

Partnership for Quality 2011/2012



The key facts of our
Corporate Social Responsibility



WEST FLEISCH

— PARTNERSHIP FOR QUALITY —

The 12 key facts of the Partnership for Quality 2011/2012

The 'Westfleisch Partnership for Quality' was first presented to a wider audience at the ANGUA 2007 in Cologne. Westfleisch, as the first meat-marketer to publicly declare its commitment to social responsibility, sustainability and environmental protection, has met with the widespread recognition and approval of industry experts and their competitors. Animal protection and animal welfare, quality monitoring and guaranteed freshness, as well as guaranteed minimum wages and employee involvement have been established as holistic objectives pursued by the company. Our 12 key facts concern transparency in process procedures and communication, guaranteed quality, origins and safety, and equal priorities for economic, ecological and social issues. At two-year intervals, we stipulate only those obligations that exceed the demands of statutory standards, and may be documented and audited by independent institutions.

Since the first audit in March 2008, the certification organisation SGS Germany GmbH has been performing annual checks in accordance with their own, specially developed auditing plan to ensure that the criteria of the key facts of our Partnership for Quality are fulfilled. In the course of auditing, 95 checking criteria are employed to independently assess compliance with the specified guidelines in the six company sites in Coesfeld, Hamm, Lübbecke, Paderborn, Gustoland and Westfalenland, as well as in our administrative headquarter. The results of these audits are compiled and presented publicly in the Annual Report of Westfleisch eG in the form of a net diagram (see page 2). The annual sustainability report of the Westfleisch Group prepared in accordance with international standards of the Global Reporting Initiative GRI (category B) stands as an exemplary document within the meat industry and proves to the successful implementation of the complex 'Westfleisch Partnership for Quality'.

Find out more at www.westfleisch.de

Quality standards

Environmental protection and sustainability

Animal protection

Regionality

Market value

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Freshness

Westfleisch-minimum wage

Employee involvement



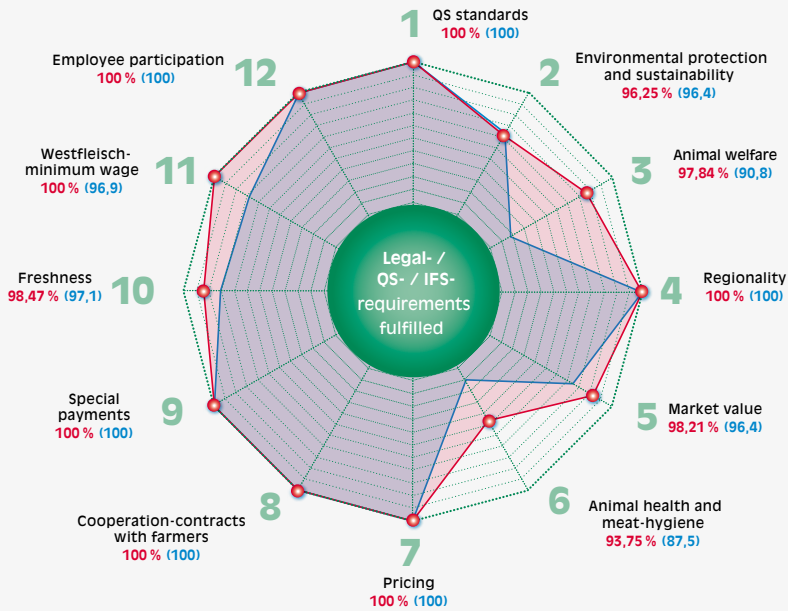
Legal- requirements + QS- requirements + IFS- requirements

WESTFLEISCH-principles

Westfleisch target achievement in %

Controlled and audited by SGS-Germany GmbH • Dated July 8th 2011

Audit March 2011
Audit March 2010



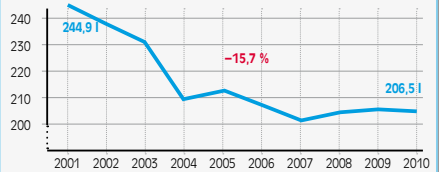
Corporate sustainability protects the environment

Westfleisch has been working successfully on the consistent reduction of power, gas and water consumption for many years – and has the figures to prove it.

