

Veal with Vision



CSR Report

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Henny Swinkels
Director Corporate
Affairs VanDrie Group

FOREWORD

In this report, we present the main developments in 2011 within the scope of the VanDrie Group's Corporate Social Responsibility (CSR) policy.

Fluctuating prices of raw materials and the worsening economic climate in key sales markets are affecting the veal sector across the board, and the VanDrie Group is also feeling the effects of the current business situation.

Our sector is closely linked with the dairy industry: we add value to calves and by-products from dairy farming, such as whey. At the same time, we are always on the lookout for new alternatives for scarce raw materials. In this way, we aim to secure a strong market position for our end product, both in terms of quality and cost price.

As the largest family-run Dutch agribusiness company, we take a long-term approach. A key objective of our strategic investments is to win trust in new sales markets, and long-term working relationships with partners both within and beyond the veal chain are essential in helping us to achieve this. In this CSR report, we reflect on the importance of such collaboration, both to our company and to the sector as a whole.

Since the majority of our products are exported, we as the largest Dutch family company in agro business, are very internationally orientated. Our 'license to deliver' requires us to meet our international customers' quality, volume and packaging demands. Nevertheless, our company is deeply rooted in Dutch local agriculture; most of our production takes place in The Netherlands, for example.

Hence, our 'license to produce' is affected mainly by developments within The Netherlands, which is why the VanDrie Group invests heavily in its relationships with local stakeholders and veal chain partners.

>

One of the most important developments in 2011 was our merger with the Alpuro Group, and the process of integrating our two companies is currently in full swing. The acquisition has reinforced our leading position on the global market and broadened our product range, thus enabling us to meet our customers' needs even better than before.

Responsible production is of primary importance to the VanDrie Group, which is why we are committed to remaining at the forefront of CSR. In the past year, we have once again worked hard on our five priorities: concern for our employees, consideration of veal chain partners and the environment, food safety, animal welfare, and pursuit of the 'cradle to cradle' principle. The VanDrie Group is fully involved in society as a whole. Because we consider it so important to take responsibility for our way of doing business, we enter into constructive dialogue with consumers and are open about how veal is produced. We are making good progress in each of these areas, both within the individual companies that make up the VanDrie Group and at group level. In recent years, for example, we have taken significant steps in terms of using antibiotics less frequently and more responsibly, improving the vitality of young calves and taking a preventative approach to medical care, always working in close collaboration with veterinarians. Over the next two to three years, the VanDrie Group will continue to invest in animal welfare and disease prevention.

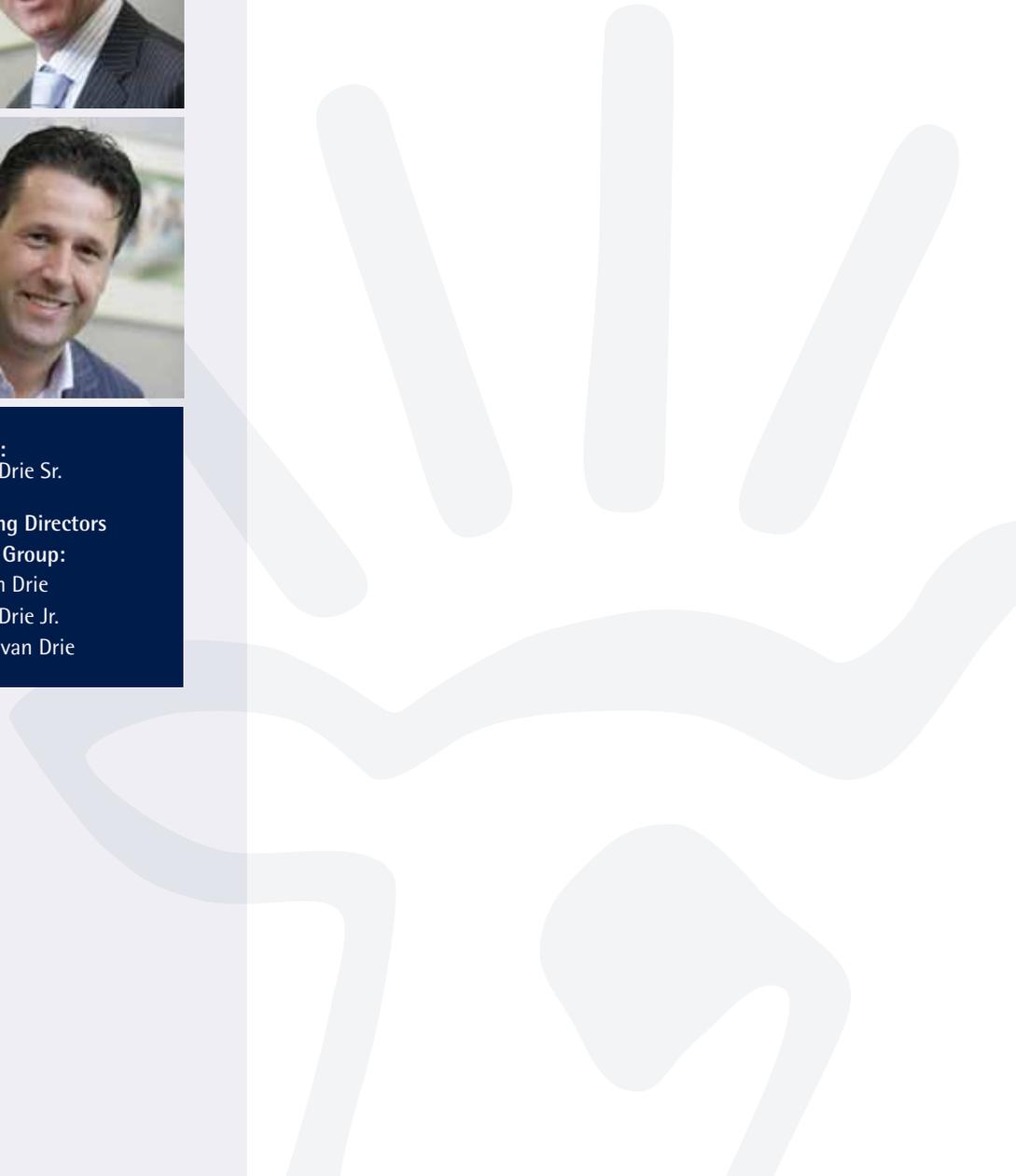
If you have any questions or comments regarding this CSR report, please contact us at: info@vandriegrup.com.

Henny Swinkels, Director Corporate Affairs VanDrie Group



Founder:
Jan van Drie Sr.

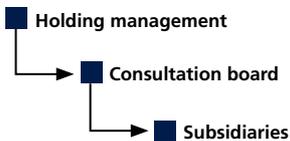
**Managing Directors
VanDrie Group:**
René van Drie
Jan van Drie Jr.
Herman van Drie





“The VanDrie Group is a financially sound, Dutch family business that cares about people, animals and the environment. This is reflected in our logo featuring a hand and a calf, two symbols of our respect for people and animals; it is a seal that guarantees quality and craftsmanship.”

ORGANISATIONAL STRUCTURE



ABOUT VANDRIE GROUP

The VanDrie Group is the world's market leader in veal. During 2011 it exported its products to more than 60 countries and held a 25% share of the European market. With a turnover of approximately EUR 2 billion, the VanDrie Group is the largest privately owned agrifood business in The Netherlands. We endeavour to reinvest as much profit as possible back into the group. We also invest heavily in developing new sales markets. After 15 years of hard work, 2011 saw us move closer to definitively opening up the markets of Oman and Qatar for Dutch veal. In the years ahead, we also intend to reach agreements with other countries on market access for Dutch veal based on the quality and food safety guarantees we can offer thanks to our Safety Guard quality system.

