

**HILTON  
FOODS  
HOLLAND**



# **DUE DILIGENCE REPORT**

Delivering on our  
environmental and social  
objectives

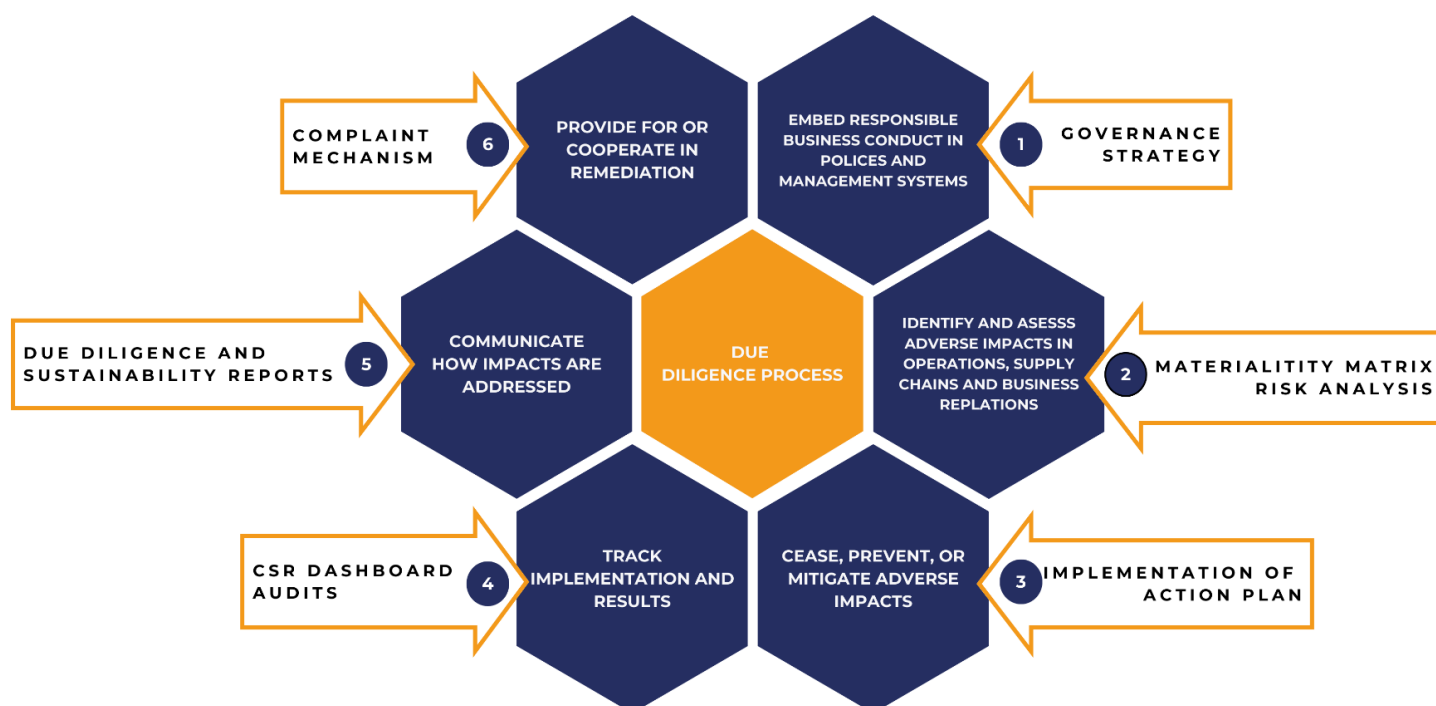
GROWTH AND SUCCES THROUGH PARTNERSHIPS

# DUE DILIGENCE

This first Due Diligence Report from Hilton Foods Holland serves as a crucial tool for evaluating the environmental and social issues inherent within throughout our business. Informed by its findings, we will strategically navigate our next steps to ensure sustainability and responsible practices. Regular annual reassessments will be conducted to uphold our business's competitive edge and commitment to environmental and social responsibility.

Our Due Diligence approach is based on the OESO (The Organisation for Economic Co-operation and Development) guidelines which are following 6 steps:

- Step 1:** Integrating Sustainability in our strategy and management systems.
- Step 2:** Supply chain analysis and research on negative impacts in our supply chains.
- Step 3:** Implementation of an action plan to stop, prevent, or mitigate the negative impact of our operations.
- Step 4:** Monitoring of implementation and results.
- Step 5:** Communication about the impact of our operations and the results of our action plan.
- Step 6:** Install a supply chain complaint mechanism and repair what's needed.



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# INTRODUCTION

Hilton Foods Holland is a producer of fresh, pre-packaged meat. As a dedicated, strategic partner of Albert Heijn, Hilton Foods Holland is responsible for the sourcing, production, and delivery of beef, pork, lamb, and vegetarian products. Hilton Foods Holland is a subsidiary of Hilton Food Group plc (Hilton Foods). Hilton Foods is a specialist international business made of local flavours across UK, Ireland, Europe, Asia-Pacific and working with our new partner in Canada. We operate in 10 countries around the world, operating our own processing facilities to supply partners or in joint ventures in local markets, serving over 19 markets. Hilton Foods Holland partners with leading retailer Albert Heijn, delivering consistently high-quality products to the right place at the right time. We produce a wide range of products including beef, pork, burgers, sausages, schnitzels, and vegetarian products. We deliver for our partner through well invested facilities, creativity and innovation, not only in product development but also in processing, technique, planning, supply chain and procurement. We are committed to continuous improvement every day.

Over the past five years our global strategy has focused on diversifying our business and building a platform for Hilton Foods to create sustainable value over the long term. Our Sustainable Protein Plan is a key part of our global strategy, addressing the increasing social and environmental challenges we face. It reflects the values core to Hilton Foods since 1994, emphasizing the belief that businesses should be a force for good. The plan is rooted in partnerships that have shaped Hilton Foods, and aims to meet the demand for sustainable yet affordable protein. By investing now to tackle risks and challenges, we aim to reduce costs and long-term exposure.

