

Well-cared-for

Acknowledgments

About this report

This report has been compiled in compliance with the Global Reporting Initiative (GRI) standards (Core option) and covers the period from 1 January 2016 until 31 December 2016. Unless specified otherwise, the results concern Plukon Food Group's national and international activities. Its scope and contents are based on the material topics and the information needs of stakeholders. Plukon Food Group aims to report on the CSR topics set out in this report every two years.

Anchoring sustainability within the organisation

The Plukon Food Group board coordinates the development of sustainability policy, shaped by the company in consultation with internal and external stakeholders. The board is also responsible for evaluating progress made, putting in place the necessary prerequisites and compiling the CSR report. Progress made in relation to sustainability is discussed every six weeks at meetings between the Plukon Food Group board and the company's production site managers. Where necessary, the measures taken are adapted and targets adjusted to ensure that progress continues to be made. Plukon's CEO has ultimate responsibility for sustainability.

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Well-cared-for

As an international poultry business, Plukon Food Group is constantly developing, with organic growth and high-potential acquisitions helping to strengthen and grow the business. Working with our retail partners and industry clients, Plukon Food Group offers a broad range of poultry products and meals.

Convenience and variety are broader consumer trends that also apply to the purchase of poultry. With a range that includes processed poultry products, 'ready to cook' and 'ready to eat' meals, Plukon is responding effectively to growing market demand in this area. The company has a robust product development and marketing strategy, supplemented by well equipped production companies. To optimise its market approach, Plukon has opted for specialisation at its production sites.

Cost control, standardisation and production optimisation are crucial in a competitive market. Producing innovative consumer products and concepts demands creativity and flexibility. Plukon's corporate strategy also has a strong focus on innovation and on improving efficiency. Sustainability is an integral part of this strategy, whereby Plukon strives to strike the right balance between people, animals, the environment and profitability.

Dynamic developments inside and outside the company constantly require Plukon to assess its strategy and to adapt it where necessary. In 2016 a

number of countries in and outside Europe were hit by avian flu. Further infection was prevented thanks to stringent hygiene measures and local transport bans. By responding quickly to the changing environment, Plukon has strengthened its position in the northwestern European poultry sector and safeguarded the continuity of the company and its supply chain partners (such as broiler farmers).

Sustainability presents new opportunities and threats for all players in the poultry supply chain. The company's reliance on a number of different farming concepts is a key tool for matching supply and demand in a segmented market. Plukon actively encourages supply chain partners to respond actively to relevant market developments, for instance by devoting greater attention to animal welfare, reductions in antibiotic use and more energy-efficient production. Strong, resilient broilers form the basis of a healthy poultry supply chain and responsibly-produced food.

Plukon has specified six themes in its sustainability agenda: healthy and responsibly-produced products, food safety and transparency, animal welfare, animal health, efficient production and logistics, and staff and society. In this CSR report Plukon Food Group reports on the sustainability policy it has pursued in 2016. It also outlines the course that the company will follow in future. Plukon Food Group will continue to invest in knowledge and innovation, and aims to continue to fulfil a permanent pioneering role in its sales markets.

Peter Poortinga

CEO Plukon Food Group

Working in close cooperation with retailers, Plukon is uniquely placed to offer a broad and varied range of poultry products: from healthy and affordable, to free-range and organic. All players in the poultry supply chain are making every effort to provide high-quality, affordable and sustainable products. Effective cooperation between them is essential for this purpose.



About Plukon Food Group

Plukon, a producer of poultry products and fresh ready-meals, is one of the biggest players in the European poultry market. Plukon supplies its products to retailers, quick service restaurants, the food industry and foodservice industry. Its main geographical markets are the Netherlands, Germany, Belgium, France, the United Kingdom and Ireland.

Poultry consumption is increasing in northwestern Europe, just as it is throughout the world. Within five years consumption rose from an average of 20.5 kg per person in 2010 to 22.5 kg per person in 2015¹. Plukon Food Group expects this growth to continue. Poultry fits well within the trend for convenience and healthy eating, is relatively cheap and complies with the food restrictions of most religions. It is also a more climate-friendly option than beef or pork. In the northwestern European market, there has been a strong increase in interest in food produced in a more animal-friendly way.

¹Source: MEG-Marktbilanz Eier und Geflügel 2016 based on figures from Eurostat

Number of employees 4 6 1 6

Net sales in 2016
1,402,010,000

broilers per week

million

Output:

volume of poultry and meal-related products

> 327 million kg live weigh

Plukon has responded to this by expanding its business and developing a variety of farming concepts. In consultation with its clients, the company always strives to strike the right balance between the demands of society, the environment, and profitability.

Forward Food Solutions

Plukon Food Group aims to be Europe's most knowledge-driven, efficient and innovative poultry producer. It is a socially engaged company that makes considerable investments in its staff, in developing new farming systems and in new products. Plukon plays a pioneering role in its markets and in animal welfare, human and animal health, and innovation. Working with its supply chain partners, the company develops innovative, knowledge-driven solutions that match the demands of retailers, the foodservice industry and consumers. Plukon has a unique flair for translating consumer needs into innovative products and concepts.

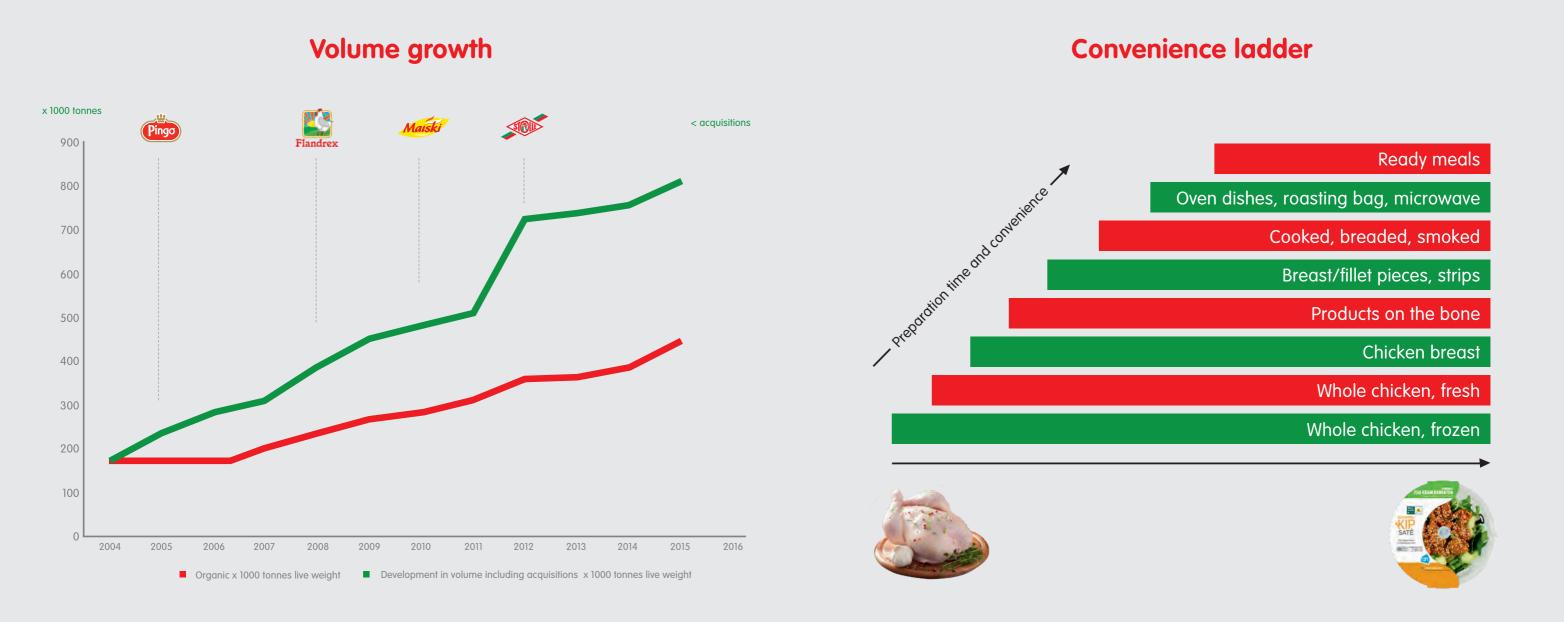
Growth in an international setting

In the 1970s there was a shift in the market from frozen to fresh chicken. Plukon was the first company to use industrial refrigeration to put fresh chicken on the plates of Dutch consumers. In the years that followed, poultry developed from a luxury item into an everyday product affordable to all consumers. Since 2000, Plukon Food Group

has undergone steady growth, both via organic growth and acquisitions. In 2005 Plukon Food Group acquired Pingo, followed by Flandrex in 2008, Maiski in 2010 and the Germany poultry firm Stolle in 2011. At the end of 2016 Plukon Food Group announced its intention to acquire the French poultry producer Groupe DUC, which would strengthen its position in the French market and further increase its European market share.

In the 1980s and 1990s consumer demand for convenience products and ready-meals increased. Plukon Food Group responded by introducing the first steam ready-meals in 1999. Ever since, Plukon has remained a pioneer in the field of innovative new convenience products.

By responding to what is happening around us, we work with clients to develop sustainability initiatives, helping to future-proof our business.



Plukon Food Group production sites

Plukon Food Group has three shareholders: EW Group, De Heus and Plukon's management. None of the three has a majority holding in Plukon Food Group. The company grew further in 2016 and now has 13 production sites. Its headquarters are in Wezep (the Netherlands). De KuikenaeR, part of Plukon Food Group, organises and plans the transportation of broilers to abattoirs in the Netherlands and Belgium. In Germany Agri Geflügel GmbH is responsible for these activities.



Meals Sales

Key

Supply

Slaughter

Processing/packaging

The Netherlands

10

- 1. Plukon, De KuikenaeR, Wezep (headquarters)
- 2. 🙀 Plukon, Dedemsvaart
- 3. Plukon, Goor
- 4. Plukon, Ommel
- 5. 😯 Plukon, Blokker

Germany

- 9. Gebr. Stolle,
 Agri Geflügel GmbH, Visbek
- 10. 💮 Franziska Stolle, Brenz GmbH
- 11. 😽 Frikifrisch & Friki, Storkow GmbH
- 12. 🍞 Friki, Döbeln GmbH
- 13. 😯 Plukon, Gudensberg GmbH

Belgium

- 6. Plukon, Moeskroen
- 7. Plukon, Olen
- 8. 😯 Plukon, Maasmechelen

Markets

Plukon Food Group supplies the major players in European retail and the top end of the international processing industry, the foodservice industry and quick service restaurants. Since 2000 its poultry and meal-related products have been purchased by Dutch, Belgian and German retailers.