Developments within the VanDrie Group

The VanDrie Group is the world's largest integrated veal producer. In 2011, we added the Alpuro Group to our group's 20 companies. In order to approve this acquisition, the competition authorities required us to sever our links with veal farmers in Germany. We have since found relevant parties to fulfil the contractual obligations on our behalf.

The VanDrie Group's logo is now used by business units within the Alpuro Group (endorsed brand strategy). Efficiency and CSR have been the main considerations when integrating the Alpuro Group. Within this context, it made sense to concentrate the mixed feed/muesli production in Uddel and to locate the veal milk production elsewhere. The VanDrie Group takes its responsibility as an employer seriously and strives to reach agreements with social partners about re-employing – either within or beyond the VanDrie Group – any members of staff who are surplus to requirements. In 2011, Schils reached agreement with Bayerische Milchindustrie eG (BMI) to acquire the business activities of feed producer Inntaler Mischfutter. The Inntaler brand is a good strategic fit with Schils and will help the company to strengthen its position in the European market for young-animal feed.

FACTS AND FIGURES

For financial year 2010/2011

Our people:

- ± 1,800 employees worldwide.
- ± 1,500 veal farmers.

Financial results:

- Turnover: ± EUR 2 billion per year.
- Net profit: ± EUR 54.3 million in 2010.
- Veal products are exported to over 60 countries around the world, with Europe as the home market.

Customers:

- Foodservice (wholesalers), meat wholesalers, retailers, supermarkets, butchers, hotels, restaurants, catering companies, foodservice and institutional catering.

Products:

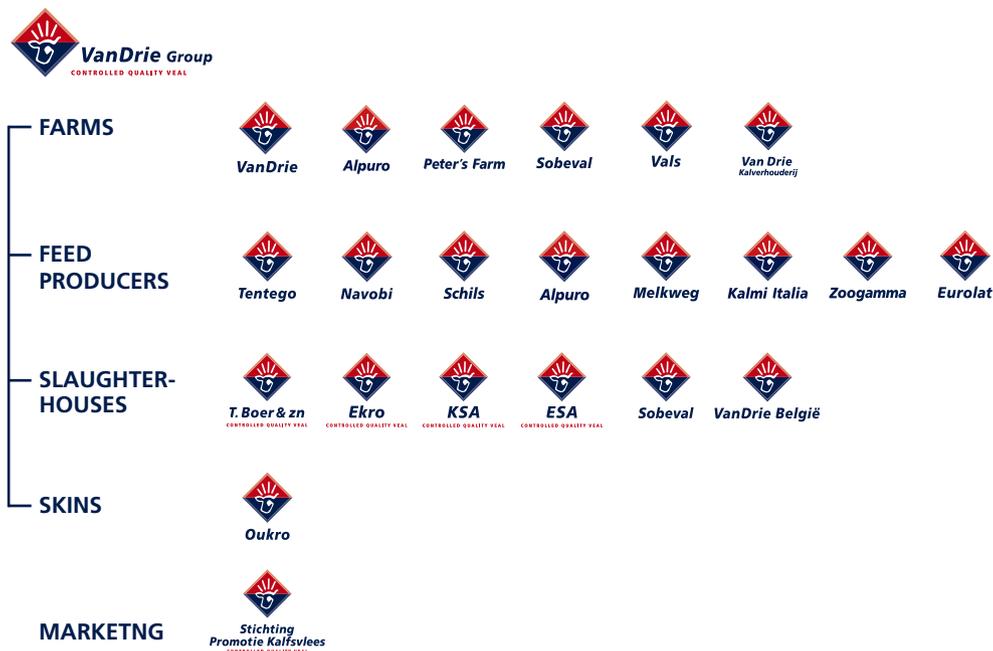
- ± 1.4 million calves slaughtered.
- ± 600,000 tonnes of calf milk powder produced.
- ± 250,000 tonnes of dairy raw materials traded.
- ± 1.25 million calfskins processed (integrated and purchased).
- Brands include: Peter's Farm, GroupGrown, Friander.

Core activities

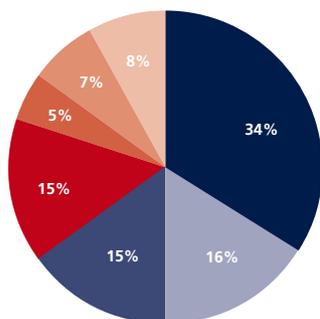
The VanDrie Group is committed to supplying veal of the highest quality. We regard veal production as a craft which starts with caring for people and animals. Our company has fixed-contract arrangements with some 1,500 dedicated veal farmers, it has its own feed companies that produce calf milk and mixed feed/muesli in The Netherlands and Italy, it has its own slaughterhouses in The Netherlands, Belgium and France, and owns a company that processes the skins. We have approximately 1,800 employees, two-thirds of which work in The Netherlands.

All of the VanDrie Group's activities are focused on ensuring continuity and respect for people, animals and the environment. We want our company to grow responsibly in a way that reduces the negative impact on the environment. Furthermore, we strive to:

- reduce the use of antibiotics and quality improvement of antibiotics, in which animal health and resistance forming will lead to a social acceptable level.
- guarantee the quality of new-born calves and minimise the risk of animal diseases/zoonoses (diseases that can be transmitted from animal to human or from human to animal).



EXPORT OF VEAL



- ITALY
- GERMANY
- FRANCE
- REST OF EUROPE
- THE NETHERLANDS
- MIDDLE EAST
- REST OF THE WORLD

Company regulations

The VanDrie Group asks all its employees to act with integrity since their work involves live animals and feed of animal origin. Our house rules reflect the values of society as well as those of our company. In other words, our attitudes and behaviour towards each other and our external contacts must be in line with widely accepted principles.

Undesirable behaviour-statement of intent

Undesirable behaviour is not tolerated within the VanDrie Group. Every employee is obliged to report any occurrence of behaviour which is, or is suspected to be, undesirable.

We define undesirable behaviour as aggression (verbal as well as physical) and violence, discrimination, bullying, sexual intimidation, vandalism, criminality, abuse of power, stalking and extremism.

Each facility has an independent mediator who will handle any questions or problems in the strictest confidence.

Complaints commission for the controlled body search regulation

All companies within the VanDrie Group have a complaints commission for the controlled body search regulation. This comprises two members: one member is appointed by the works council and one by the director. If an employee should have any problems with a procedure or a complaint regarding his/her treatment, he/she can involve this commission. The commission handles any complaints with respect to the controlled body search regulation on behalf of the works council and the company's director. The commission convenes as soon as possible after receiving a complaint.





CSR WITHIN VANDRIE GROUP

As a family company, the VanDrie Group stands for cooperation, quality, sustainability and transparency. This means that CSR must be embedded in our approach to business, and we aim to stay one step ahead of social developments and legislation.

Our five priorities

In 2008, the VanDrie Group reformulated its existing CSR initiatives into five priorities in order to provide a clearer focus for shaping its CSR policy. The board of directors approved the priorities, which are based predominantly on what stakeholders consider important and on developments within the sector.

The five priorities at the heart of our CSR policy are:

- Concern for employees.
- Consideration for our veal chain partners and the environment.
- Food safety.
- Animal welfare.
- Cradle to cradle.

These five priorities are fundamental to responsible veal production and are becoming increasingly firmly rooted within our organisation. We once again made progress on all five aspects in 2011.

Based on the focus areas in the CSR policy, this report outlines relevant developments in 2011 and introduces the targets for 2012. In response to economic, environmental and social developments, we have identified a number of clear strategic priorities for the next five years, as follows:

- A close collaboration with other players in the agrifood chain such as the dairy industry.
- A continuation of our relationships with civil society organisations such as animal health and welfare organisations.
- A further improvement in animal welfare.
- A reduction in the use of antibiotics in veal farming by taking a chain-driven approach.
- More efficient use of raw materials and an optimal use of waste and by-products.
- Research into new sources of proteins and fats for animal feed which deliver the same levels of quality without competing with proteins intended for human consumption. As the world's population continues to grow, proteins will become increasingly scarce, which is why we need to look for alternatives.



