.

2013 Ambition:

- Further Safety Guard collaboration with SKV/IKB (Veal Sector Quality Guarantee Foundation/Chain Management Integration), resulting in the SKV controllers having to make fewer spot checks;
- Quantification of Safety Guard objectives.

The VanDrie Group has the chain in its control. In this way, we can guarantee the quality, safety and traceability of our products.

With Safety Guard, we have an in-house quality programme that monitors the chain: from the intake of the young calves (fed only milk) up to and including the distribution of veal. The chain approach is carried through consistently, with the goal of optimal efficiency and information exchange in the entire chain.

Safety Guard adopts national and international regulations and takes into consideration the customer and consumer requirements. If suppliers do not satisfy the Safety Guard conditions, we help them to do so. If progress then still fails to occur, the collaboration will be terminated.

Due to the guarantees that we are able to provide about the quality and food safety of our products, based on our Safety Guard quality system, we see possibilities for making agreements in more countries in the



coming years regarding market access for Dutch veal. The foundation of Safety Guard is based on the ISO 22000 and ISO 14001 guidelines. We can guarantee the food safety because we continuously compare and optimise the individual quality systems. More information about Safety Guard can be found via [attachment 6](#). See also www.vandriegroup.com/guarantees/safety-guard

VealVision provides complete tracking & tracing of all the veal that we supply. The complete history of each individual calf can be ascertained via the ear tag (Identification & Registration number): where it came from, where it has been, health data, which food and medicines the animal has had, where and when it was butchered.

Because the traceability within our system is completely conclusive, we more than satisfy the requirements of the General Food Law, the strictest regulation in Europe regarding food safety.

OUR WORK METHOD



OUR ORGANISATION & AMBITION



Facts and numbers

2012 Results:

- Steps were taken in order to arrange controls by SKV more efficiently;
- Participated in the implementation agenda for Sustainable Stock Farming;
- Initiated or supported various research experiments in the area of animal welfare.

2013 Ambition:

- Intensify contacts with stakeholders;
- Continue sector-wide research experiments;
- Renewed support of charities.

The VanDrie Group believes that good collaboration with suppliers and customers, and with social organisations and institutions, is of vital importance. We collaborate with relevant stakeholders on controllable and transparent quality systems for all business operations.

Therefore, the group is a member of the Central Organisation of the Meat Sector (Centrale Organisatie Vleessector or COV) and of the Veal Sector Quality Guarantee Foundation (Stichting Kwaliteitsgarantie Vleeskalversector or SKV). The latter is an independent foundation that was established in 1990 from within the sector with the goal of promoting the quality of veal and calf feed and guaranteeing that veal is produced without use of undesired growth-promoting agents. SKV has the right to take samples and to conduct visual checks among the veal calves at the members' locations at any time. In this way, veal farmers show to their customers that they produce veal in a responsible manner.

The VanDrie Group is a participant in the Implementation Agenda for Sustainable

Stock Farming. One of the six points on that agenda where we would like to achieve results in the coming years is system innovation. We want continuous investment in research and innovation within the sector that focuses on:

- Promoting animal health and improving animal welfare;
- Providing management support to veal farmers;
- Using new raw materials for animal feed;
- Food safety;
- Product quality;
- Environmental Conservation.

A think tank within our organisation is working on possibilities for innovation in animal feed and management adjustments and seven employees from the VanDrie Group are working on the implementation and expansion of research studies.

Outside of the sector, we collaborate with parties such as Wageningen UR and organisations for animal health and animal welfare. The VanDrie Group also views operating responsibly internationally as a CSR task. We take into account the different philosophies and religions in the world by, for example, numb butchering

and by not working on Sunday. And we see it as an order to share our knowledge and skill with our business relations and to promote international business relations.

An overview of the partners and stakeholders with whom the VanDrie Group collaborates can be found on [attachment 7](#)

In addition, we consider supporting charities to be our responsibility. Amongst others, we support the 'Stichting Kinderen en Kansen' (Children and Chances Foundation for children with Sanfilippo Syndrome, a deadly metabolic disorder) and the Alpe D'HuZes initiative. In 2012, the VanDrie Group had a corporate gift made at Abrona, which is a Christian organisation specialised in providing services to people with an intellectual limitation. We will also definitely continue this line in 2013.

COLLABORATION



FOOD SAFETY



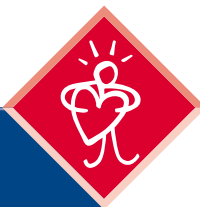
Our first responsibility as veal producer is that reliable, responsible food products are brought on the market. Keeping and slaughtering of animals, and the preparation, packaging, labelling, transportation of products is regulated. The VanDrie Group works to the highest standards and is controlled by the Dutch food and consumer product safety authorities (NVWA). Safety and quality are then also top priority and we strive to guarantee that for one hundred percent.

We can do that via our own quality system, Safety Guard. Starting at the very first link in the chain, the VanDrie Group works on the following: the health of the animal, the safety of the animal caretakers, how to prevent or treat possible illnesses in the calves, etc.; this enables us to supply safe and high quality veal to our customers at the end of the chain.

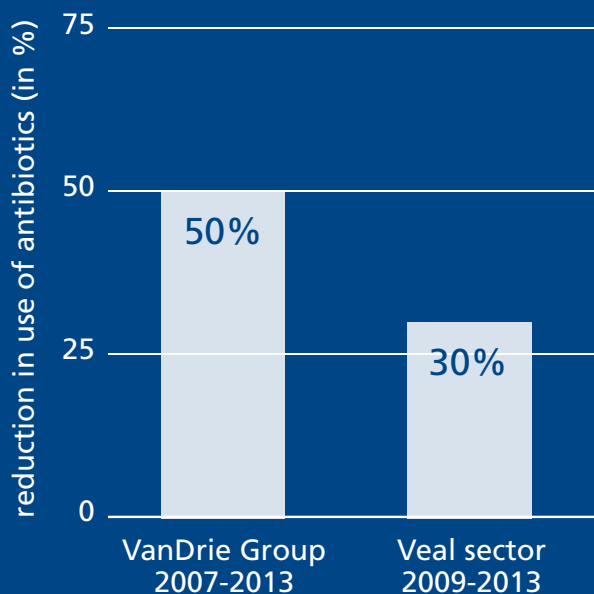




FOOD SAFETY



OVERVIEW WITH ANTIBIOTIC DAILY DOSAGE TO ANIMALS



Production of safe food is a priority for VanDrie Group. Through optimal execution of a number of measures, we achieve maximum food safety:

- Our tracking & tracing system guarantees traceability of calves, feed and raw materials;
- We use only safe feed producers, i.e. our own GMP+ certified production companies;
- We only work with veal farmers that are certified members of IKB (Dutch system of quality control in the veal sector) www.ikbkalveren.nl;
- We do not deliver calves to slaughterhouses during medication withdrawal periods;
- We operate a restrictive policy in relation to antibiotics and we undertake various trials to improve the vitality of calves.