Through partnerships, we aim to create a more circular and sustainable food system that offers healthy and affordable proteins to consumers produced with planetary and social boundaries. Our product innovation includes efforts to decarbonize cattle, establish zero-emission factories, eliminate deforestation, enable consumers to purchase more sustainable options.

# STEP 1: GOVERNANCE AND STRATEGY

## 1.1 GOVERNANCE

Governance of sustainability is embedded in the overall Hilton Foods governance structure. The Main Board, Sustainability Committee, and the Audit and Risk Management Committees of the Hilton Foods are responsible for setting the ambition for a long-term Sustainability plan and embedding this in the business culture. This is communicated to the Executive Leadership Team, which agrees on this long-term plan and oversees the delivery of the targets. The Chief of Quality and Sustainability Officer is responsible for setting the plan and reporting on the results. Execution of this plan on site level is the responsibility of the Site Management Teams. Within the team, the Managing Director is responsible for setting the targets based on the HFG Sustainability plan, Customer Sustainability requirements, and legal requirements. As sustainability is interwoven into Hilton Foods' overarching mission, it's making sustainability objectives a responsibility for all MT members and their teams which ensures it is embedded into the daily operations of all employees. The manager of Quality & Sustainability is responsible for planning and reporting on Sustainability topics and communicates this with the sustainability team of our strategic partner Albert Heijn. The Group Sustainability team is guiding the sites regarding sustainability topics.

To get a clear view of our performance, we developed a site-specific strategy. We connected this to several KPIs covering our targets and commitments. KPIs are reported and discussed within the MT quarterly at least. Annually all steps of the due diligence process will be reviewed and updated. Dependent on the complexity and size of the required changes and actions projects will be set up to deliver on specific topics.

The Board, led by our Chair, Robert Watson, is responsible for the long-term success of the group and has ultimate responsibility for sustainability-related risks and opportunities. The Board delegates certain sustainability matters to principal committees: the Sustainability Committee has oversight of sustainability-related strategy, and the Audit and Risk Committees supports the Board in relation to sustainability -related risks. From a strategic perspective, sustainability related issues are discussed within the Sustainability Committee, which is chaired by Non-Executive Director, Rebecca Shelley. The Committee meets at least three times per year and monitors the progress and performance of the Group's sustainability strategy and key initiatives. The Committee Chair informs the Board of our strategy and progress every three months.

Our Chief Executive, Steve Murrells, is a permanent member of the Sustainability Committee and has management responsibility for our Sustainability strategy. Day-to-day governance of the Sustainability Protein Plan are delegated to the Executive Leadership Team, which oversees the strategy and monitors progress. Regional CEOs and local Managing Directors are responsible for implementing the Sustainable Protein plan at a site level. The Sustainability team led by the Chief Quality and Sustainability Officer is responsible for proposing the strategy and enabling implementation across our own operations and supply chains. The Sustainability Protein Plan is monitored by the Group Sustainability team and mitigation strategies are developed for approval by the Executive Leadership Team and reported by the Group Head of Sustainability and Human Rights to the Sustainability Committee.

## Specialist roles in Sustainability

### **Hilton Foods Holland**

Quality and Sustainability Manager	Overall site responsibility, internal and external communication, reporting
Supply Chain and Procurement Director	Sustainable supply chains
Commercial Director	Strategy for sustainable NPD & Innovation and category development
Finance Director	Data analysis and (non)-Finance reporting
Operations Manager	Waste reduction, processing and energy management
People and Culture Manager	Human Rights and Social Well-Being on site
Packaging technologist	Packaging reduction, recycled content, recyclability
QA supply chain specialist	Supply chain mapping including Animal Welfare and social compliance
CO2 Reduction Product Developer	Creating products to reduce CO2
Sustainability Specialist	Supportive to Q&S manager
Business Controller	Supportive to Finance Director
Health & Safety Specialist	Health & Safety, Energy
Product Manager	Launching of new sustainable products
Category Development Manager	Briefings of new sustainable products
Senior Buyers	Sourcing of sustainable ingredients
Quality and Sustainability Manager	Overall site responsibility, internal and external communication, reporting

### **Hilton Food Group**

Chief Quality & Sustainability Officer	Leads the strategic direction for sustainability
Head of Sustainability & Human Rights	Leads the sustainability team
Head of Health & Safety	Health and safety
Head of Packaging Technology	Packaging sustainability
Group Product Sustainability manager	Sustainability data
Group Ethics & Social Sustainability manager	Ethics & sustainability on the full supply chain
Group Livestock Sustainability & Welfare manager	Livestock sustainability & welfare
Group Sustainability Seafood and Crops Manager	Specialise in seafood and crops
Group Sustainability Reporting Manager	Specialise in sustainability reporting and legislation
Group Energy Director	Lead the strategic energy direction
Group Energy Manager	Implements strategic energy direction to sites
Sustainability Analyst	Specialise in sustainability data analysis
Sustainability Communications Specialist	Specialise in sustainability communication



## 1.2 STRATEGY AND COMMITMENT

Our global strategy involves implementing the Sustainable Protein Plan 2025. You can find the detailed version in our Sustainability Report and a summary in the section below. The Sustainable Protein Plan 2025 is based on three pillars: people, planet, and product. In addition to the Sustainable Protein Plan from Hilton Foods Holland, we also incorporate the sustainable buying strategy of Albert Heijn. We closely follow their commitments and policies as strategic partner, which can be found on their website

### **PEOPLE**

At Hilton Foods, we prioritize the value of our employees and are committed to ensuring their health, safety, and well-being across our global operations. We place great emphasis on inclusivity, equity, and respect, and strive to provide opportunities for career development to all employees. We aim to maintain resilience by leveraging the diversity and skills of our workforce. Additionally, we are dedicated to ensuring fair treatment and appropriate compensation for all workers throughout our supply chains, with a specific focus on protecting human rights.