- The VanDrie Group sees itself as having a clear social responsibility in helping to feed a predicted nine billion people in 2050. We therefore intend not only to supply veal but also to share our knowledge and expertise.

How is CSR organised within the VanDrie Group?

Each of the businesses that make up the VanDrie Group have their own individual responsibilities in terms of CSR which enables each of them to take their own CSR measures to suit them.

The VanDrie Group's executive board shoulders final responsibility and ensures that local initiatives remain in line with the VanDrie Group's corporate CSR policy. The executive board is also responsible for any CSR activities which have chain-wide impact, such as projects with other agribusiness partners. A good example of such collaboration is the Routekaart Vlees roadmap.

Innovations and expertise

As a member of the Dutch Meat Association (COV), we have been committed to its Uitvoeringsagenda Duurzame Veehouderij ('Implementation plan for sustainable livestock farming') since late 2009. This document outlines six areas in which the VanDrie Group aims to make tangible progress over the next 15 years. One of the six areas is systems innovation. As global market leader, the VanDrie Group regards it as its duty to continue to innovate and invest in research within the sector, whereby key points of consideration are:

- Promoting animal health and improving animal welfare through innovation in the areas of housing and nutrition.
- Offering management support to veal farmers.
- Using new raw materials for animal nutrition.
- Food safety.
- Product quality.
- Environment.

In terms of innovations in animal nutrition and management adjustments within the veal farming sector, a think tank comprising five experts is devoted to developing the research strategy.

A further seven VanDrie Group employees are involved in implementing and carrying out relevant studies. In addition to this research, which it is conducting alone, the VanDrie Group also works with several renowned research institutes including Wageningen UR. With partners from the dairy chain, the focus is on the further exchange of knowledge about numerous topics that are of mutual relevance, such as animal transportation, animal housing and animal health. Additional studies are involved in investigating and endeavouring to quantify the carbon footprints of a new-born calf, calf milk, calf farming and veal itself.



The veal chain is made up of various links which are required to work together intensively to ensure a safe, high-quality end product. The level of supply-chain cooperation within the VanDrie Group itself is already high. In the years ahead, the VanDrie Group will be striving to intensify its collaboration with external supply-chain partners.



1

DAIRY FARM



2

CALF CENTRAL



3

VEAL FARMING



4

SLAUGHTERHOUSE & PROCESSING



5

RETAILERS & FOODSERVICE



Veal as part of a healthy diet

Veal belongs to the same food group as other meat, fish, eggs and meat alternatives and is one of the principal ingredients of a balanced diet. Veal also contains a lot of protein, vitamin B and minerals such as iron and zinc. Because of these properties, veal fits perfectly within a healthy and varied diet. The VanDrie Group is committed to producing lean meat using feed mixes that have been developed based on scientific findings.

The VanDrie Group is a member of the Stichting Ik Kies Bewust (the Choices logo), an initiative which has been set up to help consumers make healthy choices. By choosing products that bear a simple, distinct logo, consumers can easily opt for healthier choices. Products with a tick (the Choices logo) contain reduced amounts of saturated fat, trans-fatty acids, salt and sugar. A number of the VanDrie Group's pre-packaged veal products display the tick.



Veal Promotion Foundation

The Stichting Promotie Kalfsvlees ('Veal Promotion Foundation'), which is supported by the VanDrie Group, provides consumers with information about the veal industry, animal welfare and the quality of veal. The foundation also offers cooking tips, recipes and details of how to prepare veal, as well as information about product labelling.

For more information, visit www.vealpromotion.com.







2

CONCERN FOR EMPLOYEES

In order to consistently produce top-quality veal, we need skilled and dedicated staff. The VanDrie Group is therefore committed to long-term relationships with employees who are keen to continually work on their own personal development.

Healthy staff

In the VanDrie Group, we place considerable focus on our employees' health, working conditions, safety and development opportunities. These aspects are included in our Safety Guard quality system, thus forming an integral part of the framework conditions for veal production.

In addition to production stipulations, this system includes criteria relating to working conditions not only for employees within the VanDrie Group's own companies but also those within our suppliers' companies.

While each individual employee largely determines how healthily he or she lives, the VanDrie Group is keen to offer its workers positive encouragement, which is why we invest a lot of time and energy in employee health programmes, corporate fitness arrangements and work-pressure studies. At Ekro, the weekly staff newsletter regularly contains information about healthy living. The Fit in je Vel health programme encourages our employees to lead a healthier and more active lifestyle. An employee from the VanDrie Group's quality department embarked on this programme in March 2010 with great success, as he explains: "I had several goals: to lose weight, to strengthen my body in order to reduce pain in my back and knees, and to participate in sports more often to improve my fitness. Taking part in this project marked a real turning point for me."

We offer our employees the opportunity to have a preventative health check once in every four years. Whilst the majority of our staff find the fitness test the most appealing part of the programme, the health check also provides a general impression of a person's physical and mental health. As a food manufacturer, the VanDrie Group is legally obliged to have a current health certificate for all its employees.



Entering into dialogue together

*Ronald Teitsma
Chair of works council, ESA*

"In addition to working in ESA's classification department, I have been a staff representative for four years. And two years ago I took on an extra role: chair of ESA's works council."

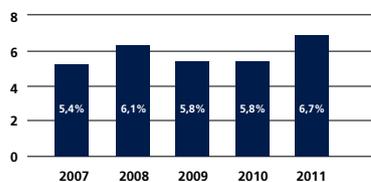
"The works council has direct contact with the facility's general manager concerning a range of topics, including investments and environmental matters. ESA became part of the VanDrie Group in 2011, and we are currently in the midst of the transition project. The works council has considerable influence, such as in discussions about avoiding job cuts."

"I see a positive future ahead. The company's culture has become increasingly open in recent years. The VanDrie Group sees that both society and its own workforce are becoming more open and is keeping pace with that trend. I for one really value that approach, and it also has a positive impact on the way we communicate with the general manager, for instance."

OUR EMPLOYEES IN 2011

- Number of employees: ± 1,800.
- Gender split: 88% male, 12% female.
- Average age: 42.6 years old.
- Average number of years of service: 13.9 years.
- Employees in permanent employment: 94.8%.
- Employees in temporary employment: 5.2%.
- Joined the VanDrie Group: 5.0%.
- Left the VanDrie Group: 6.2%.
 - Reasons for leaving:
 - Own decision: 24%.
 - Expiration of temporary contract: 28%.
 - End of probationary period: 12%.
 - Early retirement: 12%.
 - In mutual consultation: 9%.
- Number of different nationalities: 6 on average.

ABSENTEEISM DUE TO ILLNESS WITHIN THE VANDRIE GROUP



Health & safety policy

With our health & safety policy, we endeavour to ensure safe (accident-free) and pleasant working conditions. Our starting point is to create an environment which protects the mental and physical health of each and every employee. The daily responsibility for safe working conditions is shared between employer and employee, which is why we have made it an integral part of our company policy.

The VanDrie Group is in the process of drawing up a standardised protocol for registering accidents at work. The data is currently recorded at each individual facility. In 2012, details will be reported in accordance with the protocol.

Absenteeism

In 2011, the average rate of absenteeism due to illness within the VanDrie Group was 6.7%, representing an increase on the 2010 rate of 5.8%. According to the Dutch statistics office CBS, the average rate for the industrial sector (which includes the meat industry) was 5.2%. This increase in absenteeism due to illness can be attributed to the fact that the VanDrie Group is producing more consumer products together with the fact that the average age of our employees is steadily increasing. As a result, stricter rules apply in conjunction with public health and an employee is more likely to be told to take sick leave in order to prevent the risk of infection.