The VanDrie Group works in all sorts of ways on the health of the calves. We do this because we think the health and welfare of the animals are important and because we want to produce safe food. Most of our attention goes towards limiting the



use of antibiotics, reducing the risk of animal diseases and searching for optimal measures in order to be able to guarantee food safety.

Reduction in use of antibiotics

The use of antibiotics within and outside of stock farming is scrutinised considerably. The VanDrie Group is a trendsetter in the approach to this problem. Because of the efforts of our employees, veal farmers and veterinarians together we have realised a 50 percent reduction in the use of veal antibiotics in a period of five years. We are active in a number of areas in order to increase the immune system of the young calves and to prevent diseases. For example, there are 43 veal farmers who have been working with homeopathic resources since at least 2010 in order to support the reduction of antibiotic usage. This is unknown territory for the sector and this treatment is developed by us.

FOOD SAFETY



The 2012 statistics show positive results on a large scale for the first time. Before the veal farmers began with homeopathy, they had an antibiotic usage that was, on average, 4 percent higher than at other VanDrie companies. In 2012, these 'homeopathy companies' scored precisely 10 percent lower on antibiotic usage, whereas the average production numbers were all equal to or even better than at comparable companies where no homeopathy was applied.

Bacteria cultures are a different resource that is used in order to strengthen the immune system of the calves. At 20 companies on a weekly basis, the veal farmer sprays bacteria cultures so that good bacteria replace the bad, disease-causing bacteria. We are doing this project together with the NobleBio Company and with LTO (Land and Horticulture Organisation). The project has 3 rounds and the last pair will not be delivered until the end of 2013. The results will be announced in 2014. In collabora-

tion with the Veterinary Medicine Department of Utrecht University, 48 veal farmers, including 36 companies where our calves are kept, are working on a sector-wide study focused on new protocols reducing MRSA (Methicillin-resistant Staphylococcus aureus) and advancing resistance development. They are looking into whether the employment of other rules and agreements can prevent diseases. Combined with the cleaning and disinfecting of companies in preparation for the arrival of young calves, this research could lead to fewer MRSA infections and less chance of resistance to antibiotics. The first results of this research are expected in 2013.

At 80 veal farms, including 60 companies from the VanDrie Group, a sector-wide vaccination study is being performed together with two pharmaceutical companies. Two vaccines against lung disorders are being tested for the purpose of reducing the number of daily doses of antibiotics. The results of this research are expected in 2013.

Preventing the introduction of diseases

It is important that the introduction of a disease, somewhere in the chain, is prevented whenever possible. Young calves are sensitive to contracting diseases. Calf diarrhoea can, for example, lead to damage to the intestinal tract, through which other infections can easily occur. Disease prevention is therefore crucial, certainly in the first weeks after birth.



FOOD SAFETY



Facts and numbers

2012 Results:

- 50% reduction in daily doses of antibiotics to animals (2007-2012);
- Positive results in homeopathy experiments;
- Participation in sector-wide studies into usefulness of administering bacteria cultures, use of MRSA protocols and vaccination research.

2013 Ambition:

- Further reduction in use of antibiotics;
- Continuation of the above studies and implementing the recommendations that result from the research.

For the VanDrie Group, and the veal sector in general, the minimisation of risks is an essential part of the policy. Good shelter, care and food are important contributions to raising healthy calves. That begins first-off at the dairy farm where the calf is born and where it resides for at least two weeks. The VanDrie Group has the ambition to address this issue together with the dairy sector because the good health of the calf is of interest to both parties.

The VanDrie Group participates in the SKV Veal Tracing Guarantee System (GTSKV), which can trace, at any time of an international transport, SKV calves to be imported. This capability is important should there be, for example, an outbreak of an animal disease. We also aim to only collaborate with merchants and transporters who have the certificate of Quality System Livestock Logistics (QLL), which is a Dutch quality regulation that regulates legally applicable requirements, as well as extra statutory issues. The purpose of the



regulation is to promote animal welfare and to prevent spread of diseases via transport or collection.

Raw materials

The VanDrie Group uses raw materials only from controlled manufacturers/suppliers. The raw materials are monitored upon intake focusing on the production of calf milk powder, muesli and roughage.

Manufacturers must be able to provide guarantees about how their product is created. Suppliers must provide specifications for each raw material. In particular, we pay attention to food safety and consumption (intake, digestion and absorption by the calf of all the raw materials/food). Only when the VanDrie Group has approved the production process and the raw materials, they can be delivered.



FOOD SAFETY



Facts and numbers

2012 Results:

- Application of the 'tick mark' on consumer packaging;
- Setup of and participation in the 'Cater with Care' project to prevent malnutrition in the elderly;
- Information via Veal Promotion Foundation.

2013 Ambition:

- Further development and expansion of informational activities via 'tick mark', 'Cater with Care' and Veal Promotion Foundation.

Responsible food

Veal fits perfectly in a healthy diet. We are connected with the 'Ik Kies Bewust' (I Choose Consciously) foundation. Where the 'Ik Kies Bewust' logo was previously on the packaging, now veal products in the supermarket have the familiar 'tick mark' logo on the packaging. In the Netherlands this logo for food choice (the 'tick mark') is the only one that is permitted by the national government, as well as the European Commission.

We have bundled our strengths with those of other companies in the food industry and with care and knowledge institutions in 'Cater with Care'. This project develops, from 2012 until 2015, a varied offering of delicious and enriched food for elderly people who are at risk of malnutrition. The parties collaborating in this project hope that each contributes their part in the prevention and treatment of malnutrition amongst the elderly.



