

The concrete commitments of Smithfield Romania in attending to EU Code of Conduct on Responsible Food Business and Marketing Practices

Smithfield Romania is the market leader in the livestock sector and the largest pork producer in Romania. Our mission is to successfully contribute to the revitalization of the Romanian pork market and to offer customers and consumers a wide range of safe and high-quality products under the Comtim and Elit brands.

Our Values

Responsibility: We accept responsibility in everything we do. We do business the right way by:

- *Treating employees well*
- *Treating our animals with respect*
- *Leading in sustainability*

We have a tremendous responsibility for food safety. Together, we will deliver on the promise of “Good food. Responsibly”.

Operational Excellence: Our pursuit of operational excellence is unrelenting. We tirelessly seek out opportunities to improve the way we do business in such areas as customer service, on-time delivery, product quality, and product consistency.

Innovation: Innovation is part of our DNA. We seek fresh ideas in all aspects of business, including ways to work smarter, serve customers better, and make Smithfield a better company.

Certifications

All our operations have voluntarily implemented and certified the following international Management Systems: Quality Management System (ISO 9001:2015) / Environmental Management System (ISO 14001:2015) / Occupational Health and Safety Management System (ISO 45001:2018) / Food Safety Management System (ISO 22000:2018) / IFS Standard (IFS Version 7:2020), British Retail Certification (BRC 8:2019).

Sustainability

We exist and develop responsibly. Sustainability is one of Smithfield’s core values.

Our sustainability strategy is built on seven pillars, which are the areas of priority concern, through which we continually improve our sustainable development performance.



Animal Care



Diversity
Equity Inclusion



Environment



Food Safety Quality



Helping Communities



Nutrition
Wellness



Workers Health Safety

Beyond strictly business-related objectives, Smithfield Romania proposes itself to invest and get actively involved in development of local communities where it operates. This active involvement is reflected through its social responsibility – namely environmental protection, promotion of modern agriculture (by supporting organic fertilization), facilitation of access to education, social support for disadvantaged groups, all these generating a positive economic impact on development of economy in the western side of Romania.

Smithfield Romania has so far implemented a wide range of sustainability projects as part of the company sustainability approach, which improves sustainability on two of three levels targeted by the Code:

- 1) In relation to food consumption patterns for healthy and sustainable diets.
- 2) Within internal processes, operations, and organization at the level of the actors in the middle part of the food chain.

Regarding the aspirational objectives of the first level (Promoting food consumption patterns for healthy and sustainable diets.) and Aspirational objective 1 (Reversing malnutrition and diet-related noncommunicable diseases (NCDs) in the EU):

The definition of “healthy diets” (taken from the CFS Voluntary Guidelines on Food Systems and Nutrition): “Healthy diets are those diets that are of adequate quantity and quality to achieve optimal growth and development of all individuals and support functioning and physical, mental, and social wellbeing at all life stages and physiological needs. Healthy diets are safe, diverse, balanced, and based on nutritious foods. They help to protect against malnutrition in all its forms, including undernutrition, micronutrient deficiencies, overweight and obesity and lower the risk of diet related non-communicable diseases. The exact make-up of healthy diets varies depending on an individual’s characteristics (e.g., age, gender, lifestyle, and degree of physical activity) [...]” it can be a part of the description of our CSR program „Food for souls”.

Smithfield Romania is the initiator of “Food for Souls” program to support the families with social needs from communities facing food insecurity, a program developed in collaboration with partner organizations (non-governmental organizations, churches etc.).



Through this program our Company provides free Comtim meat products contributing to the daily meals of people in social risk. Thus, the daily menu of beneficiaries is completed by an essential source of high-quality animal protein, necessary for a balanced diet, a prerequisite for healthy and harmonious development.

With the help of volunteers, Comtim products are provided either as a hot meal (by social canteens, daycare centers, hospitals, and orphanages), or as packaged fresh meat, in case the partner NGO does not benefit of its proper canteen.