One focus area within the company is to increasingly involve the employer in helping employees when they fall ill. We maintain close contact with our employees during their recovery process to aid their return to work. As part of this approach, we have created many roles that involve a minimum of physical effort, thus enabling staff members to return to work on a therapeutic basis before eventually moving back into their own jobs. The roles requiring a minimum of physical effort are utilised as much as possible within the framework of Dutch labour laws and the reintegration process as agreed with the occupational health doctor. Various companies within the VanDrie Group have their own company doctor who holds regular in-house consultations with the aim of reducing absenteeism. The company doctors are all medically qualified and specialised in healthy working. They help to reduce absenteeism due to illness by advising and supporting both the employee and the employer in the process of recovering and returning to work. In the case of employees who are unable to return to their original jobs, we help them to move into a more suitable role, even if that may be outside the VanDrie Group.

RESULTS IN 2011

- Veal slaughterhouse employees received 13.1 hours of training per full-time employee.
- The Fit in je Vel health programme attracted new participants.
- Integration of the Alpuro Group's business activities.

PLANS FOR 2012

- Strengthening the management training programme related to communication with employees, specifically focussing on employability and prevention of absenteeism.
- Setting up a standardised protocol for registering accidents at work.



Policy for older workers

Working in a slaughterhouse is physically demanding. However, the average age of our employees continues to rise, partly due to early retirement opportunities being reduced and the retirement age being raised. The strength, and hence employability, of older workers – who will in the foreseeable future be required to work until 67 years of age – is under pressure. Therefore, helping all our employees to stay physically fit is a key focus for the VanDrie Group. Wherever possible, we offer older employees alternatives to their current roles (such as through re-training) or, if necessary, we support them in finding a new job externally. The collective employment agreement for the meat sector includes an attractive provision enabling employees to reduce their working hours by one day per week in return for a small wage cut. We also offer workers the option of using their surplus holiday allowance. The VanDrie Group is currently considering other measures to manage the flow of employees to and from the company more responsibly. Furthermore, roles requiring a minimum of physical effort are already being used to offer older employees suitable work as they approach retirement age.

Personal development

Our employees' loyalty increases if there are opportunities for them to work on their personal development, and we stimulate this with a personal development plan (POP) for each member of staff. In 2011, each full-time employee within the VanDrie Group's Dutch veal slaughterhouses received an average of 13.1 hours' training.

Reimbursement of study costs

Employees with a permanent contract are eligible for a study-cost allowance. We make a distinction between three types of training, as follows:

- Job-based and essential (for both the company and the employee) training, which may or may not be stipulated by the company.
- Other courses related to their current or a future role.
- A course on the employee's own initiative, in line with the 'study protocol' as detailed in the collective employment agreement for the meat sector.

Since the VanDrie Group regards it as one of its duties to support students in senior secondary vocational education (MBO level), it offers study placements for the apprenticeship-oriented learning track (BBL) at all levels. The BBL-2 course for employees in the fresh food industry enables students to obtain a so-called 'starter' qualification in the form of an officially recognised diploma.

Integration of the Alpuro Group

The acquisition of the Alpuro Group was approved in 2011. The Alpuro Group's business activities are now gradually being integrated with those of the VanDrie Group, with the starting point being that the current values within the VanDrie Group's existing service offering must be preserved as much as possible. Within the framework of this streamlining process, it was decided to transfer the calf milk production activities from Uddel to another facility within the group in 2012. Although the production of mixed feed/muesli for calves will remain in Uddel, the decision will result in the loss of approximately 50 of the 81 jobs there. Over half the employees concerned will be offered suitable positions elsewhere within the VanDrie Group.

The VanDrie Group is involved in discussions with the trade unions to agree on a Social Plan covering the transfer and/or redundancy of the affected employees.





3

CONSIDERATION FOR CHAIN PARTNERS AND THE ENVIRONMENT

The VanDrie Group is a forerunner in the veal industry in its approach to animal health and welfare. Collaboration is crucial in maintaining this position, which is why we are involved in partnerships with various chain partners and stakeholders who are similarly committed to ensuring a smooth-running veal sector. This is the basis for all our relationships. Together with suppliers, customers, employees and civil society organisations within the chain, we are investing in food safety, improving animal welfare and making the chain more sustainable. To achieve this, we are cooperating with research partners such as Wageningen UR, we are a member of various organisations, we enter into dialogue with our veal farmers and customers and we forge international relationships for the dissemination of knowledge. The VanDrie Group incorporates the results of its contact with stakeholders into its strategy, management approach and operations. One example of this is the reduced use of antibiotics.

Veal farmers

While veal farms are family run businesses, the calves remain the property of the VanDrie Group, meaning that the VanDrie Group bears the greatest part of the financial risk. In many cases, our relationship with a veal farm goes back several generations. The veal farmer's expertise is crucial, and maintaining the required standards demands a considerable sense of responsibility and dedication from both the veal farmer and his family. We believe that the conservation of nature and the environment can go hand in hand with industrial activity in rural areas. By providing an economic boost, our veal farms contribute to the development of a thriving agricultural community.

The VanDrie Group receives all the technical data from the veal farms, allowing it to amass a significant amount of knowledge and information which is subsequently used to offer intensive support to the veal farmers. On average, consultants from the VanDrie Group visit farmers once a week. The consultants represent an invaluable source of information for the veal farmers, and these visits are the ideal opportunity to answer questions, share experiences and discuss new insights into veal farming, such as how modern management systems can help to guarantee the animals' welfare and hence the superior quality of the veal. The VanDrie Group's 60 advisors meet up regularly to exchange knowledge and practical experiences and to discuss research findings.

RESULTS IN 2011

- Set up a model, in collaboration with the LTO's veal project group, for regular consultation within the sector.
- Structural dialogue with chain partners about topics such as sustainability, animal welfare, food safety and transport.
- Financial support of Stichting Kinderen en Kansen and Alpe d'HuZes.

PLANS FOR 2012

- Disseminate more knowledge to new markets.
- Extend the model for regular sector consultation.
- Dialogue with chain partners and at least ten different parties.
- Continued support of Stichting Kinderen en Kansen and Alpe d'HuZes.

Customers

In its production of veal, the VanDrie Group takes different beliefs and religions into account. It also has strong relationships with its many veal customers, both nationally and internationally, the majority of which are retailers, wholesalers and foodservice companies. In addition to investing its time in building and maintaining customer relationships, the VanDrie Group is continually involved in developing new markets. Whilst the VanDrie Group does not communicate directly with consumers, it does provide its customers with relevant information to help them promote veal as a safe product that fits into a healthy diet. Customers are encouraged to notify the VanDrie Group of any comments or potential complaints, and the company has an integrated system in place to deal with any complaints.

Dissemination of knowledge and expertise to new markets

The VanDrie Group has been investing in international relations for several years in order to develop a relationship of cooperation and knowledge exchange. Joint projects in new markets such as Russia and Tunisia, for example, enable us to help these countries to improve their own results. In countries with a growing dairy cow population, such as India, there is a considerable need for knowledge about keeping and adding value to calves, and the VanDrie Group is the right partner to supply this know-how. Through a commitment to continual and open collaboration, the VanDrie Group is striving to achieve global synergy in veal production.

Support for children with the Sanfilippo syndrome

The VanDrie Group supports the Stichting Kinderen en Kansen (foundation for children with the Sanfilippo syndrome) and the Alpe d'HuZes charity. In addition, the VanDrie Group regularly holds cookery demonstrations and makes its veal available free of charge to various charity events.

About Stichting Kinderen en Kansen: Sanfilippo syndrome is still a deadly metabolic disorder that affects one in 40,000 children. The charity designed its logo to feature the image of a calf to symbolise young life and high quality research, which is one of the reasons we are happy to help this cause. However, another important reason for lending our support is that two veal farmers within the VanDrie Group have direct experience of children with Sanfilippo syndrome.