### **PLANET**

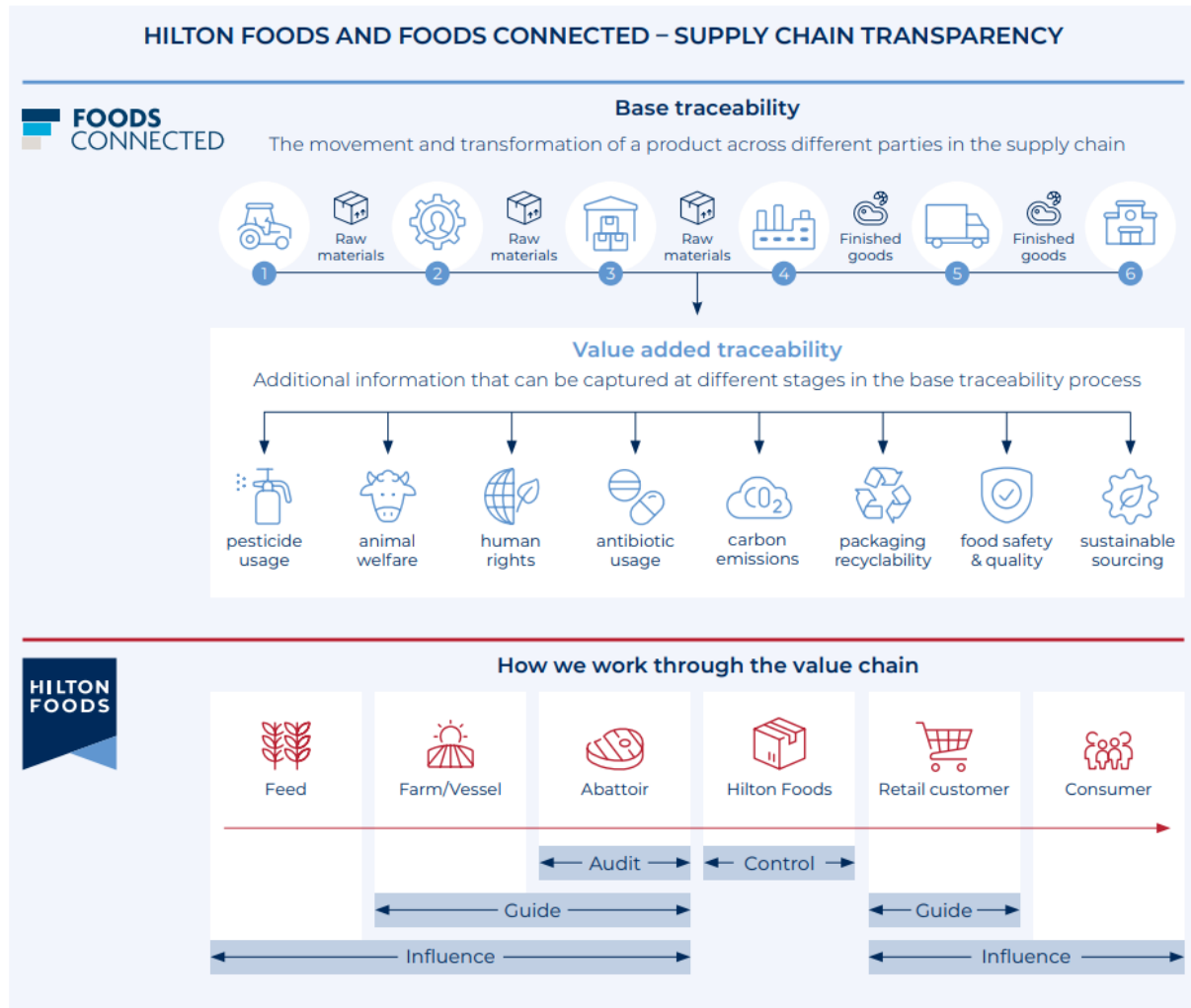
At Hilton Foods, we are committed to reducing emissions, improving animal welfare, and promoting a nature-positive agenda. We acknowledge our substantial contribution to global emissions and pledge to achieve net zero status by 2048, transitioning to a circular food system. We have detailed decarbonization plans aligned to 1.5 degrees and approved by Science Based Targets Initiative. We prioritize animal welfare across our supply chain and actively enhance stewardship of land and sea in line with the growing regulatory and business emphasis on nature conservation.

### **PRODUCT**

Our aim is to provide high-quality, nutritious, and affordable proteins while minimizing environmental impacts. We are actively exploring new ways to offer consumers a wider variety of healthy, delicious proteins and sustainable options. By collaborating with suppliers, we are reducing packaging and increasing the use of recyclable materials to move towards a circular economy. Efficiency programs across all sites minimize food waste, energy consumption, and water usage, while also sharing best practices globally.

## SUSTAINABILITY IN OUR SUPPLY CHAINS

To implement and achieve our Sustainable Protein Plan, transparency and partnership is crucial. We partner with Foods Connected, a supply chain software company, in which we hold a significant investment, to share our commitments with our suppliers on quality, safety, animal welfare, human rights and sustainability. This helps manage our suppliers' performance to ensure we deliver our own and customers' priorities, using technology to inform consumers.