Slower-growing chicken concepts such as'Good Brood Chicken' 1,300,000 per week

Farming concepts

In order to satisfy market demand for better animal welfare, Plukon Food Group has invested in the development of farming concepts for slower-growing chicken breeds. Since 2005 Plukon Food Group has supplied its European clients with poultry products from specialist farming concepts, such as organically raised chicken and free-range chicken. Plukon is one of the biggest players in the free-range chicken segment.

Between 2010 and 2016 the northwestern European poultry market continued to segment, and standard chicken was joined on shop shelves by chicken from less intensive farming systems and slower-growing breeds. Plukon Food Group has also worked with individual clients to develop specific farming concepts for them. Plukon is taking independent action to implement the 'Chicken of Tomorrow' (Kip van Morgen) agreement reached between the poultry sector and Dutch retailers, using the label 'Good Brood Chicken' (Goed Nest Kip). Together with the free-range chicken farmers who supply Plukon Food Group, the company is investing in construction to create daylight in broiler houses, covered chicken runs, and other broiler house enhancements. In Germany Plukon is cooperating within the framework of Initiative Tierwohl.

These efforts have been successful: in 2015 the company passed an important milestone, with more than half a million chicken being kept in a more animal-friendly way each week. From 2016 onwards, only poultry meat from slower-growing chicken will be available in most supermarkets. Plukon Food Group's 'Good Brood Chicken' will account for a substantial share of this poultry. It is expected that by 2018 all chicken in German supermarkets will be Initiative Tierwohl chicken. The company expects these market segments to grow further and wants to continue to play a pioneering role.

We have chosen the path of healthy and responsibly-produced food. So it's only logical that we are embracing and encouraging product innovation.

Farming concepts

2005

EU standard



2010

Standard farming concepts
Free-range farming concepts



Organic farming concepts



2016

Standard farming concepts



'Good Brood Chicken'



farming concept



Free-range farming concepts

Organic farming concepts



Brands

Plukon Food Group's chicken and turkey products are often sold under retailers' own brand names. But Plukon's brands have a strong position in their own right in various countries. Plukon Food Group's 'Friki' brand is one of the most widely known in the Dutch foodservice and hospitality industries. Its 'Pingo' brand offers a wide variety of fresh and frozen poultry products in Belgium and France. And under the brand 'Maïski', Plukon Food Group offers ready-meals, sauces and other products based on chicken, turkey and fish. In Germany, Plukon offers fresh and frozen poultry to the retail and foodservice industries under the 'Stolle' brand.

Plukon Food Group also supplies its own animal-friendly chicken product brands. Its Fair/Mast brand is sold in the German retail market and has been certified by the animal welfare organisation Vier Pfoten. The slower-growing breeds used in Fair/Mast products have more living space, covered chicken runs and straw bales for distraction.

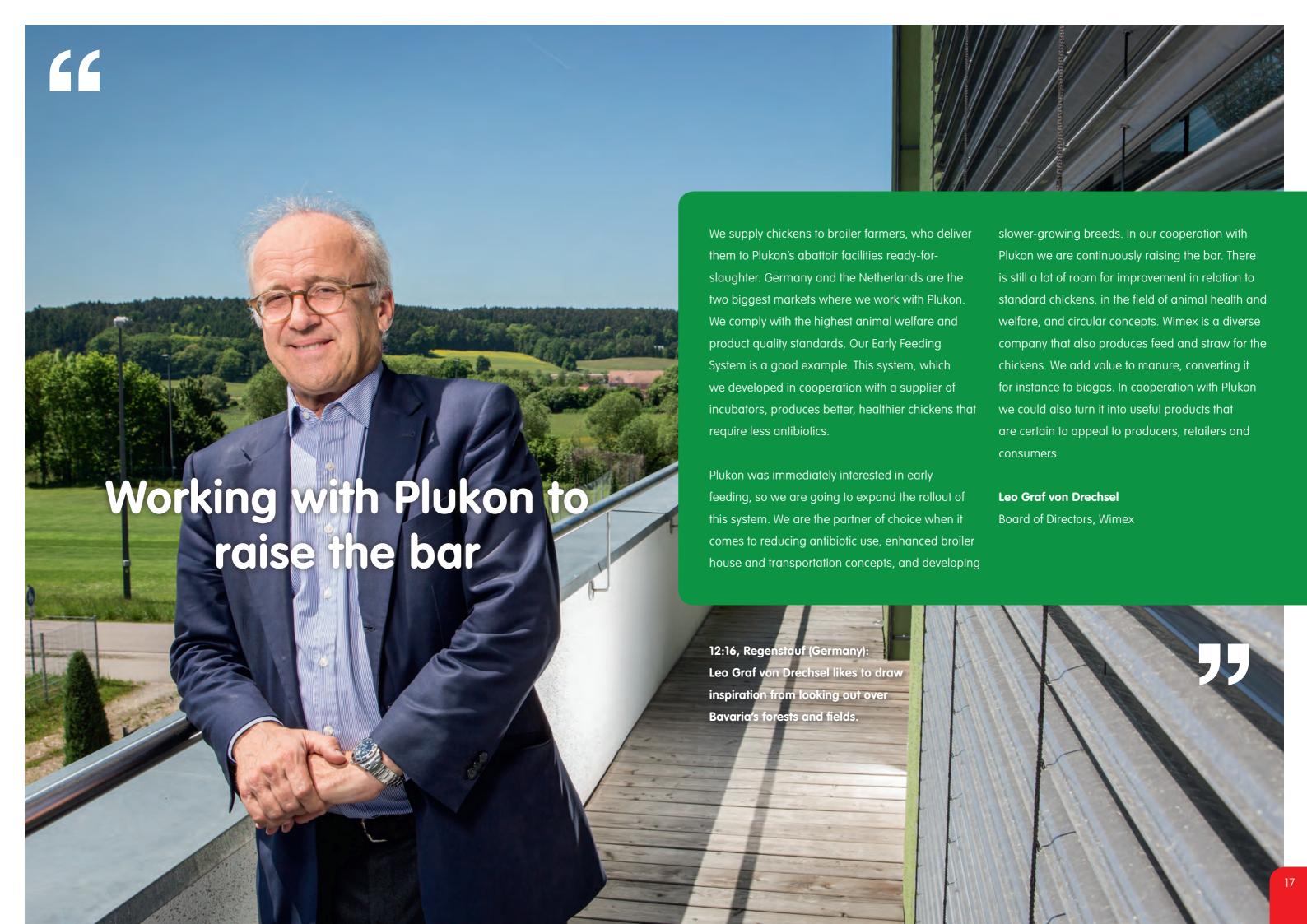














Doing business with our environment in mind

For Plukon Food Group, doing business sustainably means developing solutions that match the demands of retailers, the foodservice industry and consumers of today and tomorrow. In doing so it is crucial to strike the right balance between the needs of society, the environment, and profitability. Plukon plays a pioneering role in animal welfare, human and animal health, and innovation in the European poultry market.

Sustainability at the heart of Plukon's operations

Plukon Food Group wants to further strengthen its leading market position in Europe by being at the forefront of knowledge and innovation. The company aims to expand its market share further through organic growth and high-potential acquisitions. In this respect Plukon Food Group is guided by the following principles: being at the cutting edge of innovation, cooperating with other parties on solutions that match the needs of the consumers of today and tomorrow, and shouldering its responsibility for the environment, animals and people. Sustainability is at the heart of Plukon Food Group's operations. The company strives to strike the right balance between the needs of society, the environment, and profitability. This is the guiding principle according to which it makes both strategic and day-to-day decisions.

Sustainability policy

There are opportunities for improving sustainability, as well as obstacles, in every part of the poultry supply chain. Plukon Food Group is therefore constantly striving to identify areas on which it can exert an influence. In 2016 the company, in consultation with its stakeholders, laid down its sustainability policy. By responding to external developments relating to sustainability, Plukon is able to make itself more future-proof and enhance its own initiatives. Plukon Food Group's sustainability policy is comprised of six pillars that encompass all the material topics.



In 2016 the company designated priorities for each pillar of its sustainability policy. These priorities correspond with the most important CSR topics, also known as the material topics. In the years ahead Plukon Food Group will operationalise these priorities. The data for monitoring progress made on its priorities – for instance data on the use of energy and antibiotics – will be collected on a monthly or four-weekly basis, verified and analysed.

The six pillars of sustainability policy

Plukon Food Group's sustainability policy is comprised of six pillars that encompass all the material topics.



1. Healthy and responsibly-produced products

- Responding to consumer and market demand by developing new products and concepts, and playing an active role in the poultry supply chain.
- Working with clients to reduce sugar, salt and fat quantities in processed chicken products, meal-related and salad products.
- Working with clients to increase the use of sustainably-produced raw materials such as fish in meal-related and salad products.



3. Animal welfare

- Working with broiler farmers and stakeholders to develop innovative, animal-friendly farming concepts.
- Participating along with supply chain partners in scientific and sectoral research into more animal-friendly slaughter methods and improving animal welfare in broiler houses and during transport.
- Stimulating poultry farmers to participate in market initiatives for improved animal welfare, such as Good Brood Chicken in the Netherlands and Initiative Tierwohl in Germany.



5. Efficient production and logistics

- Improving the energy efficiency of Plukon Food Group's production sites.
- Reducing water use and improving the reuse of water at production sites.
- Reducing transport distances and durations for live animals by further optimising logistics.



2. Food safety and transparency

- Improving food safety by reducing campylobacter and salmonella in the poultry supply chain.
- Participating along with supply chain partners in scientific and sectoral research to boost food safety in chicken and meal-related products.
- Helping to improve transparency regarding food origins by stimulating and facilitating participation by broiler farmers in open days.



4. Animal health

- Actively encouraging all broiler farmers supplying Plukon Food Group to further reduce the use of antibiotics.
- Participating along with supply chain partners in scientific and sectoral research into preventing animal diseases and into fodder that improves animal health.
- Encouraging broiler farmers and hatcheries to apply early feeding.



6. Staff and society

- Promoting the health and long-term employability of staff through workplace education and pilot projects on long-term employability.
- Achieving good employee satisfaction scores at all Plukon Food Group production sites.
- Reducing sickness absenteeism and workplace accidents by raising awareness among employees and management.



We want to ensure that people and animals are well-cared-for and take care of our environment. That is why sustainability is at the heart of our operations.