We provide information to consumers about the veal sector, the animal welfare of calves and the quality of veal via the 'Stichting Promotie Kalfsvlees' (Veal Promotion Foundation). The Foundation also provides preparation tips, recipes and information about the labelling on the products. More information can be found on www.kalfsvlees.nl

The VanDrie Group supplies its customers with information about marketing veal as a safe product suitable to a healthy diet. Customers can always contact us with comments or complaints. We have an integrated complaint system.



RESPONSIBLE FOOD



ANIMAL WELFARE



Animal Welfare is an essential part of Corporate Social Responsibility and a definite ambition for the VanDrie Group. For our enterprise, this ambition means that we do everything in order to allow the calves to grow up healthy and to provide the animals with as pleasant a life as possible.

Animal health: from acquisition to slaughter

It is of great importance for our group to work well together with the dairy and veal farmers. The VanDrie Group adds economic value to the calves that are not used in the dairy sector and also purchases calves from dairy companies in Northeast Europe. It is very important that these calves make a good start. A healthy calf is in the common interest of the VanDrie Group and the dairy sector.





ANIMAL WELFARE



Facts and numbers

2012 Results:

- Initiated and participated in probiotic experiments;
- Increased the percentage of roughage by incorporating muesli as standard in the feed to calves.

2013 Ambition:

- Further roll-out of Welfare Monitor for Veal Calves;
- Continuation of probiotic and functional food experiments and the implementation of the recommendations.

We only purchase vigorous calves: animals that are strong and healthy, have sufficient antibodies and weigh at least 36 kilograms after birth. In order to be able to guarantee that all of our calves, who have arrived at the veal farms, satisfy these requirements, we aim to further intensify the collaboration with the dairy farms. So that we can each contribute our own specific knowledge to the improvement of the calves' vitality.

Starting from the acquisition up to the slaughter, the health of the calves is closely monitored throughout the entire chain. We continuously ensure that the calves have a good weight and a good haemoglobin ratio. Our policy is aimed at increasing calf haemoglobin levels that are too low and can lead to health problems associated with anaemia, to ideal levels of 6 milli-molars per litre.

The health of the intestines of young calves is also of great importance. That is why we have begun experimenting with probiotics, living microbiological nutritional supplements, instead of antibiotics.

De VanDrie Group attaches great importance to reduction of usage of antibiotics. The public debate on the use of antibiotics in livestock farming and the alarming development of resistance to these medications put this topic high on the agenda five years ago. In the last seven years, VanDrie Group has achieved a 50 percent reduction by working in collaboration with experts and veal farmers. We are striving to reduce use even further through the use of homeopathy, vaccination programmes, bacteria cultures, practical measures and other alternatives.

In terms of food, we are increasing the percentage of roughage by feeding more muesli to the calves. In 2009 an agreement was signed with the 'de Dierenbescherming' (The Dutch Society for the protection of Animals), in which it is agreed that we give calves at least two times as much roughage as is legally mandated. Muesli has a high nutritional content and ensures for a stable environment in the rumen, through which the efficiency, health and welfare of the animal will be optimised.



ANIMAL WELFARE



Facts and numbers

2012 Results:

- Participation 'Welfare Monitor for Veal Calfs';
- Improved ventilation techniques in our stalls;
- Experiments with new stall floors in order to optimise walking and lying behaviour;
- Training of Animal Welfare Officers.

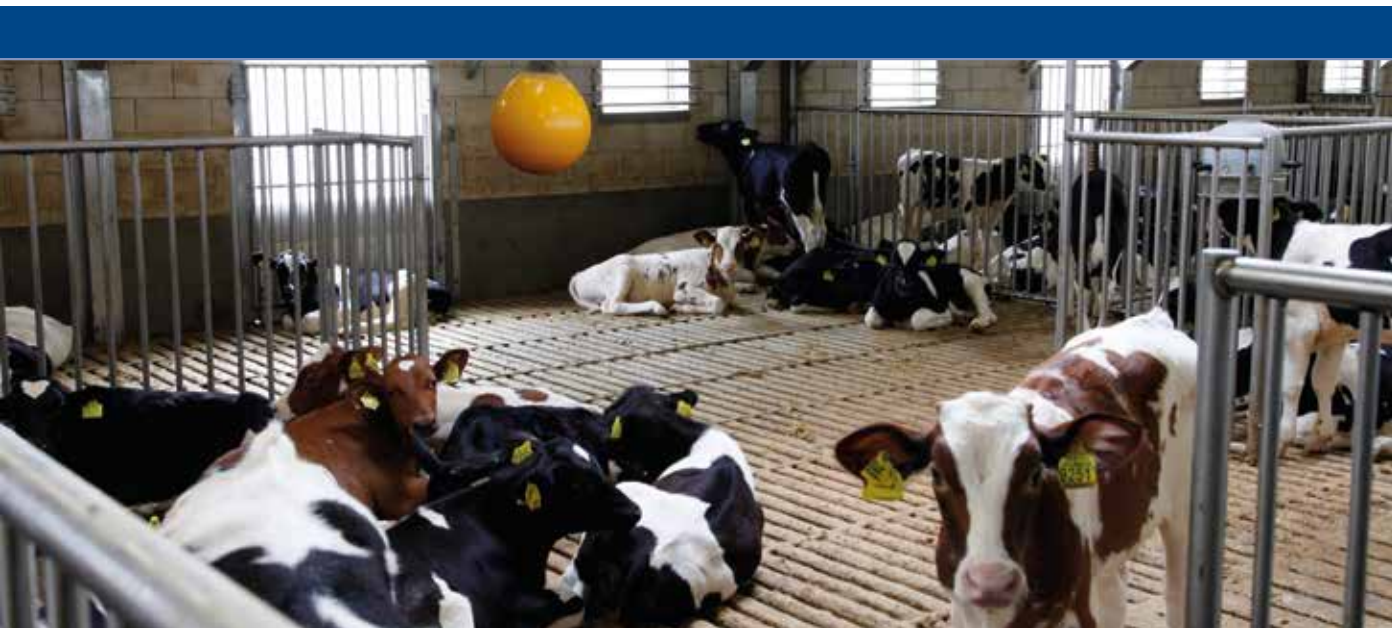
2013 Ambition:

- Execution of phase two of the stall experiments and then the implementation of the recommendations;
- Continuation of Animal Welfare Officer training.