# At a Glance

In 2021, we set ambitious targets across the three pillars of our 2025 Sustainable Protein Plan. An update towards our progress so far can be seen below:

PILLAR	2025 TARGETS	STATUS	PROGRESS
<b>PEOPLE</b>	<b>VALUING PEOPLE</b> Being a fair, safe and inclusive employer by engaging and empowering our people and supporting our local communities	– Reduce Lost Time Incidents (LTIs) by 10% (against 2020 baseline across Hilton Foods)	<b>Behind</b> – 16% reduction against 5-year median target, rebaselined following business expansion for further detail see page 96 in the annual report
		– Establish Global Wellbeing Framework to support employee wellbeing	<b>Achieved</b> – Successfully introduced free sanitary products in all female bathrooms
		– 30% of all leadership roles filled by women	<b>Achieved</b> – 36% of leadership roles now held by women
		– Employee consultative forums or works councils at all Hilton Foods sites	<b>On track</b> – Employee consultative forums or works councils operational at 20 Hilton sites
	<b>RESPECTING HUMAN RIGHTS</b> Safeguarding the welfare and just treatment of all workers and communities engaged with our business and supply chains	– Functioning governance structure in place	<b>Achieved</b> – Integration into key risk processes is shown on page [20]
		– Train all Hilton Foods employees on human rights	<b>On track</b> – Global induction video on key rights at work to be delivered in 2024
		– Modern slavery awareness training extended to all managerial colleagues	<b>On track</b> – Started our partnership with Slave-Free Alliance to accelerate our progress in protecting human rights in our supply chain
		– 100% of labour and service providers audited to Hilton Foods Agency Labour Standard	<b>On track</b> – Annual audit schedule for all labour providers now in place
		– 100% of primary suppliers signed up to Hilton Foods Supplier Social Code of Conduct	<b>On track</b> – Hilton Foods sites in process of onboarding their suppliers
		– 100% of new primary suppliers screened using Hilton Foods Social Criteria	<b>On track</b> – Fully integrated into new supplier approval in 2024
		– 100% of high risk primary suppliers audited	<b>On track</b> – 100% of currently identified high risk suppliers hold valid audit
	<b>DEVELOPING POTENTIAL</b> Growing and developing our people to be the best they can be, ensuring our business is ready for the future	– All production colleagues offered the opportunity to participate in 'work conversations' with their manager to discuss performance, development, career aspirations, wellbeing, ideas and feedback	<b>On track</b> – Framework developed and training materials provided to all sites
	– Development opportunities for all management talent identified as ready for succession through annual review of leadership capability and succession	<b>On track</b> – 36,829 hours of training across the business	
	– 150 colleagues to go through leadership development programmes by 2025	<b>On track</b> – 149 employees have completed leadership development programmes since 2020	

# At a Glance

	PILLAR	2025 TARGETS	STATUS	PROGRESS
PLANET	<b>REDUCING EMISSIONS</b> Going further than addressing our footprint by achieving net negative emissions across our sites and value chains	– 100% renewable electricity across all own operations in Europe by end of 2025 and globally by 2027	<b>On track</b>	– 76% renewable electricity in Europe – 64% renewable electricity globally
		– Achieve our Science-Based Targets across Scope 1, 2 and 3 and publish updated ambitions	<b>On track</b>	– Validated updated SBTi targets in line with 1.5°C
		– Intensity reduction of 15% in emissions of cattle in Europe by 2025 (aligned to the ERBS Sustainability objectives)	<b>On track</b>	– Completed projects with Lincoln University on reducing emissions from manure and digestion
	<b>ENHANCING ANIMAL WELLBEING</b> Driving standards and innovation in the care of animals that enhances their lives and reduces antibiotic use	– More than 90% of livestock from farms in assurance schemes	<b>On track</b>	– Actively working with farm assurance schemes to improve standards
		– 100% humane slaughter of animals across all our products including aquaculture	<b>On track</b>	– Increasing skill set across the business, expanding our training to our Commercial colleagues
		– Responsible antibiotic use throughout our supply chain	<b>On track</b>	– Board members of the Food Industry Initiative on Antimicrobials
	<b>NATURE POSITIVE</b> Collaborating to improve our stewardship of land and sea, promoting biodiversity, addressing deforestation and protecting water and soils	– Eliminate deforestation from the conversion of natural forests to agriculture or livestock production in our supply chains	<b>On track</b>	– 100% directly purchased palm oil and soy is certified and working towards meeting European Deforestation Regulation
		– Maintain 100% of paper and board from certified sources	<b>Achieved</b>	– Maintained 100% certification of paper and board
		– Planning and reporting tools provided to all farmers to support regenerative farming	<b>On track</b>	– Developed tools to calculate emissions in seafood with Seafish
		– 100% of seafood responsibly sourced to Hilton Foods standards (aligned to the Sustainable Seafood Coalition code and PAS 1550), and openly reporting supply chains through Ocean Disclosure Project	<b>On track</b>	– 76% of seafood was sourced to our Hilton Foods Seafood Supplier Standard and openly reporting through the Oceans Disclosure Project
		– Hilton Seafood UK directly sourced wild caught seafood 100% certified to the MSC standard or equivalent (by 2025)	<b>On track</b>	– 98% of wild caught UK seafood in Hilton Seafood UK was either MSC certified or in a comprehensive Fishery Improvement Project