Our objective is the conservation of resources. This is the reason why in 2009 Westfleisch was the first German meat marketer to develop and implement a product carbon footprint for pork, sausage and favoured specialities. At the beginning of 2011 the CO₂ equivalent for veal followed up, in 2012, with a view to dual exploitation of local cattle breeds, the carbon footprint for beef produced under Westphalian agriculture conditions will be generated.

WATER CONSUMPTION

in litres / slaughter unit, Westfleisch eG *



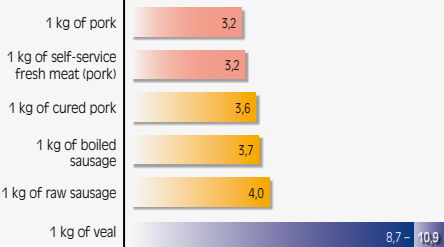
GAS CONSUMPTION

in kWh / slaughter unit, Westfleisch eG *



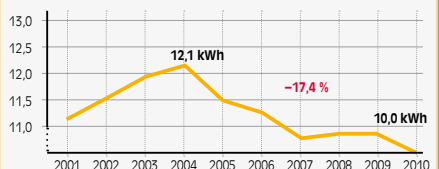
CO₂-EQUIVALENTS

For pork, sausage products and veal; kg CO₂-equivalent per kg meat



POWER CONSUMPTION

in kWh / slaughter unit, Westfleisch eG *



* 1 Slaughter unit = 4 pigs or 1 head of beef

1



Quality standards

All Westfleisch facilities regularly fulfill external auditing in accordance with national and international standards:

- QS** Quality scheme for food (www.q-s.de/en)
- KDK** Kontrollgemeinschaft Deutsches Kalbfleisch e.V.
(German Veal Control Association, www.bdkundkdk.de)
- IFS** International Featured Standards (www.ifs-online.eu)
- BRC** British Retail Consortium (www.brcglobalstandards.com)

With regard to domestic food retail customers; since 2009, our QS target quota for pork, beef (bullocks) and veal has achieved a level of >95% and, in the medium term, this also applies to meat from sows, cows or heifers.

With veterinary certification for China, Korea, South Africa and the Russian Federation, Westfleisch has successfully fulfilled the requirements for foreign exports. Access to the Japanese market is currently pending as the consequence of a state suspension of trading for NRW.

2



Environmental protection and sustainability

For us, sustainability begins with the responsible handling of the resources entrusted to our hands. Since the beginning of 2009, all Westfleisch facilities have acquired an environmental award on the basis of 'Ökoprofit' audits compliant with the guidelines of the EU Commission.

Since 2010, our CO₂ accounting, in the form of a product carbon footprint has been clearly focused on the entire value creation chain and has been evaluating its role in the context of global climate protection (2010 pork and sausage, 2011 veal and 2012 beef).

Farmers have been ensuring the sustainability of their farms for generations and prove this through 'Best Practice' in the production of crops and livestock, by means of QS audits and, as far as already implemented, by official cross-compliance assessment according to EU law.

Within the context of the initiative 'Cluster Ernährung.NRW' (Nutrition Cluster.NRW) and, in collaboration with the DLG and the Ostwestfalen-Lippe University of Applied Sciences, Westfleisch is developing a set of 'Guidelines for Sustainability in Agricultural Enterprises'.

Westfleisch is successively converting operational energy management for all their facilities to DIN EN 16001 standards; as a pilot operation, the meat plant Coesfeld will be certified in accordance with EN ISO 14001.