Materiality matrix



Key material topics

- Financial performance
- Animal health
- 3 Animal welfare
- 4 Client satisfaction
- 5 Food safety
- 6 Developing innovative farming concepts
- Social compliance
- 8 Development opportunities for employees
- 9 Safe working conditions
- (10) Saving energy
- 11) Employee satisfaction
- 2 Stakeholder engagement with Plukon
- Plukon's social engagement

- (14) Optimisation of logistics
- 15 Transparency
- 6 Sickness absenteeism

otner material topics

- Using responsibly-produced raw materials
- (18) Employee diversity and employee participation
- 19 Reducing water use
- 20 Use of green energy
- (21) Closing the mineral material cycle
- 22) Reducing waste
- 23 More sustainable packaging materials
- 24 Healthy product range

The right focus

To ensure that sustainability focuses on subjects that are significant both to Plukon Food Group and for the rest of the world, Plukon Food Group carried out a materiality analysis in 2016. Plukon's management team circulated a survey among stakeholders at NGOs, scientific institutions and supply chain partners to determine which CSR topics are the most material to Plukon. The outcomes of an earlier analysis of stakeholders' views on key CSR topics were also incorporated in the materiality matrix, and accorded the weight appropriate to one stakeholder. The stakeholders' and Plukon Food Group's scores for each CSR subject were then incorporated in a materiality matrix (p. 25). Besides the topics suggested to them, respondents regarded another two topics as important: employee diversity and employee participation. These topics have therefore been included in the matrix as 'important'. The higher the topic appears, the more important stakeholders consider this to be for Plukon Food Group. The further to the right a topic appears, the more important this topic is for Plukon Food Group and the more influence the company can exercise on this topic. The most important CSR topics for stakeholders and for Plukon Food Group have been identified as material topics. The material topics are at the heart of sustainability policy and of this first CSR report from Plukon Food Group.

The material topics in the company's sustainability policy encompass economic, social and environmental CSR topics.

Attention to animal welfare

Animal welfare is an extremely

important topic for Plukon Food Group. It is a topic that often plays a major role in ethical discussions and public debate. In cooperation with its customers, supply chain partners and civil-society organisations, Plukon is working intensively to help develop more animal friendly farming concepts and slaughter methods.

Saving energy

Improving energy efficiency is an ongoing process for Plukon Food Group. Energy efficiency reduces operating costs and the impact on the environment. Plukon Food Group therefore continuously aims to reduce energy use.

Plukon Food Group's financial performance

Over the long term Plukon aims to create financial value for shareholders, employees and other stakeholders in the company. A good economic performance is an important prerequisite for doing so.

Client satisfaction

Plukon Food Group considers it important to fulfil market expectations. Client satisfaction is crucial to ensuring the ongoing success of the business. The company constantly monitors client satisfaction and takes action to make improvements where necessary.

Employee satisfaction

Well motivated, satisfied employees help to ensure Plukon Food Group's success. Plukon aims to ensure that it is a good employer and that its staff are keen to remain at the organisation. Its HR policy focuses on ensuring healthy staff who remain employable over the long term. Plukon believes it

Dialogue with stakeholders

Plukon Food Group aims to offer clients and other stakeholders transparency concerning its sustainability policy and operations. Transparency is a basic requirement for dialogue and cooperation. Plukon believes it is important to cooperate with other parties in the supply chain in order to raise the bar for sustainability in the poultry sector even higher, thereby having an impact

beyond the company itself. The company engages in dialogue with stakeholders who are interested in or relevant to its strategy and with those who can have an impact on its success. In 2016 Plukon discussed sustainability topics with various parties on a number of different of occasions.

is important for employees to be able to share their ideas, and offers them every opportunity to do so.

Good workplace health and safety at production sites

Good workplace health and safety for Plukon
Food Group employees are prerequisites in the
production of poultry and meal-related products.
Safeguarding workplace health and safety is
therefore a priority. Accidents and sickness
absenteeism are registered so that changes can
be made where necessary in the workplace or in
processes.

Food safety

Ensuring food safety is a given for Plukon Food Group. Besides complying with relevant European and national laws and regulations, the company also shoulders its responsibility for making further improvements to product safety.



Stakeholder group	Topics discussed in 2016	Next steps in 2017 and beyond
Employees	Employees exchanged ideas with Plukon Food Group in 2016 through works councils and employee participation councils. This takes place at a number of different levels: Europe-wide, at national level and at each Plukon production site. Employees often participate in working groups that consider specific subjects, which can be anything from safety to sickness absenteeism. Plukon also conducts regular employee satisfaction surveys.	The company needs employees to be able to do their jobs both now and in the future. In 2017 Plukon Food Group will continue with the rollout of its health policy. This policy includes measures to ensure long-term employability and encourage a healthy lifestyle.
Clients	Plukon Food Group has contact with its clients on a near-daily basis. The company liaises on practical details such as logistical planning and answers queries about stocks, product quality and food safety. In 2016 Plukon worked actively with customers on developing new product innovations and farming concepts.	Client satisfaction is extremely important for Plukon Food Group. In 2017 the company will continue to work with its clients to respond to consumer demands. Naturally, securing ongoing improvements in food safety and safeguarding production continuity will also remain focus points at Plukon Food Group in 2017.
Sector	In 2016 Plukon Food Group held regular consultations with a range of European and national sectoral organisations to ensure that it remains informed about the latest developments in the sector and in new legislation and regulations. Agreements were made on how best to tackle issues like workplace health and safety as well as animal diseases.	Together with its supply chain partners, Plukon Food Group will continue its efforts in 2017 to improve animal health and welfare in the poultry supply chain. Preventing animal diseases and making restrictive and selective use of antibiotics are high on the company's agenda.
Civil-society organisations and knowledge institutes	Plukon Food Group cooperates intensively with universities and a diverse group of civil-society organisations, including ClWF. The company discussed CSR topics, including animal welfare, with various civil-society organisations in 2016. In 2016, Plukon again participated actively in meetings and debates regarding animal welfare and animal health. Plukon Food Group established new projects and initiatives for various topics together with knowledge institutes.	This contact with various European and nation al civil-society organisations is of great value to Plukon Food Group. In 2017, Plukon will continue discussions with these organisations for ongoing knowledge exchange. Together with knowledge institutions, Plukon will continue to cooperate in research into animal welfare and health in 2017.
Suppliers	Plukon Food Group purchased responsibly-produced raw materials in 2016, in consultation with clients. Plukon also worked intensively with over 700 broiler farmers who supply to the company, and organised several meetings for this group of broiler farmers in 2016. Agenda items included important poultry sector themes, including specific animal health issues among broilers. Plukon also participated as an expert at various symposia in 2016.	In 2017, Plukton Food Group will continue to maintain intensive contact with broiler farmers who supply to the company. This also applies to French broiler farmers who will be supplying to Plukon through the announced acquisition of Groupe DUC. The company will continue to conduct research in 2017 into improvements in product packaging materials and the purchase of responsibly-produced raw materials from suppliers.



Compassion in World Farming (CIWF) has been working with Plukon Food Group for over five years. CIWF advises large food producers in Europe, such as Plukon, about raising animal welfare standards. Discussions about this theme are complex and implementing solutions to improve animal welfare can be challenging. Nevertheless, Plukon is doing well, certainly as far as the development of new concepts for improved animal welfare is concerned. The company offers a wide range of poultry products and makes an active contribution to raising animal welfare standards in poultry production for the Dutch market. That is why two Plukon brands have been awarded the 'Good Chicken Award'. This distinction acknowledges companies that work towards lower stocking densities, slower-growing breeds and broiler house enhancements.

In 2016, we awarded Plukon Food Group the 'Best Innovation Award' for the Windstreek broiler house. Plukon is the first company to receive this award from us. The award acknowledges successful projects that have a positive impact on animal welfare in poultry farming. Windstreek is an innovative broiler house concept that uses various measures to improve animal welfare and reduce environmental impact. It offers a blueprint for the future, and is a good example of an innovative concept that combines efficient production with good animal welfare. I encourage Plukon to continue to focus on animal welfare and to communicate in an even more transparent way about the good work that it is doing.

Nathan Williams

Food Business Manager at CIWF

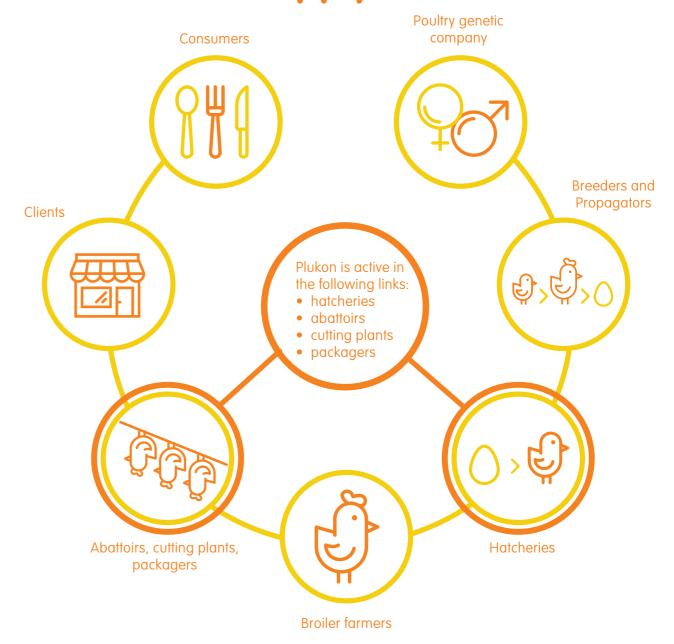




3 Plukon Food Group Value Chain

A chain of companies is involved in poultry production, with each link having its own specialised role. The chain starts with the poultry genetic companies that develop new or improved poultry breeds and supply broilers to broiler breeder companies. Hens lay fertilised eggs at the broiler breeding companies: hatching eggs. Hatcheries specialise in hatching these eggs. The day-old chicks are then transported to the broiler farm. After approximately 6 (standard), 7 (Good Brood Chicken), 8 (free-range) or 11 weeks (organic), the broiler chickens are transported to Plukon abattoirs.

The supply chain



The Plukon Food Group abattoirs are equipped with the latest technology to guarantee food safety and animal welfare and ensure low environmental impact. The company satisfies all international quality standards such as IKB Kip (the Netherlands), Belplume (Belgium) and QS (Germany). In 2016, the company's 4,616 staff processed some 7 million broilers every week into poultry products and the company produced a diverse range of meal-related

products. Plukon sells these products to retailers in Northwestern Europe, fast food restaurants, and the food and foodservice industries.