The VanDrie Group supports fundraising activities for research into this illness, including donating the proceeds from the sale of calf figurines.



Raising calves together

Henk Kruithof
Veal farmer VanDrie Group

"As a veal farmer, I am responsible for the health and welfare of the calves, and of course for food safety - from the moment the calves arrive on my farm until the moment they leave."

"I have been working with the VanDrie Group since 1986, just as my father did before me. I have been approached by other parties, but as long as the level of cooperation is satisfactory, there's no reason to change. We particularly value the weekly visits by the VanDrie Group regional manager. He acts as a kind of consultant and provides advice on a wide variety of topics. And if any of the calves are ill, the regional manager is usually present during meetings with the vet."

"We hope to continue working with the VanDrie Group in the same transparent manner in the future and to remain open for new developments in order to deliver positive results together."



Collaboration with experts

Aalt Dijkhuizen
Wageningen UR (University & Research Centre)

"I am chairman of the Executive Board at Wageningen UR, a university and research centre whose work includes innovation in the veal production chain."

"We are in close contact with the VanDrie Group and our joint projects include the further improvement of animal welfare and chain information systems, amongst other things. In view of the rapid pace of development in this field, as well as ever-changing consumer demands, we expect our collaboration to continue into the foreseeable future."

AN OVERVIEW OF THE MOST IMPORTANT PARTIES WITH WHICH THE VANDRIE GROUP COLLABORATES IN AREAS SUCH AS SUSTAINABILITY, ANIMAL WELFARE, FOOD SAFETY AND TRANSPORT:

- Gezondheidsdienst voor Dieren (Health service for Animals)
- TNO
- University of Utrecht
- Mazars accountants and tax consultants
- de Dierenbescherming (Dutch Society for the Prevention of Cruelty to Animals)
- The Ik Kies Bewust foundation (Choices)
- MVO Nederland (CSR Netherlands)
- Food Valley
- Food & Biobased Research (FBR)
- Food & Nutrition Delta
- Wageningen UR University & Research Centre
- Carbohydrate Competence Centre
- CoMore
- COV (Dutch Meat Association)
- CLM (Centre for Agriculture and Environment Foundation)
- Nizo Food Research
- VNO-NCW (Confederation of Netherlands Industry and Employers) Consumer Product Safety
- NVWA (Netherlands Food and Consumer Product Safety Authority)
- RDA (Advisory Board for animal health and welfare)
- SDa (Animal Drug Authority)
- Ghent University
- Life Cycle Engineering
- SKV
- Dutch Ministry of Economic Affairs, Agriculture and Innovation
- Dutch Ministry of Health, Welfare and Sport
- Provincial governments
- Municipalities
- Lloyds
- Cater with Care
- UECBV

Dialogue within the sector

Together with the veal project group within the Dutch agricultural network association LTO, the VanDrie Group has set up a model for establishing regular consultation. This model ensures that veal farmers are informed about relevant developments within both the sector and the VanDrie Group in a timely manner, which will aid clear communication and help to reduce uncertainty among the veal farmers.





4

FOOD SAFETY

The VanDrie Group safeguards food safety, food quality, animal welfare and socially responsible aspects (Controlled Quality Veal) throughout the entire production chain with its own quality system: 'Safety Guard'. At the heart of Safety Guard is the transparent collaboration between all the links in the chain including direct and indirect suppliers. The guidelines also leave scope for incorporating specific wishes from individual customers. In addition, we work with other chain partners to design solid, verifiable and transparent chain quality systems for all business activities, such as the quality system of the Veal Calf Quality Guarantee Foundation (SKV) and Integrale Keten Beheersing ('Integrated Chain Management' or IKB). These chain systems are the backbone of Safety Guard and form the basis for sustainable and socially responsible veal production.

Safety Guard

As an integrated quality system, Safety Guard brings together all the different systems across the VanDrie Group's various production facilities. Safety Guard is based on the ISO 22000 and ISO 14001 standards, and is part of the VanDrie Group's commitment to transparency within its care systems. Internationally recognised, independent certification bodies are constantly assessing these systems in order to continually improve the process.

Both national and international legislation and regulations were taken into account when developing Safety Guard, as were the needs and expectations of trade customers and consumers. If any of our suppliers do not meet the Safety Guard requirements, we help them to improve their performance. However, if they do not make sufficient progress, we discontinue our collaboration with them.



AMONG OTHERS, SAFETY GUARD COMBINES THE FOLLOWING STANDARDS AND EXTERNAL CODES OF BEHAVIOUR:

- Food Safety Supply Chain System
- HACCP
- GMP+
- GVP
- BRC
- IFS
- ISO 9001
- ISO 14001
- ISO 17025
- ISO 22000
- QS
- SKV
- PVE/IKB
- Codiplan

RESULTS IN 2011

- Even more hygienic slaughtering thanks to the Schoon Slachten project.
- 27% reduction in antibiotic use in the entire veal sector.
- The sector has started to use a new antibiotic residue test available through the Veal Calf Quality Guarantee Foundation (SKV).

PLANS FOR 2012

- Further reduction in antibiotics by:
 - Improving calves' resistance.
 - Improving veal farm management.
 - Benchmarking and knowledge sharing.
 - Homeopathy.

Food safety and traceability

As an integrated veal producer, the VanDrie Group guarantees food safety. We do so by continually optimising our integrated quality systems, and by ensuring that our individual track & trace systems fit together seamlessly in order to create one single, effective and reliable traceability and recall system, which complies with the demands of the General Food Law as a minimum. The Safety Guard objectives are in line with the VanDrie Group's CSR policy. In 2011, the results included the following:

- An updated risk analysis was carried out and subsequently monitored regularly.
- A gap analysis was carried out for ISO 14001 and the first steps were taken in setting up an environmental care system.
- Research was completed into the consequences of FS22000 certification, and the slaughterhouses are now ready for the certification process.

Meanwhile, we have formulated important new objectives in line with this policy, which include:

- Developing a framework for further implementation of CSR within Safety Guard.
- Improving the quality level within slaughterhouses through the Schoon Slachten project.

For more information about the Safety Guard system, visit www.vandriegroup.com/garantuees.

Raw materials

The VanDrie Group works exclusively with controlled manufacturers/suppliers who can provide guarantees of how their products have been prepared. We check the entire process and pay particular attention to food safety and utilisation by the calves (optimal digestion and absorption of all the raw materials and feed). Suppliers are required to provide specifications for all raw materials they supply to us, and these are only approved after the VanDrie Group has evaluated both the manufacturing process and the raw materials themselves. Furthermore, all raw materials for use in the production of calf milk and roughage or muesli are tested on delivery. The company Melkweg handles the sourcing and sale of dairy raw materials, milk replacement products and semi-finished products for calf milk powder. Melkweg also offers its services to companies throughout the veal chain, both nationally and internationally.



Reducing antibiotic use

A reduction in the use of antibiotics is high on the agenda in Dutch livestock farming. Resistance problems have resulted in antibiotics receiving increasingly bad press in recent years. The VanDrie Group sees it as its social duty to reduce the use of antibiotics in the veal sector. The sector has also introduced its own measures, which are outlined in the Master plan Rationeel Gebruik Antibiotica van de Nederlandse Kalversector (Master plan for the Rational Use of Antibiotics by the Dutch Veal Sector). Between 2007 and 2010, the veal sector reduced its use by 27%.

The VanDrie Group is working together with veterinarians, nutrition experts and veal farmers, and is involved in several programmes focusing on veterinary, nutritional and care aspects.