So far, the beneficiaries of this program include: the Social Canteen from Timișoara, “Constantin și Elena” Daycare Center, General Directorate for the Social Protection of Children, “Iisus Speranța României” Christian Association, Caritas Federation of Timișoara Dioceses for the centers: Mother and Child Home, “Parter Jordan” Night Home and “Casa Maria a Apostolilor” Shelter for Women, “Rudolf Walter” Association, “Mana” Association, “Timișoara’89” Foundation, “Pentru Voi” Foundation, and “Deborah” Home.

As of 2009 to date:

- Over 1 million meals served
- 45 partner NGOs

Through this program, the company gives priority to redistributing food surpluses to people in need, especially when there is a large stock of products with a short shelf life.



Smithfield Romania promotes awareness of healthy, balanced, and sustainable diets, including sustainable food consumption, as part of healthy & sustainable lifestyles, but also encourage increased consumption of fruits and vegetables, wholegrain cereals, fiber, nut, and pulses, including locally produced varieties.

Smithfield Romania believes that balanced nutrition remains a key factor in young people's development, but also in community development, and wants to help prepare the youngest members of the community in making healthy nutritional choices. From 2014 to date, on International Food Day, Smithfield Romania has kept its promise to encourage students to adopt a balanced diet for a healthy lifestyle, by providing thematic workshops. Last year's edition included 1st to 8th grade students from over 60 communities in Timis and Arad Counties. They had the opportunity to discover the basic rules for a balanced diet and a healthy lifestyle, through an interactive video put together based on expert sources.

Every year we celebrate, together with the students from Timis and Arad Counties, an event that marks the company's concern for the importance of raising awareness on adopting a balanced nutrition and a healthy lifestyle. We are present in the communities with valuable information for children, teachers, and the community, in a broad sense, through open, interactive lessons with information structured in an accessible and interesting way. We also take this opportunity to highlight our concern for food waste, a topic that we should all reflect on in the context of International Food Day.



Some of the beneficiaries



KV posted on Social Media



Kit for some of the beneficiaries

To promote healthy and sustainable food service practices, we have started an editorial routine for our Social Media accounts and websites.

Following the collaboration with a renowned nutritionist from Romania, Dr. Mihaela Bilic, we made a set of videos, vlog posts, and posts like "Did you know that?" about balanced nutrition.

From these materials, followers of our social media accounts can find valuable information about the integration of pork into a balanced diet, how it can be prepared, and other nutritional information.



Since the beginning of 2022, we have started using digital solutions to improve consumer information about food waste. We have dedicated a post on social media accounts to this topic, and we will include this type of post in the following plans.

More information: <https://www.comtim.ro/bundegatit/nutritie.html#headernutritie>

Smithfield Romania offers a range of appropriate portion and serving sizes aimed at sustainable food consumption through product ranges „Porc Ușor” and „Steak House”.

The products come in small gram packs, suitable for one serving. In this way, we come to the aid of consumers who want to avoid food waste.



Smithfield Romania believes in a food environment that makes it easier to choose healthy and sustainable diets.

We provide transparent, voluntary product information to consumers through our annual sustainability report. This report provides information about Smithfield's sustainability progress and performance. It is prepared in accordance with the Global Reporting Initiative Standards: Core option.

More information: <https://www.smithfield.ro/en/sustainability/sustainability-report-international-division>

From 2012, Smithfield Romania has integrated sustainable practices and health in the workplace through „Eco Campaign”.

The internal program aims to raise awareness on the importance of rational use of water and electricity and selective collection of waste plastic and paper, selected among employees.

The objectives of the Eco Campaign are:

- increase the quantities of paper and plastic, selectively collected;
- raise awareness on the importance of rational use of natural resources;
- raise awareness on the impact that each of us has on the environment.

Thus, Smithfield Romania employees have the possibility to come into contact during their work with messages calling for responsible behavior towards the environment, with interesting messages, that bring arguments for the rational use of such resources, both at work and at home.



To avoid the use of plastic plates and cutlery, Smithfield Romania employees serve tableware in porcelain plates and bowls, using stainless steel cutlery. Dining rooms are designed to encourage employees to take care of the environment. Plastic cups from water dispensers have been replaced with cardboard cups.

To avoid food waste, the food that is not consumed by employees during the lunch break is collected and offered to a third party.

Out of care for the surrounding environment, Smithfield Romania fully manages both animal by-products and wastewater resulted from the slaughtering process, through two modern plants: the Wastewater Treatment Plant and the Rendering Plant.