We contribute to the Dierenwelzijnscode (Animal Welfare Code) by participating in Welfare project EZ 2012-2014 and contributing to the stock Farming Implementation Agenda (Uitvoeringsagenda Duurzame Veehouderij).

The Dutch veal sector has implemented steps to make animal welfare measurable. Researchers from Wageningen UR and SKV will soon begin testing, in reality, the plans and ideas derived from the Welfare Monitor for Veal Calves programme. Over the next three years, they will assess 70 businesses to ascertain whether this method is reliable and whether it actually provides an insight into the welfare of veal calves in daily practice. In addition, they will look at whether information can be used for providing targeted advice to veal farmers, as well as veterinarians and managers.

In particular, researchers look at the behaviour and health of calves as indicators of their welfare. Subsequently, measurements are taken on the slaughter line.



Ultimately, this will produce criteria (welfare parameters) on the basis of which strength/weakness analyses can be made. The 'Welfare Monitor for Veal Calves' protocol may then be rolled out across Europe.

Apart from this Monitor, there are already a number of other methods and measures that we employ at our companies in order to make sure the health and welfare of our calves is as optimal as possible.

GOOD LIVING CONDITIONS



ANIMAL WELFARE



The health and welfare of our calves is central to our business operations. This is illustrated, for example, in the way employees and suppliers care for the calves. We continuously seek to make improvements to housing and conditions in the slaughterhouse delivery of the reception areas.

Transportation of the calves should be as animal friendly as possible. We achieve that by keeping transportation time and distance as short as possible and seeking to provide the best possible climate conditions in vehicles. Transportation is via Comfort Class lorries with full climate control and equipped with cameras to enable drivers to monitor the welfare of calves.

Furthermore, we are currently conducting a trial with new, special flooring types intended to improve the hoof and joint health of calves.

We monitor the calves' living conditions via our Safety Guard system. That system also ensures that the SKV can carry out

many transparent checks on the welfare of our calves without any problem. Since 2009, the VanDrie Group sells products that bear the 'Beter Leven kenmerk' (Better Life Symbol) of The Dutch Society for the Protection of Animals, with one star as qualification.

There is also much attention for space, light and properly ventilated shelter for the calves. For example, the ventilation technology was also improved again last year. Currently, there is an experiment in progress with new, special floor types that improve the walking and lying behaviour of the calves. This trial is being conducted in collaboration with Wageningen University. The first phase has been completed and the results will be made available in 2013. For the second phase, an appeal has been made to all veal farmers to participate in the trial.

In addition, a number of our employees have been trained to become certified Animal Welfare Officers. They operate daily as independent supervisors in the slaughterhouses and guide our employees in the area of animal welfare.



Henny Swinkels en Frank Dales, President of The Dutch Society for the Protection of Animals. Presentation Beter Leven certificate, 10 January 2009.

GOOD LIVING CONDITIONS



SURROUNDINGS & ENVIRONMENT



VanDrie Group's efforts are focused on 'minimum burden and maximum saving'; we aim for as little as possible waste, limiting energy usage and CO₂ output and reaching the maximum economic value of residual flows. In addition, we endeavour that our business operations are adapted in a harmonious manner to the world around us. This means, in reality, that the environment has as little as possible or no burden from our operations.

In terms of the environment, our policy is split into two areas: the Cradle to Cradle cycle that we pursue in our business operation and reduction of environmental influences. More information in [attachment 8](#).





SURROUNDINGS & ENVIRONMENT



Facts and numbers

The VanDrie Group has concrete plans for the following goals toward a smaller CO₂ footprint:

- **Raw materials:** In 2015, 85% of the raw materials come from a radius of smaller than 2,000km, 75% from a radius smaller than 1,000km, 50% smaller than 500km and 25% from a radius smaller than 250km.
- **For the production of calf milk and roughage:** use 2% less energy per year, use 30% Greenhouse Gas (GHG) in 2020 and use 20% sustainable energy in 2020.
- **For the refrigeration in the slaughterhouses,** the VanDrie Group wants to save 30% energy in 2030 via energy efficient measures and innovations in the chain.

Cradle to Cradle

The cycle that we pursue is based on the Cradle to Cradle principle: recycling, increasing economic value and from that, as little real waste as possible. In a broader connection, this principle is part of our desire to decrease our group's CO₂ footprint by reducing the waste and increasing the economic value of manure and other waste flows. But also by saving energy and arranging our transports as efficiently as possible in terms of time and kilometres. In addition, the VanDrie Group attaches great importance to collaboration and a sector-wide approach.

Manure, a high quality product

In the Netherlands, manure is viewed largely as a waste product. We want to approach it in a different way. The VanDrie Group regards manure as a valuable raw material in the bio-based economy, packed with minerals, organic materials and energy. It is anticipated that there will be a global



shortage of the minerals at present still largely lost via manure. Therefore, we are campaigning for the political will to support refining of manure for the distillation of its valuable components. We would like to produce a high quality product from it, at a profit, thus extracting added value from the so-called manure surplus. This effort requires focus, research and adjustment. Money is also needed for research and implementation. Read more via [attachment 9](#).

CRADLE TO CRADLE



SURROUNDINGS & ENVIRONMENT



Facts and numbers

2012 Results:

- Achieving ISO 50001 for Eurolat;
- Participation in the implementation agenda for Sustainable Stock Farming/Meat Roadmap;
- Introduction of new packaging materials for longer shelf-life of our products;
- Alpuro works solely on green electricity from a Dutch dairy farmer with windmills;
- Decreased salt use at Oukro;
- Increase in sale of fresh skins at Oukro.

2013 Ambition:

- Implement Multiple Year Energy Agreements (MJA-3);
- Find supporters for vision on manure policy;
- Further optimise salt usage;
- Implement ISO 14001;
- Participate in IDS chain arrangement for sustainable soy.