To optimise planning and translate purchaser requirements across the chain, Plukon also continuously coordinates with hatcheries and broiler companies.

This makes Plukon Food Group unique and enables it to stimulate entrepreneurship in poultry farming.

Broiler farmers can decide for themselves which poultry-farming concept they wish to apply.

We consider it important that we work well with parties in our immediate vicinity. This enables us to act quickly to help ensure a more sustainable poultry supply chain.

Anticipating environmental risks

Plukon uses a 'Business Continuity Management' (BCM) process to identify potential risks for the company and map out the effects these pose to operations. This enables Plukon to clarify the delivery risks for each client. An emergency such as a fire, or transport ban on broilers can for example lead to the temporary delay of deliveries of poultry products to clients. Plukon Food Group produces an annual inventory of risks posed to the company's continuity. Together with clients, Plukon Food Group uses this analysis to determine the activities that Plukon can develop to ensure and safeguard delivery continuity.



CSR in the supply chain

The production and marketing of poultry products and meal-related products forms the core of the Plukon Food Group's operations. This enables the company to create financial and societal value, such as employment. The Plukon Food Group's CSR policy does not only focus on its own operations. The company aims to achieve sustainability ambitions with collaboration partners across the entire poultry supply

chain. The table below presents an overview of the most important CSR topics per link in the supply chain, sustainability performance in 2016, sustainability policy priorities, the most important partnerships and value creation for society and the company.

	Suppliers (raw materials, broiler farmers)	Production and logistics	Employees	Clients and consumers
Material topics	 Animal health, including use of antibiotics Animal welfare Closing mineral cycles Responsibly-produced raw materials (feed, ready meal ingredients) Food safety Development of innovative farming concepts 	 Energy and water saving Use of green energy Waste reduction and sustainable packaging Safe working conditions Optimisation of logistics Food safety Financial performance Animal welfare 	 Employee satisfaction Employee diversity and employee participation Development opportunities for employees Sickness absenteeism Safe working conditions 	 Plukon's social engagement Stakeholder engagement with Plukon Transparency Healthy product range Food safety Client satisfaction
Sustainability performance, 2016	 Use of responsibly-produced and non-GMO raw materials in animal feed 72% of Dutch broilers are antibiotic-free Use of early feeding Various animal welfare and animal health research processes have been implemented 	 MCAS (Multiphase Controlled Atmosphere Stunning) at all production sites. Improved lorry load levels through the use of a modular container system; in Belgium this led to a 7% reduction in the number of live poultry transportation journeys Electricity consumption of 121.4 kW-h per tonne live weight (kg) Water use of 3.5 m³ per tonne live weight (kg) 	 Training for managers regarding conducting absenteeism interviews Implementation of long-term employability pilot Sickness absenteeism of 6% 106 accidents at Plukon (Netherlands), 65 of which did not result in sickness absence 	 Materiality analysis conducted; contributes to stakeholder engagement Facilitation of Open Days, Spring Festivals and publicity campaign Sugar, salt and fat levels reduced in products, together with clients
Priorities	 Together with clients: increase share of responsibly-produced raw materials Respond to market demand by developing innovative farming concepts Further reduction of campylobacter and use of antibiotics in the poultry supply chain Encourage poultry farmers in Germany and standard segment in the Netherlands to use early feeding Participation in research into animal welfare, animal health and food safety 	 Participation in research into animal welfare during transportation and slaughter Improvements in the energy efficiency of production sites Greater use of energy from renewable sources Reduction of water consumption and improved reuse of water Reduction of transportation kilometres per kilogram of live weight (transport optimisation) 	 Promotion of employee health and long-term employability High employee satisfaction score Reduction of sickness absence and workplace accidents 	 Together with clients: further reduce sugar, salt and fat levels in products Contribute to transparency by stimulating and facilitating poultry farmer participation in open days and public events Stimulating poultry farmers to participate in market initiatives for improved animal welfare
Value creation	 Stimulation of sustainable agriculture (cultivation, livestock farming and fishing) Innovate together with suppliers regarding sustainability Improve animal welfare and animal health 	 Improve animal welfare and animal health More efficient processes and logistics and contribute to reducing pressure on the environment Contribute to the economy and Plukon's financial sustainability 	 Contribute to employment opportunities Improve employee health and safety Contribute to long-term employability of employees 	 Product innovations for healthier and more responsible consumer choice Contribute to transparency regarding food
Partners	 Universities Broiler farmers Suppliers of raw materials, broiler housing systems Animal feed suppliers Poultry supply chain sector RTRS, RSPO, ASC, MSC, ProTerra Foundation 	 Abattoir equipment suppliers External transporters Employees Universities Sectoral organisations Government 	 Employees Trade unions Government Sectoral organisations 	 Broiler farmers Clients Municipalities/Provinces Media Sectoral organisations



4 Working towards healthy and responsibly-produced products



The focus on health and responsiblyproduced food is increasing across the world. Consumers want to eat flavoursome, healthy and affordable food. Poultry consumption is increasing in Northwestern Europe; a product that fits perfectly within a healthy diet, particularly because of its protein, vitamin and mineral content. Responsibly-produced food has now also become firmly established in various markets.

Plukon Food Group is responding to these trends with its range of healthy and responsibly-produced chicken, salad and meal-related products.

Priorities

With new products and concepts and by taking an active role in the chain, Plukon Food Group is responding actively to consumer and market demands. The company plays a leading role in farming concepts and cooperates with broiler farmers and clients in this respect. Plukon aims to reduce sugar, salt and fat quantities in processed chicken products and meal- and salad-related products. The company aims for a greater use of sustainably-produced raw materials such as fish in meal- and salad-related products. To help achieve this aim, Plukon, as private label producer, engages in dialogue with its clients.

Chicken; a healthy and responsible choice

Poultry consumption continues to grow.

It has grown by approximately 1.5 per cent per year, per capita in the European Union over the past seven years². Chicken and poultry form part of a healthy eating pattern. Unprocessed, white meat is low in fat and rich in proteins, vitamin B6 and the minerals phosphorus and selenium. The World Health Organization (WHO) recommends poultry in its '5 keys to a healthy diet'. By following these guidelines, people consume the nutrients they need, preventing illnesses such as diabetes and cardiovascular diseases.

Of all the meat types, chicken has the most favourable CO_2 footprint. The CO_2 footprint expresses the total greenhouse gas emissions per kilo of product throughout its entire lifecycle. The CO_2 footprint of chicken is similar to many vegetable foods. This lower CO_2 footprint means that chicken has a lower environmental impact than other animal products.

The poultry sector has been working hard to further reduce its CO₂ footprint in recent years. Between 1990 and 2012, greenhouse gas emissions related to chicken were reduced by no fewer than 35 per cent³. This is a consequence of such things as the improved feed conversion ratio, energy savings in broiler houses and more efficient operations in abattoirs. Plukon Food Group has worked with animal feed companies in recent years to improve the feed conversion ratio in poultry, while retaining growth and slaughter quality. The company has stimulated broiler farmers to reduce broiler house energy consumption by investing in broiler house insulation and improved ventilation technology. Plukon has also optimised its own operations in recent years, through smart logistics and by introducing energy-saving measures.

Climate footprint co₂ eq/kg



Source: http://www.kipinnederland.nl/ over-de-vleeskuikensector/milieu/co2-footprint

² Source: MEG-Marktbilanz Eier und Geflügel 2016 based on figures from Eurostat

³ Bron: www.blonkconsultants.nl/wp-content/ uploads/2016/06/

MJ-en-CO2-in-de-vleeskuikenketen-1990-2012.pdf

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Chicken has an image of being good for health

Chicken has a better health image than beef and pork, because it is generally considered to be lowfat meat. This is partly correct, but it does depend on which cut you take. Chicken breast has a very low fat content, at just 1 to 2 percent. Chicken thigh has a higher fat content of 4 to 6 percent. But beef or pork generally has a fat content somewhere in between. I am referring to chicken without skin as the skin contains more fat. However, you do not only measure nutritional value in terms of fat. Meat is a particularly good source of protein and is rich in essential amino acids. Chicken is relatively high in polyunsaturated fatty acids and is a source of long-chain omega 3 fatty acids. For important trace elements such as selenium, iodine and zinc, the nutritional values of chicken are comparable with other types of meat, although differences can occur per species.

Chicken is relatively high in polyunsaturated fatty acids and is a source of long-chain omega 3 fatty acids.



Iron is an exception. This is particularly present in red meat as heme iron in the red pigment. Chicken is white meat and contains less iron than pork and beef. Iron is an important trace element, so chicken has a lower nutritional value than red meat in that respect. On the other hand, regular consumption of red meat is associated with a somewhat higher risk of bowel cancer. This health risk does not appear to exist with white meat. Some nutritional experts advise eating less red meat and more vegetables or fish. And if you are going to eat meat, the recommendation is to choose white meat. Chicken is considered to be relatively healthy in this sense too.

Professor Stefaan De Smet

Faculty of Bioscience Engineering
University of Ghent



Responsibly-produced poultry feed

Sustainable production starts at the beginning of the chain with good and safe animal feed. A feed value that is an optimum match for the nutritional needs in each life phase contributes to the health and growth of broilers. Broilers are given a mix of such things as maize, soya, wheat, various vitamins, oils and fats. Soya is one of the richest sources of protein in animal feed. For poultry, soya is even more interesting because of the protein's high digestibility. The feed for broilers comprises an average 20 to 25 per cent soya pellets and other food industry waste streams.

We are opting for healthy and responsibly-produced food, together with our clients. That is why it is logical for us to embrace and encourage healthy product innovations.

For the European market, the animal feed industry is making the transition towards responsibly-produced feed using the Fefac Soy Sourcing Guidelines. Feed for free-range chicken contains at least 70 per cent grains, supplemented with minerals, premixes, fats and soya. The soya that is intended for free-range chicken feed and the Good Brood Chicken, should at least satisfy the requirements of the Round Table on Responsible

Soy (RTRS). These requirements include criteria regarding nature conservation, biodiversity, good agricultural practices, good employment conditions and respect for local land rights.

Plukon Food Group's organic chicken is fed only on organic feed that has been modified for slower growth. The poultry feed for chicken intended for the Belgian market is comprised of 100 per cent vegetable products. In the German market, Plukon has responded to societal demands not to use genetically modified (GM) raw materials for animal feed. Chicken for the German retail market are therefore fed on GMO-free poultry feed. Such things as sustainable, non-GMO soya are used for this that satisfy the ProTerra Foundation criteria.

