

SARIAnews

THE NEWSPAPER OF THE SARIA GROUP

SARIA.COM

TOGETHER TOWARDS A
SUSTAINABLE WORLD
AND HEALTHIER LIVING



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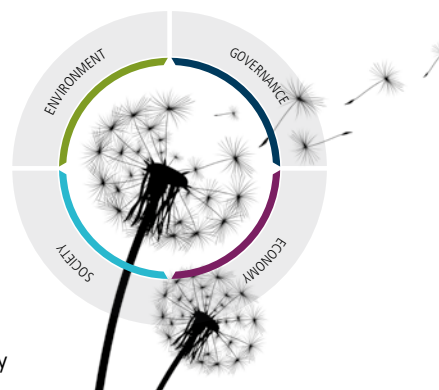
The preferred partner for sustainable solutions

20



Three values – countless facets.
Our SARIA values in practice

28



Towards
even greater
sustainability





DEAR READERS

Since early 2020, the coronavirus pandemic has affected all areas of our lives, whether that be our everyday work lives – which in some cases look completely different to "normal" – or our personal and family lives, which have been impacted by various restrictions and extra burdens. We would like to take the opportunity at the start of this edition of SARIAnews to thank our employees for their active and ongoing commitment in a time that is strange and challenging for us all. With the help of each one of you, we have succeeded in coping well as a Group and as a team with all Covid-related hurdles over the past year and more. It has been necessary to adapt work processes in many places. The pandemic has called for a high level of flexibility in general and the acceptance of various constraints. We would like to say a big, sincere

THANK YOU

for your commitment and for your fantastic, exemplary efforts to find good solutions for our customers.

The international picture is still very mixed in terms of vaccination progress and the decline in new infections. Overall, though, developments make us very hopeful that we will all be able to return to our usual way of life in the coming months.

Even in the time of coronavirus, the world hasn't stood still. In the last edition of SARIAnews, we presented the SARIA Framework as our shared vision and roadmap for our activities across countries and divisions. "Together towards a sustainable world and healthier living" gets to the heart of how we see ourselves and captures the Group's purpose, our *raison d'être*. We have been working on this ambition across many areas in recent months. This edition of SARIAnews is intended to provide an insight into the different projects and change processes that have been launched to implement the Framework.

One fundamental change the Executive Board has actively chosen to make relates to how our business operations are structured going forward. In order to focus even more effectively on different customer requirements and the particular features of individual business models, we are merging the existing seven business areas into three divisions under the banner "3 Divisions – 1 Group". These divisions comprise entities that are either operationally connected or which serve the same customer segments and markets. This approach places the customer firmly at the heart of everything we do. The rationale and objectives behind the new structure are outlined at the start of this edition, together with a more detailed examination of the Petfood & Feed division. We also look at the Food & Pharma division by exploring the close connection between Van Hessen and Bioiberica. More insights and information on the Organics2Power division will feature in upcoming editions of SARIAnews.

In addition, there are reports on how we are moving towards our shared vision across a range of areas and issues – from the international talent network that supports junior members of staff and provides networking opportunities to a spotlight on the strategic issue of sustainability, as well as the six SARIA business principles that define a common code of conduct which governs how we and our partners do business.

The changes put in motion will help drive the future development of the SARIA Group. We look forward to continuing along this path with our employees and partners – together towards a sustainable world and healthier living.

Best regards

The SARIA Executive Board

Peter Hill // Lars Krause-Kjær // Nicolas Rottmann // Tim Schwencke // Franz-Bernhard Thier // Harald van Boxtel



The preferred partner for sustainable solutions: Future organisational structure puts customers even more firmly at the heart of what we do

BASED ON THE VISION OF BEING THE PREFERRED PARTNER FOR SUSTAINABLE SOLUTIONS, THE SARIA EXECUTIVE BOARD HAS DECIDED TO ALIGN OPERATIONAL ACTIVITIES EVEN MORE TIGHTLY WITH CUSTOMERS IN FUTURE. UNDER THE "3 DIVISIONS – 1 GROUP" BANNER, THE GROUP WILL IMPLEMENT A SERIES OF ORGANISATIONAL CHANGES IN THE NEAR FUTURE TO SUPPORT THIS OBJECTIVE.