The medium-term orientation of our sustainability reporting will proceed step-by-step and closely follow the standards declared in EN ISO 26000.

3



Animal protection

In the case of livestock transport, Westfleisch enforces its own limitation of transport times (generally ≤ 4 hours), loading density (in-house transport matrix, driver training) and compliance with appropriate pre-slaughter recovery times.

Due to the regional concentration of our contract producers (BestSchwein: e.g. average transport distances of less than 60 km to the appropriate Westfleisch facility), the average transport time for pigs from contract producers to slaughter is generally < 2 hours and, in the case of TranspaRind cattle production, between 2 and 4 hours.

The state-approved veterinarians at our meat plants and Westfleisch's own animal welfare officers train our employees in the humane handling of livestock and constantly monitor the correct implementation of animal protection and welfare regulations. On-the-spot checks by a specialised, independent industry institution (at present 'BSI', www.bsi-schwarzenbek.de), technical monitoring measures (toxic-gas-concentration monitoring, noise monitoring, bleeding checks) and state-of-the-art slaughtering procedures guarantee the best-possible animal protection and welfare.

Westfleisch and its contract farmers consistently implement the QS requirements relating to the use of painkillers during the castration of piglets (KO criteria). Alternatives to piglet castration, for example, boar fattening, are taken into account in a separate fattening-boar contract and are the subject of systematic research in ongoing monitored projects.

To ensure compliance with British and Dutch demands, combined piggeries (pig breeding and fattening) are run according to animal welfare checking criteria specially developed by Westfleisch on the basis of British requirements and are independently audited by approved testing institutions. For 2011, the targeted volumes for fattened pigs produced in these production units is $> 650,000$ pigs and more than 300 production units. With the launch of the animal welfare campaign 'Aktion Tierwohl' and the introduction of a statutory visual meat inspection, Westfleisch has now implemented a distinctive innovation for the collection of significant parameters in Germany.



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Regionality

Westfleisch stands for regionality in livestock production for the farmers in north-western Germany, and is in a position to safeguard the identity of these units directly and on an individual-contract basis. This ensures that the origins of pork, beef and veal can be traced from the 'stable to table'. This, in turn, enables new marketing concepts for the food retail trade (e.g. 'Iss von hier', 'TK-Westfalenschnitzel').

The 'Westphalian Piglet Passport' strengthens the competitive capability of local producers and documents the particular suitability of their livestock for pig fattening.

Westfleisch presents annual reports on the average transportation distances for fat stock from our contract partners (BestSchwein/TranspaRind) to Westfleisch meat plants.

5



Market value

All livestock slaughtered by Westfleisch is billed according to the automatic data collection of its trade value (AutoFOM, FOM, VBS2000 and Minolta colorimetry). This is based on the value-determining cuts weighted with current economic indices for pigs (incl. fattening boars) and bullocks and, in the medium term, also for cows and calves intended for slaughter. At the same time, VBS2000 provides appropriate support for the work of independent assessors in the allocation into extended grading categories (+, Ø, -).

Westfleisch supports the earliest-possible introduction of new assessment formulae for premium cuts for the determination of carcass value. Westfleisch is a pioneer in the use of AutoFOM III.

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Animal health and meat hygiene

In line with the objective 'Healthy animals – healthy food' Westfleisch has introduced a health passport ('Westphalian Passport') for piglets by means of which the status of hygiene in pig breeding and fattening facilities can be monitored on a regular basis. From 2011 onwards, all fattening piglets marketed by Westfleisch will comply with this documentation based on half-yearly examination findings.

With the transition of statutory meat inspections to the latest, risk-oriented methods (EU Hygiene Package) from 2010 in all Westfleisch facilities, we have created improved safeguards for the hygienic safety of meats as a consequence of the inclusion of extensive stock information (health index, veterinary consultancy for conspicuous production units) in accordance with the 'Westfleisch White Paper' presented by Westfleisch to and approved by the appropriate authorities.