In the context of the Multiple Year Energy Agreements (Meerjaren Energie Afspraken or MJA-3), a preliminary study was performed in the past. From that, it was clear that in the meat sector, energy savings up to 50 percent can be realised via the following five sub-projects: energy efficiency, refrigeration and freezing, conserving, by-products and chain innovation. Using the 'Routekaart Vlees' (Meat Roadmap), we investigate which technologies under which conditions provide the best chances. Some results:

Energy efficiency

Our animal feed companies and calf slaughterhouses conform to the MJA3 – Energy Efficiency Plan. This plan will be submitted no later than 1 June 2013. Its purpose is to save 2 percent energy annually from 2013 to 2016, inclusive, with respect to the energy usage in 2011. Read more in [attachment 10](#).

Refrigeration and freezing

Optimisation of the refrigeration process:

by applying different refrigeration methods, the shelf-life of the product is extended and the hygiene is safeguarded. As a result, there is less waste.

Conserving

Oukro is specialised in the processing of the calfskins. From 2009 to 2012 inclusive, the number of kilos of salt that is used per calfskin has been reduced from 6.7kg to 5.36kg. With that, a reduction of 7 percent on the total weight is achieved. In addition, Oukro always tries to deliver more skins while still fresh so that salting is no longer necessary. In 2012, the percentage of fresh calfskin was 14 percent, whereas in 2009, the percentage was only 6.7. Thus, the figure more than doubled in four years time.

By-products

We aim to increase the economic value of practically all the parts of the calf, therefore, also organs and by-products for which there is barely a market in the Netherlands.



SURROUNDINGS & ENVIRONMENT



These items go to countries in Asia, Southern Europe and the Middle East, where these products are highly valued and consumed. In this way, practically everything from the calf has been increased in economic value. The little that still remains goes to a destruction company and is converted into green electricity.

Optimisation of transport and logistics

We are working on getting the optimal use of every kilometre that is driven within our business operation. This means that we not only look at what is the shortest route in time and kilometres between companies and business units, suppliers, customers and collaborating parties; we also aim to send our transport trucks for calf feed full back and forth and therefore not make any 'empty' transport kilometres. Read more via [attachment 11](#).

Efficient use of raw materials

We make efficient use of use raw materials. Volume and composition of livestock feed is continually improved and modified to prevent waste. Our feed producers Alpuro, Navobi, Schils and Tentego adjust and determine the purchase of raw materials and the production of feed based on the veal production figures achieved by VanDrie Group. Our companies in France, Germany and Italy also have efficiency programmes.



RESPONSIBILITY



The report period regards the period from 1 January 2012 to 31 December 2012. The guidelines for the Transparency benchmark from the Ministry of Economic Affairs and the GRI (Global Reporting Initiative) guidelines have been included in the creation of this report.

The quantitative data in this CSR report was gathered at the headquarters from the financial systems and the personnel management system of the VanDrie Group. The data regards all the companies in which the Van Drie Holding B.V. has a majority interest.

The VanDrie Group creates an annual financial report every year. The financial report over 2011 was controlled by Mazars Paardekoper Hoffman Accountants. This report can be viewed at the headquarters.

Using the Materiality index ([attachment 12](#)), a division and prioritisation was made of the different societal themes that are now current or what we must take into account for the future.



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VanDrie Group's organisational structure

The VanDrie Group is an integrated veal producer committed to supplying veal of the highest quality. We have fixed contract arrangements with around 1,500 dedicated veal farmers. In addition, the group comprises feed companies that produce calf milk and mixed feed/muesli in the Netherlands, Germany and Italy, slaughterhouses in the Netherlands, Belgium and France, and a company engaged in the high quality processing of skins. Labora is a laboratory service provider that specialises in analytical and microbiological research of products for humans and animals. In September 2012 the VanDrie Group has announced to close the slaughterhouse KSA in Aalten as of 1 January 2013.

The veal production chain

The links in our chain are:

- 1 Calf milk production** VanDrie Group acquires calves that cannot be utilised in dairy farming (approximately 75 percent of calves born). We regard the optimal utilisation of these animals by our organisation as a shared business interest of dairy and veal farming.
- 2 Collection points** Calves from dairy farming are housed at collection points before being placed in homogenous groups. The health and welfare of animals is monitored at these collection points.
- 3 Feedproduction** Calves are mainly fed with calf milk and muesli & roughage. These are produced in optimal controlled conditions in our own modern production facilities. The composition of the feed is so balanced that the calf receives all necessary energy, proteins, vitamins and minerals. This is the basis for a healthy and good growing calf.

4 Veal farming We work in collaboration with approximately 1,500 veal farmers in total. These are family businesses dedicated to caring for the calves owned by VanDrie Group. We offer intensive support to the veal farmers. Since our business bears the financial risk, we attach great importance to the expertise of the veal farmers. VanDrie Group consultants visit the veal farmers at least once a week to answer queries and share experience and new insights gained into veal farming management.

5 Slaughterhouses We slaughter and process approximately 1.4 million calves annually in five VanDrie Group slaughterhouses.

6 Buyers Our buyers are now located in over sixty countries. They comprise the (wholesale) hotel, restaurant and catering industry retail, supermarkets, butcheries, hotels, restaurants, catering, the foodservice and institutional markets. In addition, we are always seeking new markets and buyers.

7 Consumers VanDrie Group enjoys direct contact with consumers via information provided by the 'Stichting Promotie Kalfsvlees' (Veal Promotion Foundation) and via Peter's Farm. Peter's Farm offers consumers the opportunity to view the calves via live webcam. Veal farms affiliated to Peter's Farm also hold regular open days on which everyone is welcome to come and have a look.

ATTACHMENT 1



CALF HUSBANDRY



Van Drie



Peter's Farm



Sobeval



Schils France



Vals



Van Drie
Kalverhouderij

DAIRY RAW PRODUCTS (PROCESSING & TRADE)



Melkweg



Zoogamma



Eurolat



Conxentra

CALF FEED



Tentego



Navobi



Schils



Alpuro



Kalmi Italia

CALF SLAUGHTERHOUSES (PROCESSING & OPERATION)



T. Boer & zn
CONTROLLED QUALITY VEAL



Ekro
CONTROLLED QUALITY VEAL



ESA
CONTROLLED QUALITY VEAL



Sobeval



VanDrie België

CALFSKINS



Oukro

VEAL PROMOTION



Stichting
Promotie Kalfsvlees
CONTROLLED QUALITY VEAL

Per January 2013



Creating Shared Value

VanDrie Group defines Corporate Social Responsibility (CSR) as an awareness of the world around us. We know where our responsibilities lie and we shoulder them wholeheartedly: whether in relation to our employees, consumers, the calves, or the environment. Driven by our intrinsic motivation and our ambition to be innovative, we are now ready to take the next step in our CSR strategy. We are adopting the principle of creating shared value: identifying sustainable solutions for CSR dilemmas and issues by reinforcing our relationships with suppliers and buyers in the chain. We are confident that solutions to be found in shared responsibility with other chain partners hold the key to compelling and lasting answers to the social challenges we face jointly.