What are the reasons behind the planned change?

After many years of growth, both geographically and in terms of new business activities, the SARIA Group has a worldwide presence and is

in many cases one of the leading companies in the respective markets. "However, the world around us continues to change and we want to respond to that change proactively and from a position of strength," explains Harald van Boxtel, when asked what prompted the Executive Board to undertake this restructuring. "The markets we operate in, our customers and wider society are all in a constant state of flux. As a company, it's therefore essential that we challenge ourselves on a regular basis and review our structures."

"The markets we operate in, our customers and wider society are all in a constant state of flux."

Harald van Boxtel



Markets

- > Trend towards consolidation in the meat industry
- > Availability of raw materials changing
- > New competitors entering the market



Customers

- > Diverse customer segments
- > Addition of new customer groups
- > Changing requirements



Society

- > Sustainability as a global imperative
- > Trend towards healthier living
- > Skills shortage

At the same time, SARIA remains "1 GROUP" that benefits from shared strengths and international teamwork. Across all three divisions, it seeks to contribute to a sustainable world and healthier living.

"Internally, very little will change in many areas and the day-to-day work of most employees, for example, will be unaffected. In organisational terms, the existing set-up already partly reflects the three-division structure, especially on the Food & Pharma side. We nonetheless firmly believe that the new structure will help us in some very important respects and make us even stronger as a Group," comments Franz-Bernhard Thier.

Internal processes were also a factor, as Tim Schwencke explains: "Over the past two years, we have taken a deep look at our Group's strategic direction – who are we, what do we stand for, where do we want to go? This exercise has generated a series of action implications for us."

What is the Group's long-term vision?

The SARIA Group has defined its shared vision as being the "preferred partner for sustainable solutions". To realise that ambition, SARIA is aiming to further sharpen its customer focus, to enhance the efficiency of internal processes and to leverage the strengths of its employees more effectively. "The logical next step was to ask ourselves: How do we do that? How can we make that objective a reality and actually become the preferred partner for our various customer groups?" says Lars Krause-Kjær. Peter Hill summarises the response as follows: "From our perspective, organisational restructuring is a key underlying step. Only by systematically focusing all activities on the customer can we really be 'the best' at what we do."

Only by understanding our customers and their requirements in detail can we evolve with them and build long-term partnerships. Our approach is therefore to align organisational structures even more closely with customers and their businesses."

What will the future structure look like and how does it contribute to the overarching vision?

Today's seven business units will be consolidated into three cross-border divisions. The connecting element within a division will either be linked operational processes or customer segments and markets that are served by the respective business activities.

What are the next steps?

So far, the SARIA Executive Board has defined an initial concept that will be developed with the wider management team over the coming months. Nicolas Rottmann emphasises the benefits of proceeding in this way: "We're convinced that we are most successful when we work together as a team. That's why we opted for a participatory approach from the start." The first step will be to implement the new structure for activities in France, Spain, Poland and Italy, with other countries following.

Organics2Power

ecoMotion

ReFood
pure bioenergy

SECANIM

Petfood & Feed

BIOCEVAL

SARVAL

Food & Pharma

U+H VAN HESSEN

Bioiberica

The new structure enables:

A sharper focus on different customer requirements and the particular features of individual business models

Shared objectives for all activities along a supply chain, always based on the relevant customer requirements and the business model

More efficient and smoother teamwork across borders within divisions and at relevant interfaces

Potential for synergies and optimised supply chains

3 DIVISIONS – 1 GROUP:

Overview of the new structure

IN FUTURE, SARIA'S BUSINESS OPERATIONS WILL BE ORGANISED IN THREE FOCUSED DIVISIONS. THIS PLACES THE CUSTOMER FIRMLY AT THE HEART OF EVERYTHING WE DO. THE SARIA EXECUTIVE BOARD WILL CONTINUE TO DEFINE THE GROUP'S OVERALL STRATEGIC DIRECTION. THE GROUP FUNCTIONS ENSURE EFFECTIVE GOVERNANCE, MAKE SYNERGIES POSSIBLE AND CREATE A COMMON IDENTITY.