In cooperation with veal farmers, the VanDrie Group has also set up various vaccination programmes. In addition, the company began a small scale use of homeopathic remedies a few years ago, and it has since been demonstrated that the correct application of a homeopathic approach can be of benefit within veal farming. It has also become clear that veal farmers are happy to use homeopathic remedies providing they are effective. Veal farmers have noticed that calves sometimes recover more quickly when homeopathy is used in conjunction with antibiotics. The aim of this project is to expand our knowledge of the application of homeopathy within veal farming. Furthermore, we are keen to gradually extend the use of homeopathy among all our regional managers and veal farmers. However, a veterinarian's specialist knowledge remains indispensable. Homeopathic remedies should be used as reinforcement only, and can sometimes weaken the effect of antibiotics.

Various management measures can also contribute to a reduction in antibiotic use. To minimise stress, new calves are transported from dairy farms to a collection centre where they remain in quarantine for a short while. The animals are then transferred to veal farms in homogeneous groups. As a result of this approach, fewer calves suffer an infection in the first few weeks after arrival, thus reducing the need to use antibiotics to combat infections.



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ANIMAL WELFARE

An animal's welfare is closely linked with its health, which is why we are keen to protect health and welfare throughout the entire chain. This starts with sourcing the calves and providing suitable housing, but it is also a major consideration in diet, transport and in the slaughterhouse. The VanDrie Group has integrated both animal health and animal welfare effectively into its quality systems at every stage of its contribution to the veal chain.

Some of the many animal welfare initiatives within the VanDrie Group are discussed in this section, and cooperation with civil society organisations and knowledge institutes also plays a key role. Our collaboration agreement with the Dutch Society for the Prevention of Cruelty to Animals demonstrates that genuine cooperation leads to better quality and strengthens the chain.

Healthy calves

The veal sector is inextricably linked with dairy farming. In order for a cow to produce milk, she needs to give birth to a calf. The calves purchased by the VanDrie Group are not bred specifically for the purpose of producing veal, but instead the VanDrie Group adds value to calves that are surplus to requirements in the dairy industry. The VanDrie Group sources calves from dairy farms both in The Netherlands and in North-eastern Europe. We believe it is in everyone's interests for the dairy and veal farming sectors to work together to add value to calves. Therefore, it is important that the VanDrie Group calves receive a good start at the veal farm, which is why the VanDrie Group only purchases 'vital' calves. Having received colostrum in the first hours of their lives, vital calves are strong, vigorous, healthy calves with a good immune system. These calves will have grown well in the first two weeks after birth and they will have a minimum weight of 36 kilograms thanks to the excellent care they have received from the dairy farmer.



The VanDrie Group and the Dutch Society for the Prevention of Cruelty to Animals are involved in a longstanding and fruitful collaboration. In the past, for example, the VanDrie Group has actively cooperated on a switch from box housing to group housing. Since 2009, the VanDrie Group has been selling veal displaying the Beter Leven ('Better Life') mark, and has been awarded a one-star rating by the Society, which means that the calves receive an above average amount of roughage, for instance. In the future, the calves will be transported in air-conditioned livestock trucks and they will have more space to move about in their stalls and a soft area in which to lie. The collaboration is based upon equality and respect, and is mutually beneficial.

Frank Dales, Director of the Dutch Society for the Prevention of Cruelty to Animals



Code of Animal Welfare

Animal welfare is difficult to quantify. In order to measure its animal welfare performance as effectively as possible, the VanDrie Group developed the Code of Animal Welfare and implemented it into its business operations through Safety Guard in 2011. This enables the activities of each individual company to be improved and become more sustainable. The Code of Animal Welfare acts as a guideline for investments in housing. The Code of Animal Welfare is based on the European Welfare Monitor for Veal Calves, which the VanDrie Group developed in 2005-2011 together with Wageningen UR, other Dutch veal producers, the Dutch Ministry of Economic Affairs, Agriculture and Innovation (EL&I) which was formerly known as the Ministry of Agriculture, Nature and Food Quality (LNV), and the Dutch Society for the Prevention of Cruelty to Animals. With the Welfare Monitor for Veal Calves, we aim to individually assess animal welfare at farm level based on specific animal characteristics for milkfed calves and rose calves. Since 2010, the quality parameters have been published online: haemoglobin content, illness, transport, behaviour, availability of sufficient drinking water and stunning before slaughter.

'Better Life' mark

The VanDrie Group believes it is important to cooperate with various parties both within and beyond the meat production chain, since this enables us to take product quality and the production process to the next level. A good example of this is our collaboration with the Dutch Society for the Prevention of Cruelty to Animals: between us, we facilitated the Beter Leven ('Better Life') mark. The independent monitoring organisation Veal Calf Quality Guarantee Foundation (SKV) ensures compliance with the criteria stipulated by the Dutch Society for the Prevention of Cruelty to Animals. In 2011, the Society announced that in 2010 more than 200,000 calves were kept in conditions that met the Beter Leven criteria. These were the calves from the VanDrie Group which received a one-star rating within that scheme. The VanDrie Group is currently working together with international partners to find new sales markets for veal displaying this welfare mark.

Housing

The VanDrie Group's calves are only kept in stalls that meet strict requirements in terms of housing and the environment. Since the VanDrie Group is a strong supporter of housing calves in groups, we keep all our calves in groups in spacious, well-ventilated and well-illuminated barns. We are involved in joint investment initiatives with manufacturers of livestock housing, animal welfare organisations and governments to support research into housing improvements. For instance, during the past year, the VanDrie Group has tested specially developed floors, both independently and as part of an industry project. 2010-2011 saw the first phase of this study: the design of various types of flooring. Five alternatives were compared against the current type of flooring, and the test was conducted at four different veal farms. Particular attention was



paid to the impact on animal behaviour and the health effects on the calves' hooves and joints. Between 2012 and 2014, complete stalls will be designed which can house approximately 200 calves each. Ultimately, two alternatives will be compared at over 20 veal farms. The focus is on animal welfare including animal health, technical results and emissions.

Transport

The VanDrie Group has been committed to animal-friendly calf transport for many years and has been pioneering research into improvements in this field. Key focus areas are: minimising the duration of transport, ensuring a comfortable climate during transportation and ensuring specialised drivers.

The VanDrie Group participates in the Garantiesysteem Tracering SKV-Vleeskalveren (GTSKV), a system guaranteeing the traceability of calves. This system enables us to establish where the SKV veal calves we are importing are located in the international transport chain at any desired moment. It is important to be able to trace calves at all stages of transport in case of the outbreak of an infectious disease, for instance.

The VanDrie Group has contracts with livestock transporters who are certified according to the Quality system Livestock Logistics (QLL), a Dutch quality system for the transport and assembly of livestock. The system is managed by the foundation Stichting Kwaliteitssysteem Dierenlogistiek. QLL was set up to guarantee animal welfare and to prevent the spread of animal diseases during transport or assembly of livestock. In addition to meeting all legal requirements, the quality system includes several extra statutory matters. The VanDrie Group endeavours to work only with QLL-certified agents and transporters.

In 2009, the VanDrie Group collaborated with a truck manufacturer to develop a fully air-conditioned Comfort Class truck for calves. The truck ensures that the calves' exposure to temperature fluctuations is minimised. The truck are also equipped with cameras so that, while driving, the driver can monitor the calves' behaviour. Fourteen Comfort Class trucks are currently in use for transporting the VanDrie Group's calves. The VanDrie Group continues to stimulate the use of Comfort Class trucks for the transportation of calves by formalising agreements with livestock transporters and by investing heavily in this project.

The VanDrie Group is currently involved in a sector-wide study aimed at optimising animal-friendly transport. The study examines not only the transport itself but also the two weeks after transportation, and uses objective parameters to assess the calves based on nutrition, temperature, air quality, the manner of transport and the duration of transportation. It also takes into account the overall effects after transportation. This large scale study will last approximately



four years. The VanDrie Group is in regular contact with the Dutch Society for the Prevention of Cruelty to Animals to discuss the study's progress.