VanDrie Group, dairy farming and the dairy industry

The veal farming sector, dairy farming and the dairy industry are closely connected.

- If a cow is to give milk, she must bear a calf once a year. Previously, male calves were slaughtered directly after birth. Nowadays,

these animals are brought from the dairy farm to the veal farm two weeks after birth. The calves remain there for seven to twelve months. They are reared on a special diet for production of meat that meets specific requirements in terms of the quality desired.

- VanDrie Group utilises many by-products from the cheese-making industry in its production of calf milk powder. Whey that cannot be used on a large scale is utilised by VanDrie Group as a protein source for calf milk. Thus, we optimise the value of residual products of dairy farming and the dairy industry and use them to produce high quality feed. We use all parts of the carcass and dispose of animals that cannot be utilised in dairy farming in a respectful manner.

Given this connection, VanDrie Group seeks to work in partnership with the dairy farming sector and the dairy industry to offer solutions to CSR-issues.



CSR model

The model is based on the three pillars of Food Safety, Animal Welfare and the Surroundings & Environment, which are subdivided into inter-related themes. For each theme we have offered an insight into our approach, the objectives we seek to achieve, and when we anticipate realising these results.

Every subject in the model is elaborated upon in a status report that is updated regularly, and at least once annually.



VanDrie Group
CONTROLLED QUALITY VEAL

Our organisation & ambition

Our people

Our work method

Our collaborations

Food Safety

Animal Welfare

Surroundings &
Environment

Reliable food

Animal health

Cradle to Cradle

Responsible food

Good living conditions

Reduction
environmental influence



Training opportunities at VanDrie Group

We take it as our responsibility to educate and train our employees. We work in close association for instance with SVO vakopleidingen Food. They provide several trainings at our production sites.

Maintaining skill sets in support of fulfilling one's role: we offer our employees a wide range of training, e.g.:

- BBL (Environmental Protection Agency) training (level 1; assistant environmental health officer/NT2);
- HACCP/food safety training;
- HACCP training for machinists;
 - HACCP/food safety application (e-learning);
 - Animal welfare;
 - Emergency Response and supplementary training;
- First Aid (and AED) training;
- Language training;
- Technical training;
- IT training; individual training;
 - Environmental training;
 - Works council training;
- Course on the prevention of and recovery from back and shoulder injuries;
- Internal audit training.

Employability With the average age of employment rising and a higher pensionable age, there is a growing need for training or retraining our employees. Increasingly, we are seeing that after 20 to 25 years of intensive service at one of our slaughterhouses, employees need to slow down - yet they still have 15 to 20 years of service before reaching pensionable age. At VanDrie Group we offer various retraining opportunities such as VAPRO College training (for operator positions).



Statistics

Number of employees		± 1,700
NL (region) employees	<15 km	52%
	<25 km	16%
	>25 km	32%
Sickness absence level		5.4%
Gender split	male	89%
	female	11%
Average number of years in service		13.1 jaar
Contract type		96.1% permanent
Average age		42.9 years
Employee turnover	joiners	9.6%
	outflow	9.2%
Hours of training annually per employee at NL slaughterhouses (excl. Ekro)		6
Number of nationalities		average 7 per site

Reintegration

Together with the employee, VanDrie Group does everything possible to facilitate recovery of health and a return to the workplace. One of the ways we do this is by setting up places where employees receiving therapy can return to positions that require minimal physical effort, and

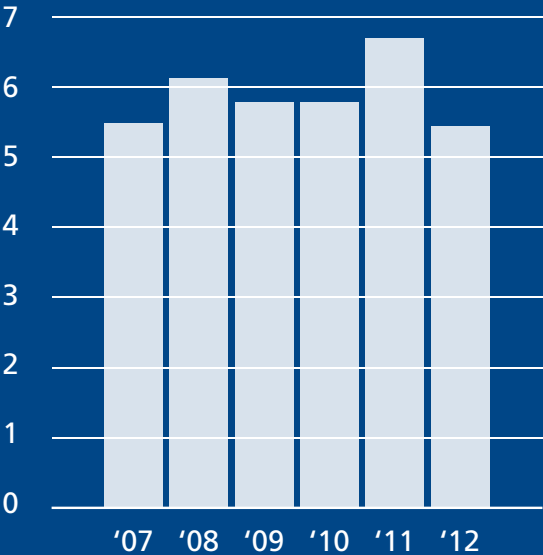
move on from there back to their original positions. Workplaces that require minimal physical exertion are utilised as much as possible in line with social welfare legislation and return to work programmes as agreed with the OH physician. A number of companies within VanDrie Group have a dedicated company doctor who holds sickness absence surgeries and provides advice and guidance to employees and the employer. We assist employees who are unable to return to their original positions in finding more appropriate positions, even if this is outside VanDrie Group.

Corporate policies

Our policies reflect the values of society as well as those of our business. VanDrie Group expects all employees to act with integrity since they work with live animals and foodstuffs of animal origin.

It goes without saying that our behaviour towards one another and external partners conforms to widely-held principles and values. We endorse the Universal Declaration of Human Rights of the United Nations.

TABLE SHOWING SICKNESS
ABSENCE LEVELS FROM
2007 – 2012



ATTACHMENT 5

Undesirable behaviour – Statement of intent

The VanDrie Group will not tolerate undesirable behaviour. Every employee has a duty to report behaviour that is contrary to our values, even if based only on a suspicion. Every site has an independent confidential point of contact with whom queries or issues can be raised on a confidential basis.

Undesirable behaviour is defined as verbal and physical aggression or violence, discrimination, bullying, sexual intimidation, vandalism, criminality, abuse of power, stalking and extremism.