ORGANICS2POWER

This division brings together the Group-wide activities of ReFood, SecAnim and ecoMotion. All three businesses are active in the field of sustainable energy sources (power) based on organic raw materials (organics). Their processes also partly build on each other. ReFood and SecAnim, for example, supply the raw materials for the biodiesel produced by ecoMotion. The aim of this division is to find an optimum balance between local business operations – SecAnim and ReFood in particular are strongly impacted by national legislation and regulation – and closer teamwork at Group level that will enable these areas to benefit from cross-border exchange when it comes to knowledge management, innovative ideas for developing business models and practices, and other aspects.

PETFOOD & FEED

This division covers food for pets (petfood) and livestock feed (feed); SARVAL and Bioceval currently account for the majority of these activities. Most customers in this sector are global players who expect suppliers like SARIA to present the same face to the customer worldwide, as well as providing a high level of consistency in terms of products and quality. A more global approach to producing ingredients for pet food and feed is fundamental to meeting such requirements.

FOOD & PHARMA

The Food & Pharma division consists of Van Hesse and Bioiberica. These two most recent members of the SARIA portfolio have connected value chains because Van Hesse supplies the bulk of the raw materials that the pharmaceutical arm needs to manufacture its products. Accordingly, the two businesses have been structured for several years now to maximise synergies, with their production processes and supply chains being tightly aligned.

You can read more about the Petfood & Feed and Food & Pharma divisions later on in this edition of SARIAnews



GROUP FUNCTIONS

In addition to the overarching Executive Board, the three divisions are connected by shared Group functions. These central departments have responsibilities at Group level to ensure effective governance and control. They also allow the Group to benefit from synergies and create a common identity. Governance and control are core tasks of functions such as Group Legal, Group Controlling and Risk Management. To ensure legal compliance at all times, they issue guidelines that apply to all relevant areas across the Group.

A second objective of these overarching functions is to maximise potential synergies, e.g. by pooling purchasing volumes across divisions via Group Procurement. Alongside governance and synergy effects, the Group functions contribute to the creation of a common SARIA identity that facilitates teamwork, boosts team spirit and a sense of belonging among employees, and also gives the Group a consistent external image as a trusted partner. Group Communications and Group HR both contribute to this objective.

SARIA Executive Board

Organics2Power

Nicolas Rottmann, Franz-Bernhard Thier



ecoMotion **ReFood**
pure bioenergy
SECANIM

Petfood & Feed

Dr Peter Hill, Lars Krause-Kjær



BIOCEVAL
SARVAL

Food & Pharma

Harald van Boxtel



U+H VAN HESSEN
Bioiberica

SARIA Group Functions & Services

Tim Schwenke

Petfood & Feed

THE PET FOOD INDUSTRY HAS SEEN MANY CHANGES OVER RECENT YEARS. IN ADDITION TO INDUSTRY-SPECIFIC DEVELOPMENTS, IT IS AFFECTED BY SOCIAL TRENDS RANGING FROM THE UBIQUITOUS STRIVING FOR GREATER SUSTAINABILITY TO CHANGES IN HOUSEHOLD SIZE AND THE COVID-19 PANDEMIC THAT IS CURRENTLY SUCH A DOMINATING FACTOR. THE FOLLOWING PAGES PROVIDE INFORMATION ON THE LATEST TRENDS IN THE PET FOOD SECTOR AND THEIR IMPORTANCE FOR COMPANIES LIKE SARIA.

AS A SUPPLIER OF HIGH-QUALITY INGREDIENTS, MEETING CUSTOMER REQUIREMENTS IS CRITICAL FOR SARIA. SINCE JOINING THE GROUP IN SEPTEMBER, NEW EXECUTIVE BOARD MEMBER DR PETER HILL HAS BEEN FOCUSING ON THAT TASK. IN AN INTERVIEW, HE SHARES HIS VIEW OF THE INDUSTRY'S POTENTIAL AND FUTURE, AND PROVIDES AN INSIGHT INTO WORKING WITH EXTERNAL PARTNERS AND WITHIN THE TEAM. THE NEW ORGANISATIONAL STRUCTURE, WHICH INCLUDES PETFOOD & FEED AS A DIVISION DEDICATED TO FOOD FOR PETS AND LIVE-STOCK, WILL HELP TO DELIVER GREATER CUSTOMER FOCUS.