With multiserological monitoring and the testing of the microbial status of meat juices we also safeguard acceptance for export markets.

7



Pricing policies

Westfleisch stands for sustainable and market-relevant payments to producers and openly welcomes transparent market comparisons.

When buying or selling livestock and meats, our aim is to reduce market price fluctuations, e.g. by contractually agreed multi-week prices for pigs, beef cattle and calves.

In addition, Westfleisch supports index-determined price calculation and the negotiation of individual contracts with customers within the framework of the 'WESTFLEISCH Partnership for Quality'.

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Contract farming

In the field of slaughter-animal and livestock buying, quality demands and financial conditions for our producers are laid down in individual contracts with more than 4,500 partners. Compliance is monitored by the Cooperation Committee for BestSchwein / TranspaRind established at Westfleisch and the BestKalb Speakers' Council.

Pig- and beef-cattle-fattening contract partners receive a progressive bonus at the end of each year based on the volume of livestock supplied and contracted piglet production units are paid additional quality bonuses. Our suppliers should then continue to develop in accordance with the average sizes of animal husbandry units in the north-western region of Germany.

9



Special payments

Following the successful close of a financial year, an additional, special premium per-head of livestock is paid out as a membership motivation incentive. In the future, Westfleisch will continue to create proprietary capital on members' accounts (by retention) as well as offering an attractive level of payment for farmers on the fatstock markets.

Additional special premiums for particular kinds of meat (e.g. 'A heart for farmers', 'Animal Welfare' and 'Aktion Tierwohl') make a further contribution to increased producer-orientation and participation in the meat market.



10



Freshness

Westfleisch targets guaranteed freshness with a maximum count of 10^4 microbial bacteria per gram of fresh meat, and guarantees median contamination values $\leq 10^5$ CFU/g for processed mixtures (compounds) on delivery to customers. In this way, we reliably safeguard freshness from our facilities to the end consumer with the best-before-date determined by stock tests. In the case of premium cuts of beef, we observe a hanging period to enhance meat quality (incl. expiration date).

The transport temperature of <4 °C for unfrozen goods ex-works is continually registered by data logging. Gustoland ensures quality and freshness by the intensive use of Six-Sigma methods.

We set standards for extending microbiological stability in individual projects on a collaborative basis. In this way, we have an opportunity to sample and check raw minced meats for salmonella contamination within 24 hours by means of fast PCR testing.

11



Westfleisch- minimum wage

Teamwork founded on partnership and involving all Westfleisch employees demands a transparent and normative foundation. Tariff agreements regulate working conditions and payments for Westfleisch employees, individual plant-specific issues regulate agreements between management and staff.

Service providers and temporary staff working for Westfleisch are employed on the basis of service contracts authorised by the headquarter only. The existence of required and valid personal documents is checked at regular intervals.

For jobholders that are employed through service providers there is no legal minimum wage standard set (July 2011). Because of that, the Westfleisch-Group holds a voluntary agreement for a "Westfleisch-minimum wage" of 7,50 Euro / working hour. The compliance is verified by external auditing companies.

12



Employee involvement

Long-term employee loyalty and strong identification with the company are significant factors in the success of the Westfleisch Group.

We promote employee motivation and show our mutual respect by offering opportunities to participate in the company in the form of shares or profit-sharing schemes. Our company pension scheme has been expanded and its assets have been increased.

Potential analyses for skilled workers and management staff, basic and advanced training courses, a career-advancement programme and an internal improvement suggestion system are all important tools for the development of our human resources. For the first time, management staff members took part in an extensive, Internet-based debate on strategic planning for the white paper 'Compass 2015 – making Westfleisch fit for the future' approved by the committees in autumn 2010.

Westfleisch has defined binding behavioural guidelines that apply to all employees and regulate collective interaction ('Code of Ethics').

**Find more information at:
www.westfleisch.de**



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