Commission for complaints regarding security policy

Each of our companies has a complaints commission that deals with security policy complaints. The commission consists of one member appointed by the works council and one appointed by the director. Complaints relating to procedure or the treatment of an employee may be taken up with this commission, which convenes as soon as possible on receipt of a complaint.



Safety Guard

The VanDrie has standardised and quality checked information sharing across the entire chain via its Safety Guard System. The VanDrie Group directorate is ultimately accountable for the Safety Guard System; it determines quality control policy for the group. At least once per quarter, it is itemised on the agenda for directorate consultation. The Safety Guard Platform is responsible for executing quality control policy. Senior managers and quality control managers from all sites are represented on the Platform.

Safety Guard is based on national and international legislation and regulations and complies with the following standards and external codes of conduct: Food Safety Supply Chain System, HACCP, ISO 22000, ISO 14001, GMP+, BRC; IFS, IKB (veal quality control). Internationally recognised independent certification institutions test systems regularly to ensure continuous improvement of the process. If suppliers fall short of Safety Guard criteria, we assist them in raising standards, but if they fail to improve, collaboration is terminated.



Safety Guard

ATTACHMENT 7







Environment: minimal impact, maximum yield

Environmental corporate social responsibility is integrated across all VanDrie Group's companies; in our business operations, environmental considerations are just as important as economic, legislative, and health and safety considerations. Ideally, these considerations should go hand-in-hand. We strive to for minimal impact and maximum yield.

Our environmental policy is aimed at recognising all possible harmful environmental effects arising from past and present activities and carefully investigating and limiting these.

For example:

- The prevention of air and water pollution;
- The prevention and/or remediation of soil pollution;
- Noise reduction;
- The conservation of energy and the use of renewable energy where possible;
- The prevention of waste. Where waste production is unavoidable, we seek ways of recycling it;
- Avoiding the use of substances and materials proven to be damaging to the environment and the health and safety of employees, clients and neighbouring residents.

Cradle to Cradle

We endeavour to monetise as much as possible from our residual streams. Examples include our vision for surplus manure mentioned elsewhere and our overseas markets for those calf organs and remnants regarded in the Netherlands as being of low value.

All our Dutch companies operate Environmental Management Systems based on ISO 14001 principles. That includes consideration of noise nuisance, odours, water consumption and contamination, waste, and energy consumption. We are committed to water purification (especially at Oukro where salts may not contaminate the water under any circumstances). Our slaughterhouses and Eurolat have their own water sources and water purification installations.

We make efficient use of raw materials. Volume and composition of livestock feed

is continually improved and modified to prevent waste. Our feed producers Alpuro, Navobi, Schils and Tentego adjust and determine the purchase of raw materials and the production of feed based on the veal production figures achieved by VanDrie Group.

We use special packaging materials that keep meat fresher for longer, which means less wastage and fewer journeys: beneficial both in terms of the environment and lower costs.

We introduced a so-called “energy-saving box” for our staff. This includes an energy meter, shower timer and water-saving devices for taps. This toolkit increases our employees’ awareness of energy conservation at home and at work.



Manure management policy

In the Netherlands, manure is viewed largely as a waste product. However, VanDrie Group regards manure as a valuable raw material in the bio-based economy, packed with minerals, organic materials and energy. It is anticipated that there will be a global shortage of the minerals at present still largely lost via manure. Therefore, we are campaigning for the political will to support refining of manure for the distillation of its valuable components. We would like to produce a high quality product from it, at a profit, thus extracting added value from the so-called manure surplus (Cradle to Cradle). This requires focus, research and adaptation, as well as funds from the European Union.

Dutch veal farming is a global leader in the field and has at its disposal the most modern businesses in the sector worldwide. In the Netherlands, the processing of manure is an exceptionally difficult and expensive issue. Dutch manure management policy is virtually aimed

solely at the mitigation of pollution of soil, water and air. Reclamation of energy via manure fermentation takes place only on a limited scale. Nevertheless, manure is a valuable raw material; we recognise its value as traditional fertiliser. Organic materials improve soil fertility, and nitrogen, phosphorous and potassium are necessary for plant growth. However, manure contains more than just fertilisers. We see beyond the rendering (separation, kraken and stripping) of minerals that can be recycled as artificial fertilisers in agriculture. We also see the rendering of specific organic compounds: proteins, amino acids, fatty acids and other chemical specialities. As anthropogenic organic matter, manure is far richer in biovital materials than the crude oil primarily used in the petrochemical industry.

In terms of reclaiming energy from manure, we are thinking more in terms of low input reclamation of energy from waste, as opposed to prohibitively expensive co-fermentation.



Our proposed manure refinery is based on the economic model of the cradle to cradle principle: the exploitation of the full economic value of animals. That principle has taught us to organise agribusiness chains in such a way that we remain a significant player in the global market; such as in the veal farming sector. The principle realises added value beyond the mere value of fertilisation and the energy produced from manure fermentation.

However, true Cradle to Cradle monetisation of manure does not begin at the point that

manure is produced by animals, but right at the very beginning of the chain. What biomass do we use for food, feed and fuel and which processing is necessary, and at what stage? What key outputs do we produce, and which residual outputs and by-products become available? How can we evaluate and drive exploitability? This is a challenging issue in which Wageningen UR has much to offer given its expertise in integration of disciplinary knowledge.