# At a Glance

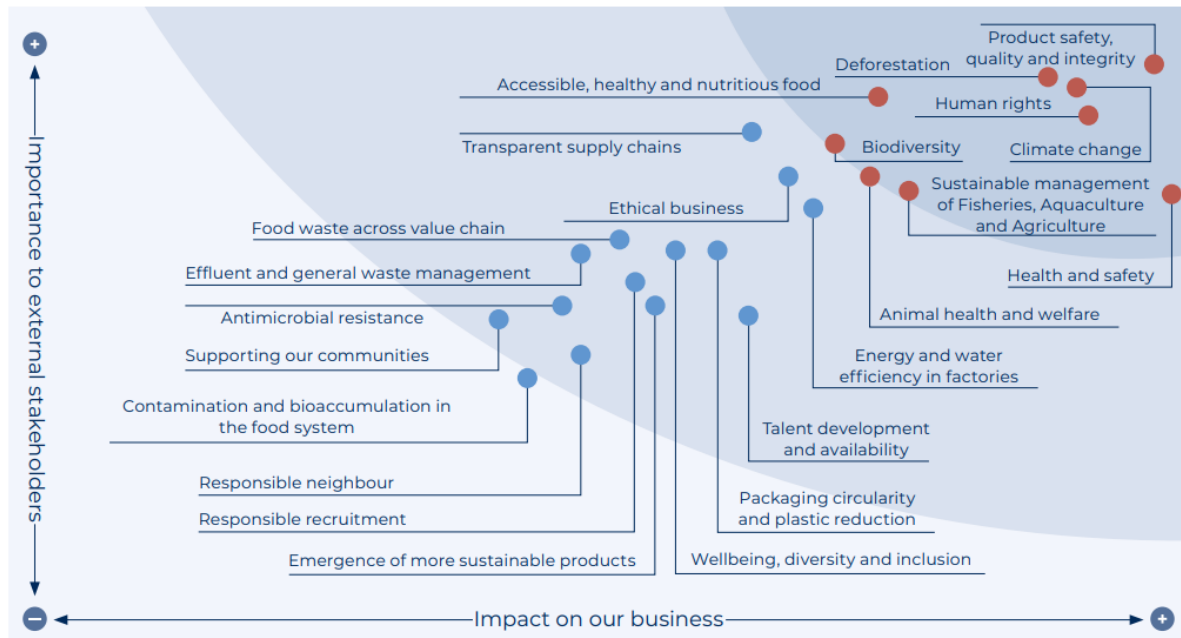
	PILLAR	2025 TARGETS	STATUS	PROGRESS
<b>PRODUCT</b>	<b>BALANCED HEALTHY DIETS</b> Efficient regenerative food systems producing more accessible and nutritious proteins	– Double sales of plant-based, vegetarian and flexitarian products (compared to a 2020 baseline)	<b>Behind</b>	– Developed tools to assess environmental and nutritional impacts of ingredients for insight during new product development
		– Assess health and sustainability attributes of all Hilton Foods proteins to provide consumers with information on their role in healthy, sustainable diets	<b>On track</b>	– We have upskilled our colleagues on the health and sustainability of our products, to give them the capability to include health and sustainability in our commercial strategy
	<b>CIRCULAR PACKAGING</b> Developing a circular economy for packaging and actively bringing waste materials back into use across our full value chain	– Reduce direct packaging waste by 30% (compared to 2020 baseline)	<b>On track</b>	– Building initiatives on waste across the group, both regionally and with individual sites
		– Drive demand for circular tray-to-tray recycling and actively prioritise the use of circular material	<b>On track</b>	– Tray-to-tray has been introduced at all our sites, in the majority of our European sites this includes 20% tray to tray content
		– All Hilton Foods retail packaging fully reusable, recyclable or compostable	<b>Behind</b>	– We have been working hard to ensure that all our packaging is recycle ready but the meeting of this target is dependent on national infrastructure in each of the countries we operate in
		– Achieve minimum of 50% average recycled content across all plastic packaging	<b>Achieved</b>	– Achieved 64% recycled content in our plastic packaging
		– Reduce the weight of plastic packaging while ensuring it remains fit for purpose	<b>On track</b>	– 840 tonnes of plastic reduced through our flow wrap mince packaging at Hilton Foods Holland and Hilton Foods Sweden
	<b>RESOURCE EFFICIENCY</b> Optimising food waste and use of packaging, energy and water across sites, supply chains and in consumers' homes	– Improve energy efficiency in Hilton Foods facilities by at least 10% (compared to 2020 baseline)	<b>On track</b>	– 10 sites certified with a ISO50001 standard, globally regarded as best practice in energy management, where we received zero non-conformances
		– Improve water efficiency in Hilton Foods facilities by at least 10% (compared to a 2020 baseline)	<b>On track</b>	– At Hilton Foods Ireland we halved our water consumption compared to the 2020 baseline and reduced water consumption by 13% at Hilton Foods Holland in the same period
		– Halve Hilton Foods factory generated food waste by 2030 compared to 2019 (in line with the Champions 12.3 commitment to deliver UN SDG 12.3)	<b>On track</b>	– 42% reduction in food waste since 2020

# STEP 2: MATERIALITY MATRIX AND RISK ANALYSIS

## 2.1 MATERIALITY MATRIX

We use a materiality assessment to identify and understand the relevant sustainability topics in both our own operations and supply chains. We engage through consultation with a broad group of expert and relevant stakeholders. The matrix undergoes an annual review, allowing for adaptations to emerging challenges and evolving priorities. Every three years, an in-depth reassessment is carried out, supported by engagement from our key stakeholders. This collaborative approach ensures a holistic and nuanced understanding of the issues that matter most to our stakeholders, spanning from within our organisational framework to the communities and environment we engage with. The materiality matrix will undergo an in-depth review in 2024 and will be adjusted to implement a double materiality scope.

Based on our materiality matrix, our most material issues are:



### 1. Product safety, quality, and integrity

Our top priority is to guarantee the safety of our products. Each item we manufacture adheres to our rigorous quality standards and must be accurately labelled with information regarding allergens, country of origin, and nutritional content.

### 2. Deforestation

As beef production is a significant contributor to deforestation, we are actively committed to eliminating deforestation across our entire supply chain. In alignment with forthcoming EU regulations, effective December 30, 2024, we will ensure that no beef associated with deforestation is sold within the operations of Hilton Foods Holland.

### 3. Climate Change

Measuring, managing, and reducing emissions is a key strategic focus for Hilton Foods across our entire value chain to combat climate change. There's a rising global emphasis on methane emissions within our influence.

#### **4. Human rights**

Guaranteeing fair treatment and protection for communities and workers throughout our value chain is not only a moral obligation but also a regulatory and strategic necessity. Globally, governments are enacting more legislation to uphold these rights. Complying with and, whenever feasible, surpassing these legal standards is integral to our Sustainable Protein Plan.

#### **5. Health & safety**

It is our duty to cultivate a culture that prioritizes safety throughout our operations and supply chain. Maintaining rigorous health and safety standards is imperative at all our sites and for our partners in the value chain. We are dedicated to decreasing the frequency and severity of health and safety incidents by enhancing employee awareness of health and safety concerns.

#### **6. Biodiversity**

The importance of this matter has grown this year, with biodiversity reporting standards becoming stricter due to the heightened attention on nature, exemplified by events like the COP15 UN Biodiversity Conference.