The Rendering Plant is a support plant for our main activity in the slaughterhouse, which has as main purpose collecting and processing these animal by-products that are not intended for human consumption, resulted from the slaughtering process.

The Rendering Plant of Smithfield Romania is one of the most modern of its kind in Romania, because it meets all parameters of the EU Directive 1069/2009, the processing method 1, for processing animal by-products that are not intended for human consumption.

The capacity of this plant is of 10 tons/hour of animal by-products, not intended for human consumption, and the plant's processing capacity is of 30,000 tons/year for each category.

The products resulted (protein flour, fats) are recovered by third parties, which in turn subject them to a technological process with the intention of obtaining animal feed (pet food), but they can also have various other technical uses (i.e., organic fertilizer, biodiesel).

The Rendering Plant of Smithfield Romania is a Greenfield investment and, at the same time, one of the most modern of its kind in Romania and Europe that meets all parameters of the EU Directive 1069/2009, being authorized for processing of animal by-products, categories II and III.

Through large investments in equipment and production and environmental protection technology, we ensure compliance with all requirements of environmental protection, in force in Romania and Europe. All products made in our Rendering Plant are obtained from animal by-products, processed immediately after slaughtering.



To prevent and reduce the food loss and waste within internal operations, in 2021 we started a project of valuation of sliced pieces into a new product – souvlaki skewers.

Estimated/Earned Benefits

- Reuse of the sliced ends (boneless collar and boneless chops) in the souvlaki skewer product guarantees that the price of meat is maintained at least at the value of the main pieces.
- Elimination of process losses in the production of old skewers requiring cooling of 6D pieces of meat, dicing, selection of non-conforming pieces (average yield 85%).
- Increased production capacity from 75 kg/man/hour at 210 kg/man/hour resulted in a daily production from max 500 kg/day at 2,000 kg/day.

Project Results: Implementation of this project has generated direct savings just due to the reuse of boneless collar and boneless chops into skewers and a reduction of 80% in labor costs.

Additionally, improvement of commercial aspect and increase of product quality has generated sales increases by 70%.

In 2019, we implemented a project of meat cutting in a very consistent way, to prevent and reduce food loss and waste within internal operations.

The organic growth of Smithfield Romania on Romanian market in the last five years has been tested by the unexpected appearance of African Swine Fever on Romanian country territory.

The reorientation of production activities towards the optimization of the key performance indicators has become a priority within the Smithfield Prod management team.

The main focus of Meat Cutting department has been directed to YIELD deboning optimization of meat as raw material.

As known, meat cutting and deboning are production processes mostly manually performed by operators and the efficiency of main activities is heavily impacted by specific skills, abilities and technological knowledge from a slaughterhouse for fresh meat processing.

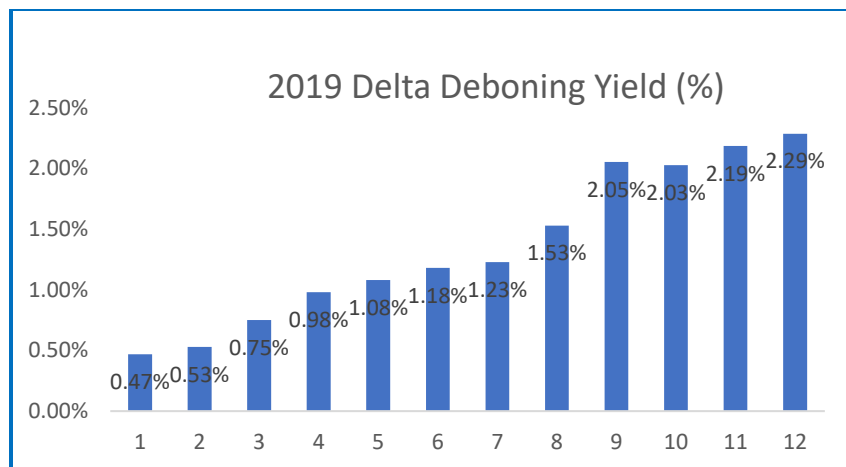
Cutting & deboning management team established and implemented an action plan consisting of four main steps to optimize the YIELD deboning indicator of main quarter products:

- Standardization of working methods on each deboning line for ham, shoulder, belly and loin;
- Deliver “individual training on the job” to every new line’s operator by line supervisor responsible;
- Elaborate and monitor daily the report “Yield Deboning” split on main quarter products, production lines and shifts;
- Give individual feedback and take immediate corrective actions in case of standard deviations through coaching sessions delivered by line supervisors.