To respond to the demand for local and regional raw materials, Plukon is cooperating with animal feed suppliers and knowledge institutions to investigate the application options of raw materials cultivated in Europe. Plukon has studied an animal feed producer's trials with Dutch-cultivated soya. The company has also conducted trials in practice with an animal feed supplier to replace soya in poultry feed with a higher ratio of lupins and sunflower.

Healthy and responsibly-produced salads and ready meals

Convenient and healthy are two important consumer trends to which Plukon is responding with concepts and products. Plukon's convenience chicken products and ready meal concepts are well-received by consumers who want ready meals. Plukon is working closely with purchasers to continue to reduce sugar, salt and fat levels in

ready meals, while retaining flavour and product quality. In 2016, Plukon launched gluten-free ready meals, including sauces based on rice flour instead of a binding agent containing gluten. Plukon is also supplying low-carbohydrate meals, by replacing pasta and potato ingredients which such things as 'cauliflower rice'. In all ready meal concepts, Plukon uses ASC or MSC certified fish. This fish is farmed or caught sustainably, with a focus on preserving the natural living environment of fish. In all chicken-based salads for the Dutch market, Plukon uses Good Brood Chicken or Free-Range Chicken.

Plukon has also invested in the development of specialist knowledge concerning fresh vegetable, potato, rice, pasta, marinade and sauce processing. By expanding its production facilities with its own vegetable processing plant, Plukon is able to guarantee freshness and compile unique vegetable combinations. Plukon conducts regular practice trials regarding innovative packaging concepts that require less plastic and improve shelf life. This also enables the company to contribute to a healthy, responsibly-produced and convenient range for consumers.





Creating a good environment for food safety



Consumers attach great importance to food safety and to clear and honest information about the products that they buy. Plukon believes that consumers should be able to trust that food is safe and reliable. That is why all products in the Plukon range satisfy strict quality and food safety requirements. Plukon monitors quality and the presence of bacteria and antibiotics in products through its own laboratory and chain quality system. Plukon also aims to reduce allergens in products and is developing innovative products for consumers who have specific food intolerances.

Priorities

Together with its partners in the supply chain, Plukon Food Group aims to further reduce campylobacter and salmonella in the poultry meat chain in order to boost the safety of poultry food products. Plukon is continuing to cooperate with its supply chain partners on scientific and sectoral research into boosting food safety in chicken and meal-related products. The company aims to improve transparency regarding food origins by stimulating and facilitating participation of broiler farmers in open days.

High food safety and quality scores

All Plukon chicken and meal-related products satisfy the highest quality and food safety standards. Plukon also has its own chain quality system for all links in the supply chain. Poultry product quality, availability, traceability and logistics are organised in cooperation with De KuikenaeR and Agri Geflügel. This enables Plukon to provide uniform safeguards on raw material quality and monitor pathogens such as salmonella. The Plukon Food Group Laboratory plays an important role in monitoring quality and food safety.

Own laboratory

The accredited Plukon Food Group Laboratory conducts microbiological, chemical and storage life research for Plukon Food Group companies, hatcheries and poultry farmers in the Netherlands, Belgium and Germany. In 2016, the Plukon laboratory conducted over 325,000 analyses.

The uniform measurement methods and an automated reporting system ensure that the analysis results become available quickly and product locations can compare themselves with each other easily. The laboratory plays an important role in preventing, tracing and eradicating campylobacter, salmonella and listeria. Having its own, independent laboratory has clear added value for Plukon. The lines are short and, in the event of positive test results, the lab can respond quickly. Direct contact between the laboratory and Plukon planners makes it easier, for instance, to plan flocks contaminated with salmonella at the end of the day. The slaughter line can then be cleaned thoroughly, preventing further contamination.

The Plukon Food Group Laboratory acts as a knowledge centre regarding the eradication of pathogens such as listeria, campylobacter and salmonella. Using DNA analysis, Plukon Food Group can monitor salmonella and other contaminants in the supply chain. And with quality systems, monitoring and checks throughout the chain, Plukon aims to detect and control salmonella as early as possible. This can prevent further contamination in the supply chain and strengthen food safety. For poultry farmers who frequently have contaminated flocks, Plukon offers support with cleaning and decontaminating the broiler houses.



Ensuring food safety

Products can only be introduced to the market if they meet strict food safety requirements. Plukon of course complies with European food safety legislation, as well as additional legislation in the production countries themselves. The Plukon quality systems satisfy international quality and food safety standards.

To enhance food safety, we conduct extensive research in our own laboratory. That way, we have the information we need at our fingertips.

Plukon satisfies national quality standards such as IKB Kip (the Netherlands), Belplume (Belgium) and QS (Germany). The regulations of these standards apply to the entire production column, from poultry genetic company to abattoir and cutting plant. The food safety standard for all Plukon production sites is certificated according to Global Food Safety Initiative (GFSI) approved food safety schemes. GFSI is an international retail sector initiative for global collaboration to advance food safety. The Plukon quality systems are constructed according to a HACCP approach. In HACCP systems, there is a systematic search for the critical points that influence the safety of the end product (chicken products and ready meals). This risk inventory can be used to reduce health risks to consumers.

The IFS (International Featured Standard (Food)) and BRC (British Retail Consortium) quality systems are important for the German and British markets respectively. Both systems were founded by retail organisations and comprise requirements that focus on food safety. Plukon's IFS and BRC certification guarantees that the company has applied an internal quality system that is based on the HACCP method, combined with the requirements for the surroundings, product, process and staff.

Shelf life of products

The Plukon laboratory plays an important role in technological research into process improvements and product innovation. The lab checks the shelf life of Plukon products and researches the optimum combination of ingredients, gas composition and packaging material for storage life and retention of flavour. In the research the product is exposed to a specific temperature range in a special oven. Depending on the type of product, such things as spoilage bacteria in a product are measured at the end of the shelf life. Lactic acid bacteria levels are a good yardstick for the extent of spoilage in modified atmosphere packaged products.

As well as microbiological research, the lab also conducts sensory research. The Plukon Lab analyses regularly whether the previously recorded shelf life of all products is still correct and whether flavour degeneration occurs. Sometimes a shorter shelf life is used in order to guarantee that the product retains its flavour. The results of these tests do not only contribute to food safety, but indirectly to the reduction of food waste.

Transparent for our environment

Transparency in the supply chain is important for connection with the market and society. The poultry chain uses various systems to safeguard data exchange and recording. The poultry passport gives the poultry farmer information about the origin and health of day-old chicks on the farm.

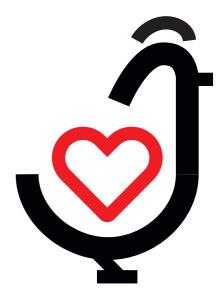
At the end of a cycle, the poultry farmer uses the VKI formula (Food Chain Information) to provide Plukon Food Group with information regarding origin, health, traceability and any medication used.

Plukon Food Group is also actively involved in poultry sector initiatives that offer consumers a look behind the scenes. In addition, Plukon offers equipment and experts to facilitate regional and national initiatives, such as open days. In 2016, a retailer organised open days for consumers on farm holdings. Over 8,000 people visited Good Brood Chicken poultry farms during these open days. In 2015, Plukon demonstrated how the slaughter process operates in one of its product locations for the television programme 'Keuringsdienst van Waarde' (Inspection Service of Value).





6 Caring about good animal welfare



Robust broilers in a good farm system and an animal-friendly transport and slaughter process are the building blocks of good animal welfare. Regarding animal welfare, Plukon Food Group plays a pioneering role in its sales markets. Poultry farmers who supply to Plukon, raise broilers according to the very latest animal welfare standards. The company is a pioneer in concept development using slower-growing breeds and employs a responsible and careful slaughter procedure at all production sites. By safeguarding animal welfare throughout the chain, Plukon is responding to market demand for poultry meat that is produced in a more animal-friendly way.

Priorities

Plukon Food Group works with sectoral organisations and stakeholders to make ongoing improvements in animal welfare.

The company stimulates poultry farmers to participate in market initiatives for improved animal welfare, such as Initiative

Tierwohl in Germany. The company works intensively with leading knowledge institutes regarding scientific and sector research into animal welfare and on innovative, animal-friendly farming concepts.

Responsible slaughter with the aid of MCAS

Plukon employs strict procedures and guidelines in handling broilers. By using Multiphase Controlled Atmosphere Stunning (MCAS) at all slaughter locations, Plukon has made considerable progress regarding animal welfare. Animals are no longer hung alive on the slaughter line. In MCAS, the chickens are stunned in phases using a mixture of carbon dioxide and oxygen until they are unconscious. After this, the carotid artery is cut so that the animal is bled until death occurs. Scientific research has shown that this method of slaughter is less animal-unfriendly than the global standard system of using an electrically-charged water bath. Together with supplier Marel Poultry and Wageningen UR, Plukon has optimised the stunning system by determining the optimum recipe and time interval.

Chicken with an animal welfare sticker on the shelves

In recent years, Dutch consumer demand for meat, milk and eggs with high animal welfare standards has increased significantly. Plukon decided to invest in making the poultry supply chain more sustainable. By working with poultry farmers and Dutch retailers, the first Good Brood Chicken became available in shops the end of 2014: chicken with an animal welfare sticker for a slightly higher price.

In 2015, more than half a million Plukon-produced Good Brood Chickens were sold. Since 2016, only poultry meat from slower-growing chicken has been available in the largest Dutch supermarkets. The progressiveness of its poultry farmers enables Plukon to respond well to shifting market trends. Plukon is also a big player in organic, free-range and other concepts in which slower-growing chicken breeds are used. In processing over 1.3 million 'concept chickens' per week, Plukon is contributing to an increased number of high animal welfare products on the store shelves.

The importance of animal welfare is also growing in the German market. Initiative Tierwohl is a joint initiative of suppliers and large retailers. Per kilo of sold meat, retailers pay an additional contribution, which is used to finance projects to improve animal welfare on poultry farms, such as lower stocking densities and material for distraction. Plukon is participating in Initiative Tierwohl, together with over 100 poultry farmers.

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MCAS is a clear improvement in animal welfare

As supplier of consumer products, Plukon Food Group must be able to guarantee animal welfare. Plukon has a moral responsibility for what happens in the pre-stages. The company is, however, legally responsible for transportation and the handling of animals in the abattoir. MCAS is an important step towards improved animal welfare.

The percentage of animals that are stunned effectively is virtually 100 per cent.

By measuring such things as brain and heart activity and responses to pain, we can precisely determine how long it takes before broilers are unconscious and for how long the stunning works. The percentage of animals that are stunned effectively is virtually 100 per cent. In MCAS, the chicks are still stunned when hung on the meat hooks. In some systems, such as Plukon in Maasmechelen, the broilers remain in the containers during stunning. The animals



thus do not need to be unloaded, which saves an additional, stressful handling.