#### **7. Accessible, healthy & nutritious food**

The core of our mission is the provision of accessible, nutritious, and sustainable proteins. This year, our products have reached 160 million people, underscoring our dedication to excellence. Through efficiency initiatives that reduce waste, we ensure that proteins remain accessible and affordable. Additionally, our commitment to innovation enables us to offer healthier options, including affordable choices with lower fat and salt content.

#### **8. Animal health & welfare**

Upholding animal health and welfare stands at the forefront of our sustainability vision. We continually adopt innovations to raise standards and improve the well-being of animals, revising our welfare protocols annually to track advancements. As ardent proponents of transparent standards, we engage in collaborative efforts with industry groups to promote progress. Through strategic alliances, we prioritize animal health by supporting research initiatives and assuming leadership positions in influential organizations like the European Roundtable for Sustainable Beef.

#### **9. Sustainable management of Fisheries, Aquaculture and Agriculture**

Managing resources to support the production of animal proteins is vital for our business, making it futureproof so future generations are able to meet their needs too.



## 2.2 RISK ANALYSIS

	Risk	Current Action	Remaining Risk
Greenhouse gases	High	SBTi commitment of 45% reduction by 2030; Decarbonization plan; introducing blended meat; CO2 labelling on pork; CO2 monitoring on supply chains; Decarbonization of animal supply chains	High
Sustainability and biodiversity of agriculture	High	Beter Voor Varken, Natuur en Boer Pork; Organic beef and pork; Origin Green program Irish Beef; EU farm to fork program; ERBS membership; introducing meat-free alternatives; introducing reduced meat alternatives; Transition of beef volumes to the most efficient and sustainable supply chains within the EU and the Netherlands; Utilization of deforestation-free soy compensation certificates; Sustainable palm oil; Waste reduction; Decarbonization plan; Packaging	High
Animal health & welfare	High	Hilton Foods Animal welfare standard; Animal welfare audits and outcome measures, Member of Stakeholder Advisory Board for the Animal Welfare Research Network.	Medium
Food waste across the value chain	High	Shelf Life Innovation Program resulted in significantly reduced waste in Albert Heijn stores.	Medium
Packaging circularity and plastic reduction	High	Reduced thickness; introduction of flowpack; improving recyclability; increasing recycled content	Medium
Human rights & Social Well-being	High	Supplier Social Code of Conduct with Compliance Requirement; SMETA audit process for HFH and protein suppliers; grievance procedure; speak up policy; Womans Network; workers council; Dutch and EU legislation; Creation of cross-functional Modern Slavery Working Group; Employee Engagement Survey	Medium
Product safety, quality and integrity	High	Third party certification (FSSC 22.000, IFS PIA, Beter Leven, SKAL,RSPO); Food Safety Authorities audits and inspections; Customer audit Nestle; Group factory standard audit; Customer audit Ahold; Accredited laboratory; Customer product analysis; GFSI-certified suppliers; Supplier approval process; Microbiological analysis; shelf life trials; Listeria studies; Internal audits; Hygiene inspections; Food safety & hygiene training program; Identify DNA program; QA recipe-labelling review; packaging DoC review; horizon scanning; Metal detection; Continuous improvement plans; Complaints management; Quality Culture Survey	Low
Energy & water efficiency in factories	Medium	ISO 50001 certification; Energy management on scope 1 and 2; cold cleaning; heat exchange pump; green energy	Low
Health & safety	Medium	HFC Health & Safety framework; training program; Grow Together Cultural change program; Health and Safety Week	Low
Accessible, healthy & nutritious food	Medium	CBL/AH guidelines on healthy food (reduced salt, added sugar, saturated fat); Introducing Nutriscore 2.0	Low
Acting with integrity	Medium	Bribery code of conduct; Bribery training; Cyber security policy & training	Low

The greenhouse gases, sustainability, and biodiversity in agriculture are the risks that have been Hilton Foods' top priority in the upcoming years. Also, Human rights, Animal health & welfare, Food waste, and packaging circularity, and plastic reduction remain very important. In the following section, different projects are discussed that will mitigate these priority risks.

## STEP 3: IMPLEMENTATION OF ACTION PLAN

We use a materiality assessment and risk analysis to identify various focus areas and topics. For each topic with a high or medium remaining risk, we develop goals and targets, leading to projects. We have found that our supply chain has a significant impact on CO2 emissions, deforestation, biodiversity loss, plastic pollution, animal health and welfare, human rights, and social well-being. Since all of these factors are interconnected and have direct effects on each other, solutions can have an impact on multiple areas

### 3.1 GREENHOUSE GASES

The majority of our products' greenhouse gas (GHG) emissions are emitted at the farm level. The GHG emissions are heavily influenced by grassland management, manure management, enteric fermentation, animal health and productivity, and feed production. Our goal is to gradually reduce CO2 emissions by 45% by 2030, with the base year being 2018.

At Hilton Foods Holland our main strategies to reduce GHG emissions are:

- Beef replacement in recipes
- CO2 emission labelling
- Select the most sustainable supply chains
- CO2 reduction on the farm
- Protein transition

#### **Beef replacement in recipes**

We are introducing low-emission alternatives by replacing part of the beef in our recipes. This allows us to offer our customers a reduced-emission alternative without compromising on taste and nutritional value. These developments create a new category between plant-based and meat products. The first beef replacements have been introduced in the spring of 2024.

#### **CO2-emission labelling**

We have a growing number of environmentally-conscious customers who are open to changing their buying habits but may not be sure how to do so. By labelling our pork products with their CO2 emissions levels, we can help educate Albert Heijn customers and make it easier for them to choose more sustainable options. We have started with labelling the CO2 emissions on our pork products in 2024. Additionally, we are working on establishing reliable emission figures for each of our beef supply chains, and we aim to have this completed by 2024.

#### **Select the most sustainable supply chains**

At Hilton Foods, we are developing an independent monitoring system for CO2 emission rates within each of our supply chains. This will assist us in making informed decisions when selecting supply chain options for both our company and our customers. We are integrating these emission rates into our purchasing strategies to support our CO2 emission reduction plan.