The small but positive results started to appear while process know-how and competences of each team strengthened and leveled through team members. Firstly, the standard deviations were progressively reduced and secondly, the YIELD values continuously increased month by month. The teams became able to deliver and maintain consistent and sustainable results in time.

The efforts of all team members were translated into increasing positive trend of main quarter products deboning efficiency that finally reached a consistent improvement of 1.54% by the end of 2019.

The optimization of Yield deboning indicator by +1.54% represents a significant added value to 2019 business results of 9.720.958 Ron (2.03 mil Euro) (see graphic).



These results have been possible through a more efficient execution and practical actions translated into the activities as follows:

- Obtaining as many “white bones” while deboning process
- Differentiated application of deboning methods depending on swine classes (SEUM)
- Deliver practical and individual specific training directly by line supervisors to each operator that underperformed or insufficient process know-how assimilation
- Develop a bigger number of deboning operators with highly skilled and master levels inside each team but also a better distribution between entry, skilled and hilly skilled operators’ level through teams and shifts.

Smithfield Romania is in an ongoing process of reducing energy use and improving energy efficiency for production using less energy-intensive and low-carbon technologies.

In 2022, the Technical Department has implemented several measures through which each technical process on the meat plant platform within the Fresh Meat Division can be carried out as efficiently as possible.

The automation systems of the Thermal Power Plant have been redesigned to have a lower consumption for each ton of steam produced.

Due to the efficiency of some parameters, a reduction between 2 and 4% was obtained compared to the same period last year. Rigorous monitoring programs, with daily frequency, of electricity consumption have also been implemented, to be able to identify those consumers who can streamline their work, to obtain a lower consumption.

Conventional lighting sources have also been replaced with some LEDs, which have the benefit of lower consumption and longer life.

Programs have been implemented to suppress the electricity consumption of the electric motors on the premises, by installing frequency convectors, and the operation programs of the treatment plant have been optimized. Last but not least, we mention the project for the construction of a photovoltaic plant that will be located on the roof of the production areas in the meat plant.

To streamline the consumption of electricity for lighting and heating to a minimum, motion and twilight sensors have been placed in the working points of the Farm Division.

A pilot project to produce electricity through photovoltaic panels with a power of 22.2 kW was implemented on one of the company's farms.

Through them, solar energy is transformed into electricity. Currently, a big part of the electricity needed to operate the farm is generated by these panels. The project aims to increase the use of renewable energy sources and is part of the actions through which we aim to have a positive impact on the environment.



To ensure the feed for the livestock of the 50 farms in Timiș and Arad Counties, our Company purchases annually over 330,000 tons of grains, traded on the local market, mostly in these counties.

Annually, Smithfield Romania runs grain purchasing campaigns through a complex purchasing program, that meets the local producers, in order to support and encourage regional economy and grain production in the western part of the country, but also to improve the efficiency of logistics.

Smithfield Romania is engaged in feed production in its two Feed Mills from Pădureni (Timiș County) and Vinga (Arad County). They facilitate the reception and drying of grains coming from local farmers, with a storage capacity of 100,000 tons each. Every Feed Mill has a feed production capacity of 8,000 tons of feed per week.

Since 2022, within the Farms Division, the Feed Mills team has implemented a project to streamline the way fodder is produced and delivered to farms, to reduce energy consumption.

Feed batches are produced in larger quantities to reduce the amount of energy consumed when changing recipes. Also, for 2 feed recipes, the granulation process was eliminated, thus streamlining the consumption of LPG. The farms responsible, together with feed transport team, coordinate with greater care in ordering the quantities of fodder to streamline the orders and transport of fodder. Thus, in the feed production factories, in the first part of 2022, 5 Kw less was consumed to produce a ton of feed, but also less fuel for delivery.