Plukon Food Group is closely involved in research projects and is prepared to invest in new methods such as MCAS. The Netherlands and Plukon play a leading role in developing new concepts with slower-growing breeds. Animal welfare standards can be increased still further. The incidence of foot lesions and catching/handling injuries still does need to be reduced. The sector can further improve animal welfare by addressing this across the chain.

Dr. Marien Gerritzen

Senior Researcher, Wageningen Livestock Research



Farming concepts



Working together to create a good environment for broilers

Plukon Food Group is working together with market parties, poultry farmers, hatcheries and the scientific community to make ongoing improvements in animal welfare. Market demand is leading in this. The growing focus on animal welfare in Northwestern Europe, means that there are opportunities to further roll-out the animalfriendly concepts developed in the Netherlands and Germany internationally. Plukon discusses market demand together with clients, and how this can be met using a concept or product. In focus groups, Plukon discusses demand and ideas with poultry farmers and hatcheries in order to explore the opportunities, dilemmas and impact for the poultry chain. Plukon then shares the outcomes with market parties to further explore the feasibility of a new concept.

To improve animal welfare, Plukon Food Group follows criteria formulated by Wageningen UR. The company enhances animal welfare with criteria for such things as loss, foot lesions and animal medicine use. Plukon also works intensively on relevant topics with other leading knowledge institutions. Plukon is currently working with Katholieke Universiteit (KU) Leuven to improve animal welfare during transportation of broilers, and with the University of Ghent to boost food safety and reduce campylobacter in the company's Belgian production sites.

Examples of chain improvements that Plukton has realised through cooperation are:

- The most animal-friendly gas stunning system in the abattoirs.
- Being a leader and initiator in developing slower-growing breeds.
- Concept development in poultry farms in all countries.
- Implementation of enhancement programmes, such as alfalfa or straw bales in the broiler house.

Animal-friendly transport

Plukon Food Group invests in animal-friendly, efficient and sustainable logistics. Good loading of the containers in the lorries and the correct use of tarpaulins contributes to improved air circulation in lorries. To reduce loss during transport and optimise logistics, Plukon Food Group aims for the shortest possible journey and waiting times. The logistics team takes queues into account when scheduling, for instance, not scheduling any journeys of lorries with broilers around large cities such as Antwerp, Amsterdam or Hamburg during the morning rush hour. These measures have ensured that broiler loss during transport has fallen significantly in the past five years. To reduce stress among broilers on arrival in the abattoir, the waiting times for unloading lorries at the abattoir are as short as possible. The arrival area is also well-ventilated, has blue lighting and is designed to offer the lowest possible noise level and minimum vibrations. Plukon runs its own lorries and works with external transporters. The same rules safeguarding animal welfare apply to both.



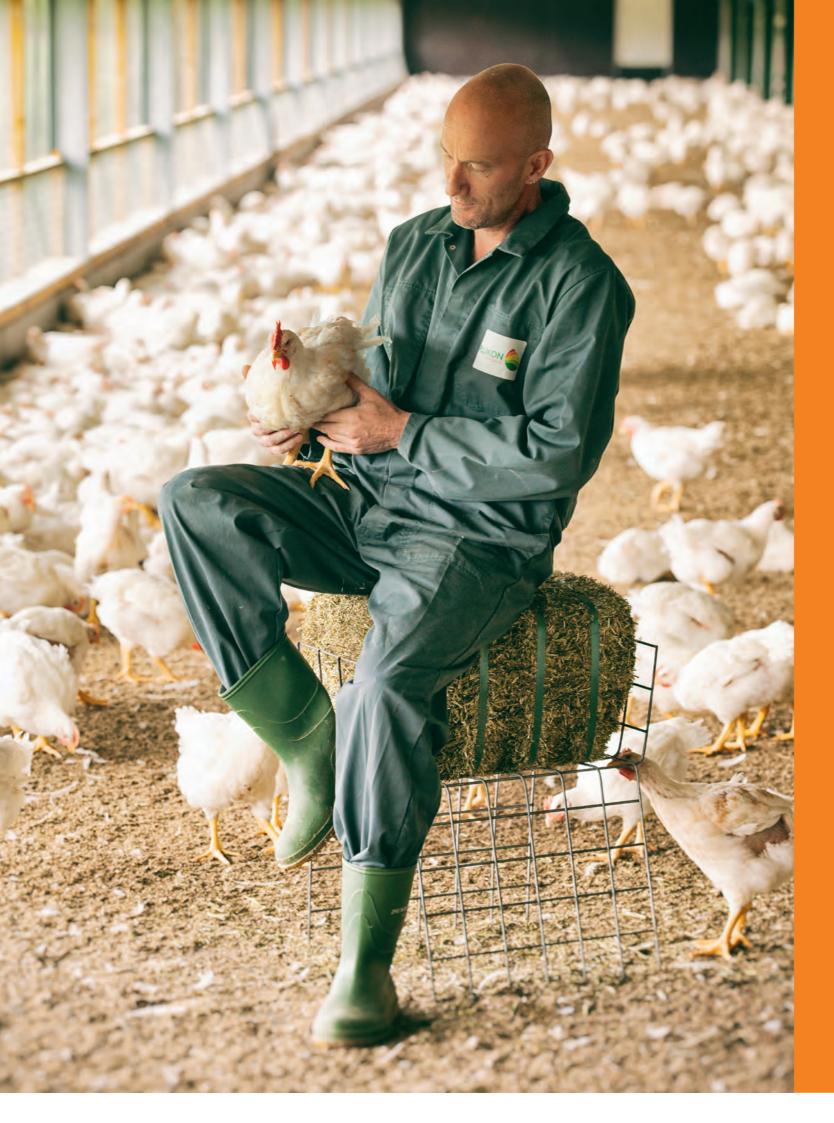
A modern company focuses on the market and society and responds to trends and developments. Until the 1980s/90s the focus was mainly on efficient production for the lowest possible price. Since 2000 there has been greater attention for other issues regarding the production of chicken meat. First food safety, followed by antibiotics and health, and now animal welfare. The Organic Chicken was our first concept chicken, followed by the Free-Range Chicken and finally the Good Brood Chicken. The market and consumers must be ready for these kinds of concepts. We expect the focus on animal welfare to continue across Northwestern Europe and that food companies and the food service industry will also follow this trend. Plukon Food Group aims to be market leader; it is thus in our DNA to respond to these developments.

Plukon feels responsible for animal welfare. Not only during transport and slaughter, but also at the primary company. That is why we have invested heavily in slower-growing breeds and always feeding back information about such things as foot lesions and catching/handling injuries to the poultry farmer. We have opted for gas stunning in the abattoir and conducted research into the best method. In order to guarantee a careful slaughter process, our employees in all Plukon abattoirs have all the necessary knowledge of animal welfare.

René Welpelo

Corporate Quality Director, Plukon





7 Working to create the optimum environment for animal welfare



Healthy broilers form the basis of a healthy sector and responsiblyproduced food. Improvements in animal health result in reduced use of antibiotics and better animal welfare. The production of healthy broilers with the minimum use of antibiotics is very important to society. Reduced antibiotic use and strict hygiene requirements are part of a sectorwide policy in order to reduce the risk of antibiotic resistance in humans and animals. Plukon Food Group contributes actively to this through raising awareness among poultry farmers and applying strict regulations and supervision in the abattoirs.

Priorities

Plukon Food Group works together with supply chain and other partners in scientific and sector research into the prevention of animal illnesses and a selective and restrictive use of animal medicines in the poultry supply chain. The company also participates in research into poultry feed that contributes to good animal health. Plukon Food Group aims to further reduce antibiotic use in poultry farming, is participating in national action plans to reduce antibiotics and is responding to specific customer demands. To further enhance animal welfare, the company aims to apply early feeding in the hatcheries. The free-range chain gained considerable experience with this in 2016, and in 2017 the concept will be made available to a large number of German poultry farmers

Reducing antibiotic use

Plukon Food Group is an important link in the poultry supply chain. The company has contacts with poultry farmers and supplies to retail and thus, also to consumers. This means that Plukon plays an important role in preventing consumers from coming into contact with resistant bacteria via meat production. Good hygiene measures, employee safety and poultry meat food safety are important in abattoirs.

Plukon Food Group is aiming for healthy animals in poultry farming and for the restrictive and selective use of antibiotics. To stimulate broiler farmers to use less antibiotics, Plukon was the first in the poultry meat sector to reward broiler farmers who do not use antibiotics. These measures have contributed to a significant reduction in antibiotic use in the poultry sector.

Cooperation with knowledge institutes

Plukon Food Group is involved in various research programmes to improve animal health and animal welfare. Together with Wageningen Bioveterinary Research (BVR) from Wageningen University & Research, the company is researching pathogens such as campylobacter in the poultry sector.

With Wageningen University & Research, Plukon Food Group is conducting various research projects regarding improving animal welfare in poultry farming and the stunning of broilers for slaughter. The objective of the research is to improve animal welfare across the entire poultry supply chain, and to identify and implement measures that are based on the latest scientific insights.

We surround ourselves with partners who have good ideas about improving animal welfare and animal health. This enables us to make the right choices and take steps quickly.



Photo: Council on Animal Affairs/René Verleg

The poultry sector is closely involved in reducing antibiotic use. Plukon's first responsibility is to prevent potentially resistant bacteria in the intestines from contaminating meat during slaughter. The safety of our own staff during slaughter is equally important. In principle it is not difficult to prevent employees coming into contact with resistant bacteria, but this does demand a lot of discipline regarding compliance with regulations.

Plukon is also actively involved in raising broiler farmers' awareness regarding measures to keep broilers healthy. Poultry farmers can be additionally alert for infection risk moments in a flock and the farm management can work actively on prevention. Responsibility ultimately lies with the poultry farmer, but it is positive that Plukon feels responsible. Good cooperation with poultry farmers, hatcheries, and regular farm visitors is vital in this.