The VanDrie Group's slaughterhouses work according to the just-in-time principle: transportation to the slaughterhouse is planned in such a way that the animals are slaughtered as soon as possible after arrival. This minimises unnecessary waiting time for the calves, either in the truck or in the slaughterhouse.

Roughage

Our calves are given a special diet, containing a daily portion of roughage and calf milk.

The VanDrie Group operates in an international market. In response to customer expectations, as well as to lend a further boost to calf welfare, the VanDrie Group invested heavily in research into calves' roughage requirements. Back in 2009, based on findings from this study, the VanDrie Group agreed with the Dutch Society for the Prevention of Cruelty to Animals to feed its calves twice the minimum legal amount of roughage. The VanDrie Group believes it is important to improve animal welfare in as many different ways as possible, and one aspect of this is that all VanDrie Group calves now receive more roughage. Between 2009 and 2011, we collaborated with Wageningen UR to draw up and implement a research programme focused on stimulating calves' natural behaviour. We noticed that calves were eating roughage at an increasingly young age without any negative impact on the quality of the meat.

Various studies are currently being carried out. Veal Farmers of the VanDrie Group are providing roughage to calves, including muesli roughage which offers the benefits of roughage along with a high nutrient content. Furthermore, the texture of muesli roughage ensures a stable rumen environment in which rumen microbes can develop well. A well-developed rumen produces high quality, digestible protein which replaces some of the need for calf milk. The high nutrient content and the stable rumen environment thus benefit animal health and welfare as well as achieving maximum efficiency, since this approach requires little extra investment in terms of time or money on the part of the veal farmer.



RESULTS IN 2011

- Implemented the Code of Animal Welfare into business operations through Safety Guard.
- Fourteen Comfort Class trucks were in use for transporting the VanDrie Group calves.
- Collaborated with Wageningen UR on setting up a research programme to investigate how the natural behaviour of calves could be stimulated.
- It was announced that more than 200,000 calves were kept in conditions compliant with the Beter Leven mark in 2010.
- Involved in a trial project to evaluate specially developed types of flooring.

PLANS FOR 2012

- Expand production of (young) rose meat.
- Increase the number of calves kept in conditions compliant with the Beter Leven mark.
- Further optimise, and exchange knowledge and experience of the Peter's Farm concept.
- Optimise the ratio of calf milk to roughage.
- Further improve animal welfare and transport.
- Introduction and further implementation of the Code of Animal Welfare.
- Lay the groundwork for all long distance calf transport to be carried out in Comfort Class trucks by 2015.

Peter's Farm®

Last year's acquisition of the Alpuro Group meant that the premium veal brand, Peter's Farm, became part of the VanDrie Group. Founded in 1997, this concept was and is based on five values: Quality, Animal Welfare, Traceability, Safety and Open Information. These values are a good fit with the five pillars of our CSR policy. The Peter's Farm calves are kept in herds of 60 animals on average. Peter's Farm uses modern computer technology to monitor the behaviour of each individual calf. As part of the commitment to transparency, consumers can observe the Peter's Farm calves live by webcam, and veal farmers Van den Berg and Derks held an open day in the Summer of 2011, attracting over 1,500 visitors.



In addition to displaying the 'tick' mark (formerly the Ik Kies Bewust logo), Peter's Farm Veal also carries the Beter Leven mark from the Dutch Society for the Prevention of Cruelty to Animals. Furthermore, the Society endorses the distinct merits which make Peter's Farm unique. Peter's Farm Veal is sold under the Peter's Farm brand, and its main customers are national and international butchers and high end foodservice and supermarket chains. Whilst the contribution of Peter's Farm may seem small in relation to the total veal production (in terms of turnover per kilogram), the VanDrie Group is keen to learn from this concept, gain synergies from it and develop it further.

Animal Welfare Officers

Animal welfare within the slaughterhouses is also very important to the VanDrie Group. Under the British Retail Consortium (BRC) certification programme, approximately ten members of staff have qualified as Animal Welfare Officers. These are independent supervisors who monitor the slaughterhouses on a daily basis and help employees with animal welfare issues.



6

CRADLE TO CRADLE

It is the VanDrie Group's mission to add value to all the sector's waste products and by-products. This 'cradle to cradle' principle has been one of the priorities within the company's CSR policy for many years. Thanks to its recycling efforts, less than 10% of residual products end up as waste. The VanDrie Group firmly believes that it makes good business sense to invest in finding markets for new by-products. For example, the 'fifth quarter' of a calf (by-products/internal organs) plays an important role in adding value to calves. In fact, the term 'by-products' does not do justice to the status such products deserve. 'Waste' such as calf's liver, sweetbreads or kidneys are regarded as luxury products in some countries, and can often be found on the menu in France and Italy for example. Furthermore, the VanDrie Group is looking to identify new raw materials for the production of animal feed. The growing global demand for both plant based and animal proteins is putting the raw materials that the VanDrie Group currently uses under increasing pressure, which is why the company is investing in finding new sources of protein which cannot be used for human consumption.

Re-use of products

In line with the 'cradle to cradle' principle, the VanDrie Group uses residual products from the chain as raw materials for other products.

Calf milk powder

The VanDrie Group uses many residual products from the cheese-making process in the production of calf milk powder. Whey that cannot be used on a large scale is used by the VanDrie Group as a source of protein for calf milk powder. Using whey reduces the amount of skimmed milk powder used. Calf milk is produced at several facilities including Staverden, Mijdrecht and Sittard (The Netherlands). Calf milk production amounts to nearly 600,000 tonnes annually.

Manure processing

As a result of the VanDrie Group's efforts, many veal farmers collect and separate the manure produced. This separation process creates a valuable dry fertiliser that goes on to be sold in garden centres throughout The Netherlands. The slurry remaining after the separation process is also of a very high quality. After the addition of magnesium, it forms struvite which is stored as artificial fertiliser. The leftover water can be drained off via the surface water without requiring any further treatment. Manure from the slaughterhouses is also used to generate 'green' electricity through anaerobic digestion. This is how veal farms are making a substantial contribution to reducing the manure surplus while offering an alternative to artificial fertilisers.



Salt

Another example of recycling is the salt that is used in preserving calfskins, which is a process that requires high quality salt. The excess salt that remains after curing the calfskins is collected for re-use by a processor of cowhides. Since cowhides require less sensitive treatment, slightly lower quality salt can be used.

Skins

We also add maximum value to the skins of the calves. We supply fresh calfskins to several customers, including to a Dutch shoe manufacturer. Especially for this manufacturer, we refrain from salting the skins to reduce the amount of processing, and hence chemicals, required during manufacturing. For the VanDrie Group, this means that we use less salt and produce less brine.

Carbon footprint

The VanDrie Group believes that a collaborative approach and hence a sector-wide initiative is required to reduce carbon emissions. In view of our aim to further reduce the size of veal production's carbon footprint, the VanDrie Group is involved in the Roadmap Meat initiative (see: www.routekaartvlees.nl) which outlines the opportunities within the meat sector (meat, meat products and snacks) for saving energy and improving sustainability up to 2030. It includes concrete examples of how companies can make a real difference. In parallel, an action plan has been formulated for the whole sector. The VanDrie Group has used the Roadmap Meat to form objectives, taking 2008 as the reference year. The VanDrie Group aims to optimise its logistics for both raw materials and finished products.



Objectives:

- For raw materials: by 2015, 85% of the raw materials will be sourced within a radius of less than 2,000 km, 75% within a radius of less than 1,000 km, 50% within a radius of less than 500 km, and 25% within a radius of less than 250 km.
- For the production of calf milk and roughage: to consume 2% less energy per year, to be using 30% greenhouse gas (GHG) and 20% renewable energy by 2020.
- For cooling in the slaughterhouses: through energy efficient cooling measures and innovations in the chain, the VanDrie Group intends to achieve energy savings of 30% by 2030.