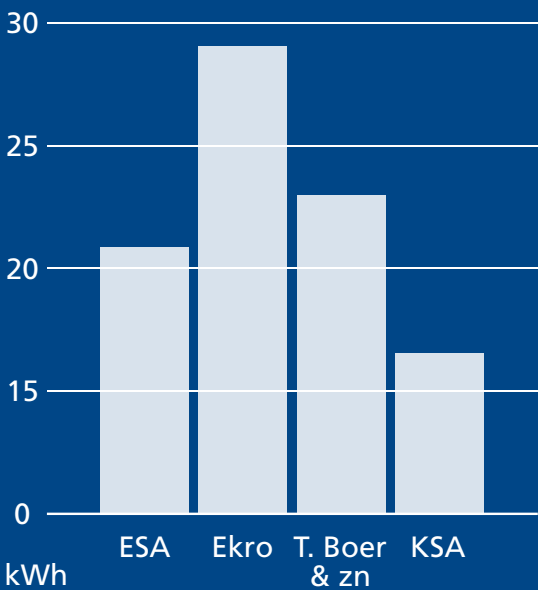


Cradle to Cradle

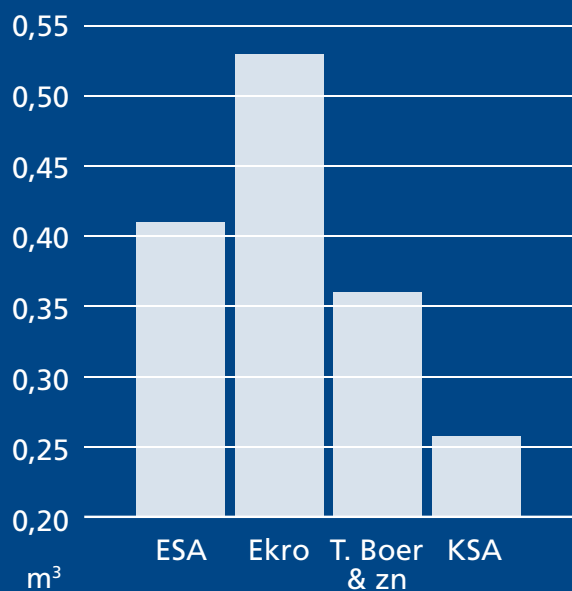
In 2012, Eurolat achieved ISO 50001 energy management system certification. This entails the production of an annual energy report, provision of clear insights into energy consumption, improved manageability of peak reductions, more effective forecasting of electricity consumption, and improved energy efficiency in the wider sense. As such, Eurolat is working towards a number of specific measures and objectives: heating of the grid with warm water produced in house, research into filters to optimise emissions and lifespan implementation of measuring technology for reading phosphate, pH values and temperature levels of filtered water from the purification installation, and reclaiming heat and generating our own energy supply from biogas.

A prime example of energy efficiency and cooperation in the chain is the green energy our company Alpuro obtains from dairy farmer Jan Cees Vogelaar, who generates power from a windmill and sells it on to VanDrie Group.

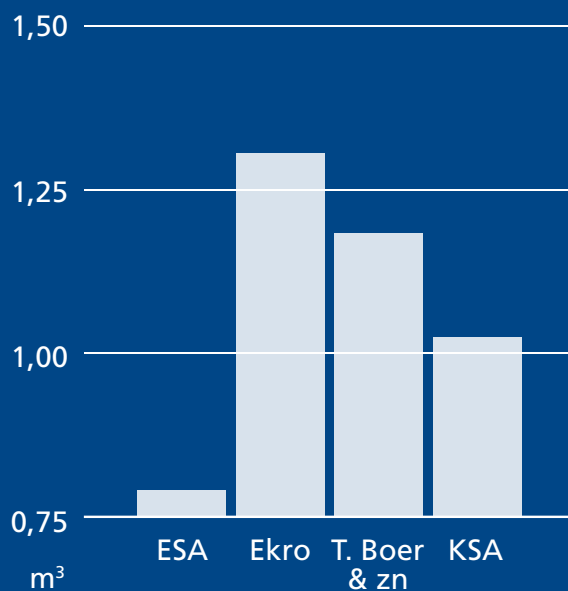
ENERGY USAGE PER CALF



WATER USAGE PER CALF



GAS USAGE PER CALF



ATTACHMENT 11

Reduction of carbon footprint

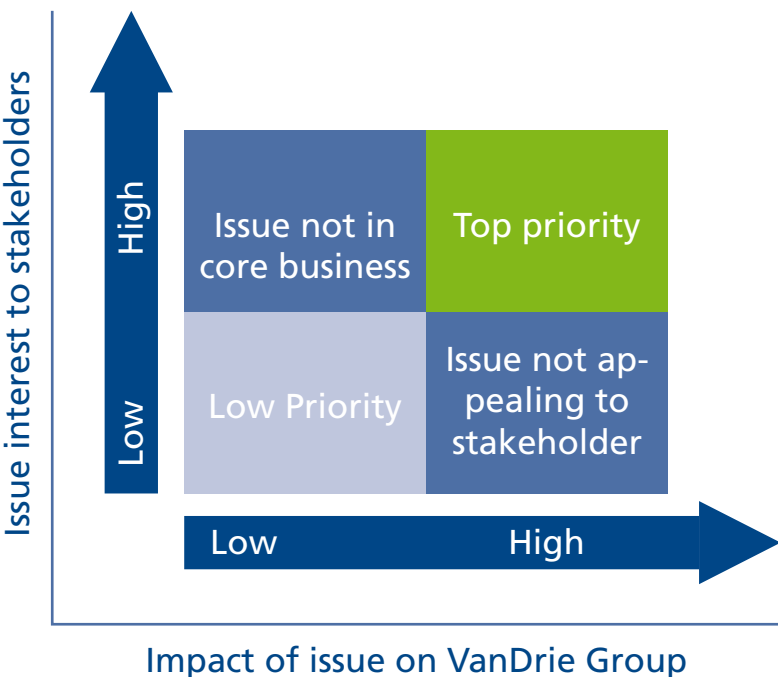
A good example of how we reduce logistics traffic streams is that all VanDrie veal farmers that reside in the same area, order chopped straw from the same supplier. May 2012 saw the implementation of revised regional distribution from 3 straw factories by 4 suppliers to VanDrie Group veal farmers. This is how we are achieving further reductions in our traffic streams.

Round trips for collection of our raw materials in percentages of trips:

Total for V3G NL throughout 2012		Total for V3G NL throughout 2011	
Km distance	trips	Km distance	trips
> 2,000 / in a straight line	3%	> 2,000 / in a straight line	4%
1,000 - 2,000	12%	1,000 - 2,000	9%
500 - 1,000	14%	500 - 1,000	18%
250 - 500	11%	250 - 500	8%
< 250	60%	< 250	62%
Total	100%	Total	100%



Materiality Index



The Materiality index illustrates the division & prioritisation of different themes that are current, or those which we will need to consider in future.

CSR ANNUAL REPORT 2012



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CONTROLLED QUALITY VEAL