It is in the entire sector's interests, including those of poultry farmers, to further reduce antibiotic use. A 72 per cent reduction since 2009 is indicative of how successful poultry farmers in the Netherlands have already been in this. It is good to see that other countries in Northwestern Europe are also focusing more on these efforts. As in the Netherlands, Plukon can make an active contribution

Hetty van Beers-Schreurs

Director, Netherlands Veterinary Medicines Institute (SDa)

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Prevention to reduce antibiotic use

Prevention of animal diseases is in the interests of all links in the food chain. That is why Plukon is working intensively with broiler farmers to prevent animal diseases and reduce the use of animal medicines such as antibiotics. Together with broiler farmers, Plukon would like to reduce the use of antibiotics to the minimum level that is required to guarantee animal welfare. Free-range chickens are generally raised without using antibiotics. The Good Breed Chicken concept also adheres to low antibiotic use. For the standard breeds, a clear drop in antibiotic use has been observed. Improved management practices such as drinking water cleaning, and the switch to new concepts with slower-growing breeds have contributed to this. With the knowledge gained from new concepts, advice can be presented using very specific solutions. This applies particularly to companies that still have difficulty in reducing antibiotic use.

Early feeding for improved animal health

In hatcheries, fertilised eggs are hatched simultaneously in large numbers and with a lot of care. Once the eggs have all hatched, the day-

old chicks are taken together to the poultry farm.

Eggs that start together in the hatching process do not hatch simultaneously in a hatchery. The time period between the first and last egg in the same set at a hatchery can be up to 24 hours. In the early feeding system, the chicks that have just hatched are given direct access to feed and water in a well-lit environment with fresh air and at the correct temperature.

Research has shown that the use of early feeding is a way to further reduce antibiotic use and improve animal welfare. The immediate availability of feed and water makes broilers stronger and reduces the risk of disease. Plukon used early feeding in 2016 for free-range chickens with the one-star Beter Leven certificate. The company also aims to use early feeding in the standard broiler segment, with German poultry farmers being the first to be offered this option in 2017.

Antibiotic-free broilers per farming concept

The table below presents the percentage of antibiotic-free broilers per farming concept as a component of the number of processed chicks per farming concept in the Netherlands.

	Good Brood Chicken*	Free- Range Chicken*	Organic Chicken**	Standard Chicken*
2014	85%	99%	94%	22%
2015	91%	97%	89%	30%
2016	91%	99%	90%	32%

- * The broilers are slaughtered in the Netherlands and originate from the Netherlands, Belgium and Germany.
- ** The broilers are slaughtered in Belgium and originate from Belgium.



Strong and healthy chicks; that's what I'm working for every day in our company. As the saying goes, you should look at yesterday to see what can go wrong tomorrow. This demands continuous adjustment to ensure that you have an optimum broiler house climate, good hygiene and the best feed. Belgium is starting with the registration of antibiotic use this summer. Keeping animals antibiotic-free is still a huge challenge. As poultry farmer, I am convinced that if every link in the chain in the broiler sector did its work every day with professionalism and passion, we would make good progress in this direction. I am also

always prepared to conduct trials in cooperation with supply chain partners so that we can make progress. What's more, as poultry farmer I try to visit the abattoir every year when my own chickens are being slaughtered. I consider this to be important feedback regarding quality, which enables me to make adjustments to the next flocks. Plukon is extremely open and transparent in involving poultry farmers in the slaughter process.

Gunter Leenaerts

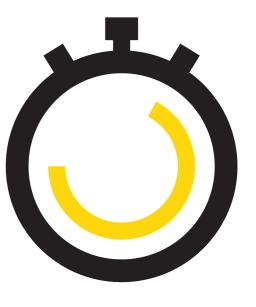
Poultry Farmer in Neer (Belgium)







8 Efficient production and smart logistics



The Plukon Food Group production sites consume energy during the production of poultry meat products and fresh ready meals. Logistics involving broilers and products also contribute to the emission of greenhouse gases and particulates. The energy consumption and emission of greenhouse gases in the poultry supply chain has decreased significantly in recent years. Plukon Food Group continues to invest with supply chain partners to further reduce the chain's environmental impact.

Priorities

Plukon Food Group places a high priority on efficient production and logistics. Efficient operations save costs and reduce impact on the environment. That is why Plukon aims to improve the energy efficiency at production sites and reduce water consumption. To reduce the emission of particulates and greenhouse gases, the company is also aiming for a reduction in journey distance and duration when transporting live animals.

Completely sustainable broiler house

In 2016, the international animal welfare organisation, Compassion in World Farming (CIWF) awarded Plukon Food Group the 2016 Best Innovation Award for the Windstreek broiler house. This broiler house concept is completely



Energy-efficient production

Improving energy efficiency is an ongoing process for Plukon Food Group. After all, saving energy reduces operational costs. Plukon has taken measures regarding energy-efficient production. Examples of this include heat pumps that extract heat from cooling systems. The heat is used for underfloor heating, to dry rooms and for cleaningwater. In 2016, Plukon Food Group invested in various production sites to improve production energy efficiency. The Plukon site in Moeskroen (Belgium) has, for instance, been equipped with a new energy-efficient rapid chiller.

Part of Plukon's energy policy is the development of an energy-efficient plan for each production site. Production sites can use this plan to compare their energy efficiency and, if desired, have audits conducted to obtain ISO 50001 energy certification. This enables them to demonstrate that they have achieved energy-saving objectives and, in Germany under certain conditions, they can receive reimbursement of a proportion of the electricity costs.

sustainable: it does not only focus on animal welfare, but also on the environment, health and on good integration within the landscape. Windstreek combines animal welfare with extremely low energy consumption and low emissions of particulates, odour and ammonia. The broiler house is ventilated naturally using innovative technology. Solar panels provide the energy for heating. Innovative 'motherhoods' are installed in various places in the broiler house, where the broilers can eat and drink. The hoods are heated using infrared panels. The use of all these technologies means that the broiler house is expected to use some 80 per cent less energy than standard poultry housing for free-range chicken. The emission of particulates and ammonia has been reduced significantly in the Windstreek broiler house. In 2017, various measurements have been taken to quantify this reduction.

The innovative broiler house concept was developed by organisations including Plukon Food Group, Wageningen UR and poultry farmer,

Nijkamp from Raalte (The Netherlands). The infrared panels enable the broiler house to be heated comfortably without emissions, while also saving a lot of energy. The panels use just 15 per cent of the energy used by standard heating systems. The Windstreek concept demonstrates that smart innovations can enable reductions in environmental impact to be combined well with outstanding animal welfare. This is a fantastic broiler house that, all in all, has a lot to offer the entire supply chain all the way up to the consumer.

The Windstreek broiler house is a flexible system that is suitable for raising standard broilers,

Good Brood Chicken and free-range chickens. It

The Windstreek broiler house from Nijkamp broiler farmer in Raalte.

enables poultry farmers to respond to changing market demands. In 2016 Plukon Food Group introduced free-range chicken from the Windstreek broiler house to the market. Meat produced in the innovative broiler house concept can be recognised on shop shelves from its sticker.

Energy efficiency

A large proportion of Plukon Food Group's total energy consumption is used for cooling and freezing meat. The effective cooling of slaughtered broilers for the production of fresh and frozen meat is vital in order to guarantee food safety. The meat needs to be cooled rapidly from around 37°C to lower than 4°C. Only then can Plukon satisfy the high product food safety and shelf life requirements that the company sets for itself. The above means that, although Plukon is working continuously to reduce energy consumption, the possibilities for further reductions are limited.

	Electricity kW-h per tonne live weight (kg)	Gas m³ per tonne live weight (kg)
2015	125.8	4.6
2016	121.4	4.5

This concerns the production sites: Blokker, Dedemsvaart, Goor, Maasmechelen, Moeskroen and Storkow.



Cooling represents half of our electricity consumption, because we supply our products cooled or frozen. We mainly use heat to heat the by-products of slaughter and waste streams for processing into feed for animals that do not enter the human consumption chain. This represents some 60 per cent of our gas consumption. Each year we report on our energy consumption, our energy saving measures and the demonstrable effects of these. This is audited by an external auditor who uses all this information to decide whether we should receive the annual energy certificate (ISO 50001). This is necessary to obtain bulk consumer exemption for the payment of energy tax.

Our energy team compiles our objectives for saving energy. Technicians, controllers and company management are part of the team. These are three-year plans, which we use to produce annual reports. The current plan will run until the end of

2017 and aims for a 3 per cent energy saving in our energy use. In 2016, we optimised two cooling systems, which resulted in immediate returns. We also started using a new steam boiler, which will enable us to realise further savings. Residual heat from the cooling systems is reused, which also saves on gas. And we have solar panels, with the electricity we generate being supplied back to the grid. Plukon has formulated a standard measurement method, enabling companies to compare energy performance every month with other companies within Plukon Food Group. The site managers also meet each other regularly and can always consult each other for advice. Measuring and gaining knowledge enables us to improve energy efficiency each year!"

Waltraud Stolle-Beneke
Energy Manager, Stolle Brenz

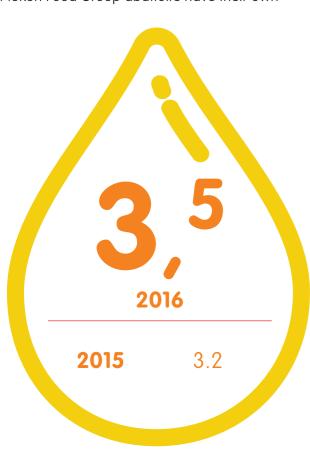


Renewable energy and water consumption

Plukon Food Group is investing in the use of energy from renewable sources. Solar panels have been installed in various sites and at the Maasmechelen (Belgium) location, the company is investing in the construction of a wind turbine. Plukon Food Group also aims to reduce water consumption at production sites. At various sites water is purified mechanically and reused, for example as water for cleaning. As the water is recovered hotter (20 – 40°C), this measure saves both water and energy. At the Storkow production site, the company purifies its used water to drinking water quality, which means that it can be reused in the production process.

Apart from the Blokker and Goor production sites, all Plukon Food Group abattoirs have their own spring water supply. In 2015 and 2016, 76 per cent of Plukon Food Group's water consumption originated from spring water.

We are reducing the environmental impact on our surroundings by investing in improvements in energy efficiency and by developing smart farming concepts that are better for our environment.



Water m³ per tonne live weight (kg)



Efficient transport

Plukon Food Group arranges its logistics as efficiently as possible. This accelerates not only the operational processes but also reduces energy consumption, and CO₂ and particulate emissions. Transport in Belgium was designed more efficiently in 2016 through improvements in lorry loading levels. The company started using lighter containers of a different shape. This reduced the number of transport journeys with live chickens. Per kilo product, transport journeys have been reduced by 7 per cent. The company's growth in distant locations resulted in an increase in journey numbers for supplying broilers to the production sites. The transport journeys that are needed to transport one kilogram live weight to the production location increased in 2016 compared with 2015.