RESULTS IN 2011

- Certification of the KSA Environmental Management System.
- KSA became the first ever VanDrie Group company to obtain ISO 14001 certification.

PLANS FOR 2012

- Assess and monitor all our suppliers on their approach to environmental matters.
- Endeavour to use 100% 'green' electricity generated by Dutch dairy farmers in the manufacture of muesli roughage.
- Obtain ISO 14001 certification for our companies Oukro and Ekro.
- Reduce our usage of salt by selling more untreated calfskins.
- Re-use energy generated by the production of compressed air at our company Oukro to heat water.
- Reduce carbon dioxide in the production of calf milk by 33% between 2000 and 2015.
- Energy-saving and environmental investments by the VanDrie Group companies in Italy.

Transport

In 2011, Navobi, part of the VanDrie Group, received a Lean and Green declaration of intent for its carbon dioxide objectives in logistics. This means that Navobi has committed itself to reducing its carbon emissions by more than 20% over five years. Each company draws up an action plan outlining which internal measures it will take in order to achieve the objectives. The Duurzame Logistiek ('Sustainable Logistics') programme, managed by Connekt, supports 250 pioneering companies who reduce their carbon emissions by more than 20% over five years while also increasing their profitability.

Not only has one of our suppliers received a Lean and Green Award, but they will also soon start operating dual-fuel trucks. These are sustainable trucks in which the diesel engine is supplemented by a gas injection system, which substantially reduces carbon emissions.

Environmental policy

The VanDrie Group accepts its responsibility towards the environment in the entire supply chain in which it operates, which means that environmental interests are just as important as economic, legal, health and safety interests in its business operations and hence deserve equal consideration.

The VanDrie Group's environmental policy has been designed in line with ISO 14001 guidelines to recognise, dutifully investigate and limit any potentially negative effects on the environment caused by any of its business activities, either past or present.

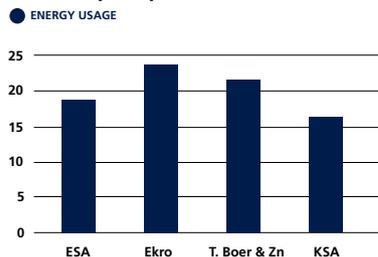
This policy is implemented as follows:

- Prevention of air and water pollution.
- Prevention and/or remediation of ground pollution.
- Noise-level reduction.
- Energy conservation and use of renewable energy whenever possible.
- Prevention of waste. When waste production is unavoidable, the company will look for ways to re-use it.
- Avoidance of the use of substances or materials which have been proven to be unacceptable from the perspective of the environment or the health and safety of employees, customers or local residents.

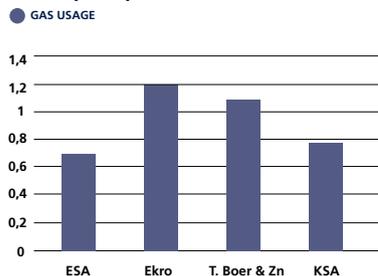
CARBON FOOTPRINT PER SLAUGHTER

THE ENERGY – , GAS – AND WATER USAGE HAS BEEN MADE INSIGHTLY PER SLAUGHTERHOUSE

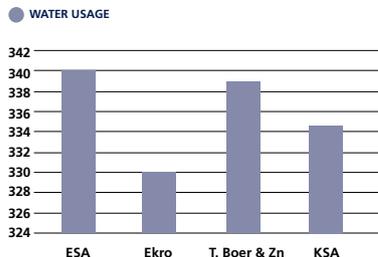
ENERGY USAGE PER CALF IN KWH (2011)



GAS USAGE PER CALF IN M³ (2011)



WATER USAGE PER CALF IN LITERS (2011)



Environmental Management System

Within the VanDrie Group, we take a structured approach to our use of energy, gas and water. We benchmark this within the sector in order to compare our performance against that of other similar companies. In November 2011, KSA in Aalten became the first company in the VanDrie Group to achieve ISO 14001 certification. KSA set up an Environmental Management System in 2010, and this was certified in 2011. The system is based on ISO 14001 principles and covers a range of environmental aspects including noise pollution, odours, water usage, water contamination, waste and energy consumption. All Dutch companies within the VanDrie Group operate in accordance with ISO 14001 principles. In addition, we ask our suppliers to provide us with information on their environmental policies, and in the case of new suppliers we discuss this in advance. Our suppliers take the environment seriously, and some of them are already ISO 14001 certified.

Long-term agreement

In 2011, Ekro was one of 12 Apeldoorn based companies to join a nationwide project aimed at continuing to reduce energy consumption. The method used in the project enables energy savings of 2% per year.

Energy-saving box

The VanDrie Group believes it is important for its workers to use energy wisely, and as a result it has introduced a so-called 'energy-saving box' for its staff in 2010 as part of the Energiebewustwording thuis en op het werk ('Energy awareness at home and at work') campaign. This initiative has helped to raise employees' awareness of ways to help save energy, both at work and at home. The box includes an energy meter, switches to reduce standby power consumption, a 'shower coach', water-saving devices for taps, and a timer switch. In 2011, employees provided positive feedback on the energy savings that they had been able to achieve thanks to this toolkit.

Packaging material

At the end of the veal production chain, the VanDrie Group collaborates with its partners to make sure the chain is even more sustainable. For example, special packaging materials are used to ensure the meat stays fresher for longer, thus resulting in less waste and fewer transport movements (approx. 40%) which in turn gives rise to lower transportation costs. We use FSC-certified paper and bio ink for our printed materials and the cardboard producers use FSC-certified paper packaging.





SCOPE OF THIS REPORT

The VanDrie Group has been publishing an annual CSR report since 2006 for all those directly or indirectly involved in the veal sector, namely (potential) customers, employees, suppliers (farmers), stakeholders, chain partners and other interested parties.

In order to meet these stakeholders' information needs, the VanDrie Group adheres to the Global Reporting Initiative (GRI) guidelines as well as the Transparency Benchmark criteria from the Dutch Ministry of Economic Affairs, Agriculture & Innovation. The GRI guidelines represent the global standard for sustainability reports and make it possible to compare different companies' performances. The GRI standard is the result of an international consultation process between businesses, civil society organisations and various institutions. The GRI guidelines form the basis for the topics contained within this CSR report, as well as presenting a framework for data compilation and calculations with respect to environmental and social indicators. This CSR report complies with GRI level C, self-declared. The GRI index and glossary, as well as the CSR reports from 2006 to 2011, can be found on the VanDrie Group's website: www.vandriegrup.nl/mvo

The topics discussed in the CSR report have also been influenced by economic, environmental and social developments during 2011. Some examples of the trends covered in this report include the worsening economic climate in sales regions, the rising cost of raw materials, the increasing scarcity of raw materials and the rising average age of employees.

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We publish our extensive CSR report once every two years. In order to provide details of our CSR-related efforts in intermediate years, we publish a summarised CSR report in digital format. This CSR report covers the period from 1 January 2011 up to and including 31 December 2011 and relates to all the companies in which the VanDrie Group Holding has a majority share. In cases where data was not yet available for 2011, statistics from 2010 have been used (which has been clearly indicated wherever applicable).

The facts and figures presented in this CSR report are based on information extracted from the VanDrie Group's financial reporting system, the Safety Guard quality system and personnel management system and have been compiled at the head office.

The VanDrie Group has opted not to get this report verified by an external party. In addition to the CSR report, the VanDrie Group produces an annual financial report that is available from their head office and which has been externally verified by Mazars Paardekoper Hoffman Accountants N.V.

Data concerning the safety and working conditions of employees is available in the Risk Assessment and Evaluation (RI&E) which is available from the head office.



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