#### **On-farm CO2-reduction**

##### *Pigs*

Our "Better for Pig, Nature, and Farmer" program encompasses all pork sales at Albert Heijn (except organic pork). This program focuses on monitoring animal welfare, biodiversity, and climate impact, and ensures fair compensation for the farmers. The initiative is a collaboration between Albert Heijn, Vion, and 100 committed pig farmers. These farms are actively working to reduce their carbon footprint and emissions.



### *Beef*

Most beef comes from dairy cattle, which have significantly lower emissions than cattle from beef breeds. Our largest beef supply chain consists of Dutch outdoor grazing dairy cattle. Farmers are incentivized and supported by large dairy cooperations to implement CO<sub>2</sub>-reduction measures and actively monitor their carbon footprints at the farm level. The results of these efforts are monitored by the 'Kringloopwijzer' system, which is based on continuously updated primary data

### **Protein transition**

An ongoing trend is the increasing awareness among customers about the health and sustainability of their diet. Albert Heijn is actively promoting this trend and aims to shift the consumption of plant-based versus animal-based proteins from 40:60 to 60:40 by 2030. This shift in dietary preferences is leading to a decrease in meat sales at our stores, contributing to our goal of reducing CO<sub>2</sub> emissions. To ensure the long-term success of our company, we are implementing a strategic approach to actively participate in this initiative.

## 3.2 SUSTAINABILITY AND BIODIVERSITY OF AGRICULTURE

### **Deforestation-free soy commitment**

Hilton Foods is dedicated to promoting environmental sustainability to address the long-term depletion of natural resources, damage to species and habitats, loss of biodiversity, and climate change. Through our Sustainable Protein Plan, we are globally committed to eliminating deforestation resulting from the conversion of natural forests to agriculture or livestock production in our supply chains. We are working towards implementing the European Deforestation regulation. We are collaborating with our suppliers to ensure accurate due diligence statements are in place. Our goal is to guarantee that all the soy we use is free from deforestation and conversion. Currently, at Hilton Foods Holland, we purchase RTS credits for all the soy consumed by the animals in our supply chain. However, our aim is to ensure that the animals are fed with soy from segregated deforestation-free sources in both our cattle and soy supply chains.

### **Biodiversity**

Through our Sustainable Protein Plan we aim to collaborate to improve our stewardship of land and sea one key delivery of this is to promote biodiversity. Over the last two years we have been partnering with Chirrup.ai to develop their pioneering technology, using artificial intelligence to track birdsong as a method of monitoring biodiversity. At Hilton Foods Holland our pig farmers have improved biodiversity by installing birdhouses, bee hotels, and wildflower strips around the pig housings. Our farmers are incentivized for this and other measures to ensure fair pricing. Our Dutch beef farmers are working towards regenerative agriculture and bird protective grassland. In Ireland nature zones have been created, this is voluntary and incentivised by the Irish government.

## 3.3 FOOD WASTE ACROSS THE VALUE CHAIN

Our primary focus on food waste reduction is centered around minimizing store waste. Over the past five years, we have achieved a 38% reduction in store waste by extending the shelf life of our products. We plan to enhance this by introducing new packaging technology for products with shorter shelf lives.

In our pork supply chain, we utilize several by-products, including bakery leftovers, spent grains from breweries, and dairy production by-products. This approach eliminates the need for products like soy, thereby reducing the impact on land use and biodiversity.

In our recipes, we are investigating the use of circular food ingredients to reduce meat content without compromising taste and nutritional value, and to ensure efficient use of

agricultural resources. Any food losses within our operations are repurposed in our minced recipes. Unsold items are donated to charity or provided to staff to minimize food waste. Additionally, expired raw materials are sold to a meat processor where the meat can be cooked and sold for human consumption.

### 3.4 PACKAGING CIRCULARITY AND PLASTIC REDUCTION

In partnership with our packaging suppliers, we are able to reduce the weight of our plastic materials by enabling thinner materials. We reduce packaging weight for minced meat by 70% by introducing flow pack technology. The overall plastic reduction reduced is by 41% from 2017 to 2023 which surpasses now already our commitment of 25 % plastic reduction by 2025. The level of recycled content in our packaging materials is rising and we are working towards full recyclability of our packaging materials (e.g. by exploring washable labels).

### 3.5 ANIMAL HEALTH & WELFARE

Hilton Foods Holland prioritizes animal health and welfare in line with our values and the interests of our stakeholders. To ensure a transparent chains where animals are treated correctly, we have developed various initiatives. In 2021, we established the Hilton Foods Animal Welfare Supplier Standard for cattle and pigs, which covers transport, unloading, stunning procedures, and supervision. All supplying abattoirs are currently undergoing audits, which will be repeated every two years. In 2024, we plan to introduce a standard for cattle collection places to address animal welfare risks at these locations.

At the farm level, all pigs used by Hilton Foods are level 1 Beter Leven, which is externally audited by the 'Dierenbescherming' (Dutch Society for the Protection of Animals). Tail docking at pig farms is a common practice to prevent tail biting. The tail enables the pig to indicate whether it feels stressed or comfortable. Farmers are encouraged to adjust the point of docking to increase the well-being of pigs. The tail lengths are monitored at the abattoir, and the average tail length has been increased. Animal health is an ongoing concern in pig husbandry. By improving animal health, we have been able to gradually reduce the use of antibiotics and increase productivity.

### 3.6 HUMAN RIGHTS AND SOCIAL WELL-BEING

At Hilton Foods, we are dedicated to human rights and our employee's social well-being and professional growth. Hilton Foods Holland has developed a comprehensive training framework to enhance employee skills, accessible to both agency and internal employees, ensuring equal opportunities for advancement and success.