Plukon Food Group transport

Year	Number of journeys	Total distance (km)	Kg live weight/km
2015	55,836	16,311,418	49.7
2016	57,739	17,647,680	47.2

As well as more efficient logistics, the new container system also contributed to better animal welfare. The containers have a spacious opening to enable good chick distribution. In Maasmechelen (Belgium), a new MCAS stunner and supply line was installed in 2016, which was developed in close cooperation with Marel Poultry. A container tray is placed on a conveyor prior to stunning, making it no longer necessary to unload the animals from the containers prior to stunning. This innovation enables Plukon Food Group and Marel

Poultry to demonstrate that efficient production can go hand-in-hand with improved animal welfare.

Packaging

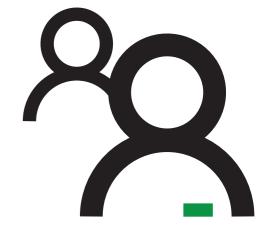
Plukon Food Group uses mainly plastic for packaging its products. In 2016, the company invested in new packaging material to reduce the use of plastic per package in Belgium. This is not only good for the environment, but also results in considerable cost-savings for Plukon. The new, lighter material means a reduction in the amount of plastic per package. The company has also introduced a Plastic Hero on all plastic packaging in order to stimulate the recycling of plastic among clients and consumers.

Creating value from by-products

Animal by-products, such as blood, feathers, intestines, heads and feet are generated during the slaughter of broilers. These by-products are not intended for human consumption but are suitable for processing into feed for pets or fertiliser. Plukon Food Group has established Noblesse Proteins B.V., together with five other poultry abattoirs in order to create more value for these by-products. Noblesse processes animal by-products into semi-finished goods. These semi-finished goods are sold to various parties including in the pet food industry. The production of semi-finished goods and animal by-products takes place in compliance with strict quality requirements.



Employees and society well-cared-for



Employees

Plukon Food Group places a high priority on motivated employees and a safe working environment. For Plukon, being a good employer means focusing on employee training and long-term employability. Healthy employees who work in a professional and safe way are vital to Plukon's business performance. Promoting the health of employees can lead to lower sickness absenteeism and lower employee turnover.

Priorities

To promote the health of employees, Plukon
Food Group is continuing to work with medical
services on workplace education regarding
healthy diet and sufficient exercise. With
the implementation of its health policy, the
company is focusing on improving the longterm employability of its staff. The company is
aiming for a high employee satisfaction score. By
involving employees and managers in an action
plan to address employment risks, Plukon aims
to increase awareness in the workplace and to
reduce the number of accidents.

Creating a healthy and safe working environment for our employees is also an important theme.

Plukon Food Group workforce

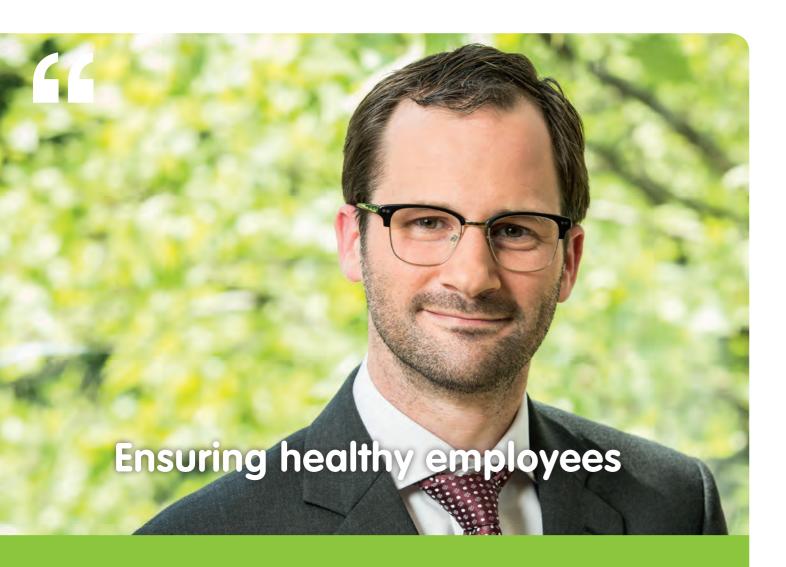


In 2016 **1206 agency staff** worked in the Plukon Food Group production sites on the production of poultry.



Employee health and long-term employability

Plukon Food Group conducted Preventive Medical Examinations (PME) among employees at various production sites. The objective of the PME is to prevent and reduce health risks among employees. Approximately 60 per cent of employees working at the participating production sites took part in the PME. In the event of sickness, Plukon Food Group encourages a speedy return to the workplace. For employees who are unable to return to their former job, Plukon supports their transfer to a more appropriate workplace.



are important themes in the Plukon Food Group personnel policy. We organised a training course for our managers at various sites in 2016 regarding conducting sickness absence interviews. We consider it our responsibility to work with the employee to ensure a faster return to the workplace. Good support for employees who are ill, from the moment of reporting in sick, helps to reduce absenteeism. That is not only good for Plukon but also for employees. Nobody wants to sit at home long term.

We also started a working group in 2016 together with employees and a company doctor to stimulate more awareness about health among employees.

food and sufficient exercise. Another important milestone for 2016 was a pilot project for long-term employability at one of our production sites. Together with an external adviser, employees investigated whether it would be wise for them to start undertaking less physically-demanding work at some point in the future.

absenteeism and increase our employees productivity.

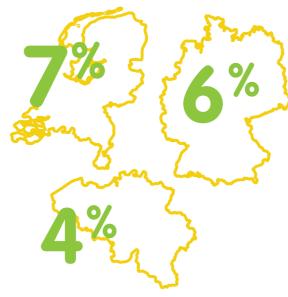
David Molenaar HR Manager Plukon Food Group



Sickness absenteeism and safety

Average sickness absenteeism at Plukon Food Group 2016

(Not including pregnancy)



In order to compare the various Plukon production sites, only paid sickness absence is reported on here. Legislation and regulations regarding paid sickness absence vary in the countries in which the Plukon production sites are established.

Plukon Food Group aims to further reduce sickness absenteeism. It is the expectation that the HR department activities and projects will contribute to this. A reduction in the number of workplace accidents is also extremely important for Plukon Food Group. A total of 106 accidents occurred in the Netherlands in 2016, 65 of which did not result in

Plukon Food Group accidents (2016)

	Plukon NL	Plukon BE
Average no. of accidents	106	50
Accidents per sex	Men: 91 Women: 15	Men: 30 Women: 20

sickness absence. Plukon Food Group continues to work on structural safety improvements.

Codes and regulations

Correct conduct is extremely important for Plukon Food Group. Employees can discuss inappropriate conduct with an external or internal confidential counsellor. Plukon Food Group also has a whistleblower scheme that protects employees who report malpractice. Plukon Food Group did not receive any reports via this scheme in 2016. There were also no reports made of discrimination or corruption in 2016. Plukon Food Group has a Central Works Council and a European Works Council for Belgium, Germany and the Netherlands.

Social audits take place at various Plukon Food Group production sites. The audits are conducted to demonstrate to various purchasers that Plukon complies with social legislation, for instance on employment rights. Plukon Food Group was assessed positively in 2016.

Providing a safe working environment is important for Plukon. We want employees to enjoy working for us.



Workforce (2016)

	Plukon Food Group (all sites)	Plukon (Netherlands)	Plukon (Germany)	Plukon (Belgium)
Number of employees	3410	1306	1347	757
Sex of employees	Men: 1886 Women: 1200	Men: 880 Women: 424	Men: 578 Women: 446	Men: 428 Women: 330
Number of employees with a permanent contract	2344	847	856	641
Number of employees with a temporary contract	642	357	168	117
Number of agency staff	1206			
Collective labour agreement	All company employees, with the exception of Board members, fall under the Collective Labour Agreement (CLA).			



Brandenburg is working hard to strengthen its social-economic structure. That is why we are also extremely pleased with Friki in Storkow, which employees 316 people on permanent contracts.

Where possible, we support this company in its plans. If it can be demonstrated that these plans lead to the retention or increase in employment opportunities, Friki can apply for a European grant, which we can deploy as Brandenburg region. An application for a new logistics centre is currently being made, which will enable Friki to better serve the retail sector. This will result in 32 new jobs, which is really positive.

Other positive societal effects are indirect: as a large employer, Friki is stimulating the local economy. Its staff pay tax here and spend their income here. Friki also sponsors all kinds of civil-society organisations, such as sports clubs and training courses to help asylum seekers to

learn German. In addition, Friki spontaneously contributes to all kinds of events that take place here in Brandenburg.

The company also exerts a positive influence regarding sustainability. By recovering heat, Friki uses less energy. This is a great saving, as the energy prices in Brandenburg are relatively high. Once Friki has built its new logistics centre, it will also need additional space. The company is located in a wooded area and Friki will compensate for the deforestation by planting new forests elsewhere in Brandenburg at its own expense.

Gudrun Fahrland

Team Leader, economic
development company Brandenburg (WFBB)

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Society

Plukon Food Group is central in society and fulfils an important role in the public debate about food. The company has opted for clear communication and ongoing dialogue with stakeholders. Pride and transparency are central in this. Good contact with the community regarding production sites, is extremely important for Plukon.

'Future-proof production' symposium

The increasing consumption of poultry offers significant opportunities for the European poultry sector but also poses challenges for the development of far-reaching innovations in animal welfare, economic and ecological sustainability. This was one of the conclusions of the 'Future-proof production' symposium that Plukton organised in 2016. Representatives from supply chain parties and civil-society organisations discussed in open dialogue the important trends in the poultry sector. For the future it is important to continue to stimulate cooperation between retail and poultry farmers. This will enable Plukon together with purchasers, to continue to respond to consumer demands.

Campaigns about chicken

Nepluvi, the Vereniging van Industriële
Pluimveeslachterijen (VIP) and Bundesverband der
Geflügelschlachtereien represent the interests of
members such as Plukon Food Group in a diverse
range of fields. With a campaign, the sector is
presenting an honest story about the production
of chicken and developments in the poultry chain.
The campaign comprises a website and various
publications in national newspapers. Plukon
Food Group was closely involved in realising the
campaigns in 2016.

More information about the campaign is available on the www.kipinnederland.nl and www.zdg-online.de websites.

Local sponsorship

The employees at Plukon Food Group production locations often live in the immediate area. Plukon Food Group aims to make a positive contribution to local communities. At local level, the company has sponsored and supported various social objectives. For example, Plukon Food Group supported Kinderhilfswerk in Germany in 2016.

This organisation has been working for over 40 years to help German children and families who live in poverty and contributes to improved compliance with children's rights.