All employees are required to complete four mandatory modules on Study Tube, focusing on Food Safety, Workplace Safety, Product Integrity, and Allergen Management. Study Tube also offers an extensive library of additional courses tailored to specific employee needs. The "Grow Together" initiative aims to improve organizational culture by providing training on managing difficult conversations, adhering to meeting protocols, and delivering effective feedback, with internal coaches trained by Dupont. Additionally, Dutch language lessons are available for employees who could benefit from enhanced proficiency. A partnership with the online platform 'Open Up' aims to provide preventive support for all staff members' well-being. Additionally, Hilton Foods is pursuing SMETA survey participation at all our suppliers to uphold ethical business practices.

The Flexmatrix is crucial across production, quality control (QC), and logistics. This skill matrix outlines each employee's competencies and is supported by a specialised training program that includes quality and machine exams. Employees who pass these exams are deemed qualified for their tasks. The Internal MBO Trajectory provides educational

opportunities at MBO levels 2 and 3 for roles such as Food Operator and Logistics Employee, while the SVO MBO 4 program prepares individuals for positions like Production Team Leader. Although the Manufacturing Excellence Program was not implemented in 2024, it is being considered for 2025, reflecting the organization's commitment to continuous improvement.

Leadership and Personal Effectiveness Training is available for office staff and the Production Manager, with three participants scheduled for 2024. Training on request is also offered to address specific needs identified by employees or employers.

*Projects are internally more specified. For materiality topics scoring low in remaining risks, ongoing projects are continually monitored to ensure risks remain low, yet no new projects are currently in the pipeline. An overview of the projects and how they impact the risks can be found on the next page.*

**Table: Sustainability Projects**

Actions	Greenhouse gasses	Deforestation	Biodiversity loss	Plastic	Animal Welfare	Human Rights and Social Well-being
Protein transition	+	+	+	+		
Shift beef to pork	+	+	+			
CO2-labelling Labels on pork	+	+	+			
Deforestation-free in supply chain with our partners	+	+	+			
Increase shelf life by packaging technology	+			-		
Shift to lower emission supply chains	+					
Flow pack burgers				+		
Washable labels to enable recyclability				+		
Reduced thickness packaging materials				+		
Partnership with 'Open Up' for staff well-being						+
Pursuing SMETA certification for ethical business practices						+
Monitoring the tail lengths of pigs at farm level					+	
Working with slaughterhouses for a transparent chain	+				+	
Improving auditing for cattle collection centres					+	
An internal and external grievance system with all our stakeholders						+

## **STEP 4: MONITORING OF IMPLEMENTATION AND RESULTS**

The progress will be closely monitored. Reporting structures are explained in step one to ensure that everybody knows their responsibilities. All projects will have KPIs and project trackers. To monitor this, a comprehensive Sustainability dashboard will be established to offer real-time, accurate insights, which will be closely monitored by the Sustainability team. The Due Diligence report will also be presented to the different layers of the organization to ensure that everybody's values and views are aligned. It is important that the values and the goals of Hilton Foods Holland are embedded in every role, not only in the designated sustainability roles. Quarterly meetings at the management team level will ensure alignment and prompt adjustments as needed. There is also a close partnership between Albert Heijn and Hilton Foods Holland, with both parties having their roles and responsibilities in each project.

We have implemented various assurance mechanisms to ensure the continued achievement of ongoing sustainability projects. Control measures, including audits and ongoing management, will be enforced to maintain the accurate execution of prior projects. In instances where the score is marked as red, we offer possibilities designed to facilitate improvements rather than immediate delisting. This may involve additional audits to ensure compliance or placing the entity on hold until corrective actions are successfully implemented. We aim to work collaboratively with suppliers to resolve any issues and uphold our standards of quality and sustainability.

## **STEP 5: COMMUNICATION**

The initial Due Diligence report is the start of a continuous process. Every year, a new report will be created, following a step-by-step procedure to ensure it aligns with current priorities. Data will be thoroughly analysed to reflect and evaluate the previous year's achievements and targets. Any newly identified or changed risks will be subject to a fresh risk assessment, guiding the establishment of new steps and targets each year.

We share updates on our progress publicly through various means:

- Every year, the Hilton Foods Sustainability Report is published to report our progress and new initiatives.
- The Hilton Foods Holland Due Diligence report is updated annually to include progress and developments from previous years.

Communication within our supply chain takes various forms:

- We conduct regular supplier meetings to exchange updates and align on goals.
- We utilize the Foods Connected platform for clear and efficient communication of company policies.

Internally, we communicate sustainability through:

- Quarterly reporting sessions where internal goals are discussed.
- We use an internal mobile app, MyHub, and conduct training sessions to inform colleagues about our sustainability policy.
- This year, we would also like to introduce a Sustainability Week. We have previously organized successful Health and Safety Week and Food Safety Week events and would like to extend the focus to sustainability.

## **STEP 6: SUPPLY CHAIN EQUIPPED WITH COMPLAINT AND REMEDIATION MECHANISM**

It is crucial that we are informed about any potential breaches of our policies, including product quality and violations of natural, human, and animal rights. This is of utmost importance to us as we aim to prevent future occurrences and address any damages for those affected.

We currently have a complaint mechanism for our products. Albert Heijn has a dedicated section on their website where clients can submit complaints about product quality, food safety, and more. These complaints are directly reported to Hilton Foods Holland, where the Quality Department investigates the issue and implements immediate solutions to prevent reoccurrence.

We also have an internal complaint mechanism. In case an employee feels unable to report a complaint or wrongdoing at their production site, Hilton Foods Holland has internal and external confidants whom employees can reach out to. Our goal for 2024 is to establish a comprehensive internal and external grievance system with all our stakeholders in our supply chain, covering all topics identified as top priorities in our materiality matrix.

### **NEXT STEPS**

We share our Due Diligence report to provide transparency to all relevant stakeholders about the responsibilities inherent in our business operations. Developing a Due Diligence approach is an ongoing effort, and we are committed to continuous improvement. Therefore, we will write a new Due Diligence report yearly. In addition, European Due Diligence regulations impact our strategy. As these laws progress and are gradually implemented over the coming years, we will ensure that this report remains compliant with current legislation.



**HILTON  
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