Living their best life with a full bowl

WITH THE RIGHT FOOD, PETS CAN LIVE HEALTHIER, HAPPIER AND LONGER LIVES – MUCH TO THE DELIGHT OF THEIR OWNERS. CATS AND DOGS ARE NOW REGARDED AS MEMBERS OF THE FAMILY AND GIVING THEM THE BEST POSSIBLE NUTRITION IS ABOUT MORE THAN JUST RESPONSIBLE OWNERSHIP. SARIA'S HIGH-QUALITY INGREDIENTS PROVIDE THE RAW MATERIALS FOR TASTY, BALANCED PET FOOD – OFFERING EVERYTHING THAT ANIMALS AND THEIR OWNERS COULD WISH FOR.



Worldwide, there are over 470 million pet dogs and some 370 million pet cats. In recent months in particular, the pandemic has made more people want a pet, leading to what is probably a substantial rise in the number of four-legged friends living in our homes. High demand for cats and especially dogs underlines a trend that was already apparent long before coronavirus emerged: dogs and cats are no longer regarded in utilitarian terms. Living side by side with us, they have become companions and are proving to be even more valuable in these times of restricted contact and limited leisure opportunities.

Viewing pets as part of the family has benefits for owners and animals alike. Now more than ever, pets can be confident that not only will they be loved and appreciated, but also well fed and cared for. Similarly, many pet owners believe that spending time with their pet has a positive impact on their own physical and emotional well-being. Studies have shown that cat and dog owners have lower blood pressure, are less likely to be depressed and make fewer visits to the doctor.

Love through the stomach

This partnership, which brings so many benefits for both sides, clearly needs to be nurtured. Many owners are already committed to enhancing the welfare and satisfaction of their four-legged friends. Regular playtime and stroking are obvious examples, while visits to a physiotherapist or animal homeopath are not uncommon. The main focus, however, is on what they eat – because carefully selected meals are both proof of love and a key aspect of well-being.

Tender chicken terrine with rice, turkey and carrots in a flavourful sauce or veal strips with pasta are dishes that appeal to dogs and cats as well as their owners. After all, feeding pets is not just about keeping them alive. It also has a social element as an expression of attentive appreciation and can be a real feel-good moment that everyone involved enjoys.

Healthy variety

Protein ingredients from SARIA are important components in pet food

SARIA supplies a broad range of high-quality products to pet food manufacturers. This includes pork, beef and lamb cuts as well as poultry items and specialities such as wild boar, rabbit and goat. Ingredients are delivered fresh or frozen or as meal, as required, so they can be integrated directly into pet food production processes. When these products are consumed, the SARIA ingredients supply more than just great taste – they also contribute to healthy muscles and provide a reliable source of essential fatty acids or fat-soluble vitamins.

When it comes to pet food, it's equally important to provide good flavour and physiologically beneficial ingredients.



Premium, health and sustainability

Pet owners have access to a wide range of choice when selecting food for their animals. The market offers a host of different options, with new innovations appearing all the time. One development in particular is having an impact in the world of cats and dogs: dry and wet food are increasingly expected to meet the same requirements as food for human consumption. There are three key drivers that mirror human food trends: premium, health and sustainability.

Premium refers to sophisticated recipes, i.e. the expert composition of ingredients to create a palatable meal. It also involves top quality and careful selection of the individual components. The origin of ingredients, their traceability and appropriate evidence of quality are becoming ever more important.

The second factor, health, is about properly meeting nutritional needs. Vitamins and trace elements play a role here alongside dietary fibre, omega fatty acids and much more. The perfect all-round package is required to keep our furry friends fit and active. Here again, the pandemic has emphasised the importance of this factor, with the heightened focus on health and good nutrition triggered by Covid-19 not being restricted to our human lifestyles. That same awareness applies almost identically to dogs and cats.

A striving for greater sustainability also means that "natural" and "organic" are increasingly sought-after attributes in pet food. Pet owners additionally place a lot of value on ingredients being sourced in an ethical manner. This applies in particular to the meat ingredients in pet food because anyone with a pet is an animal lover and is typically also committed to the well-being of animals outside their household.

Choice of pet food meets every wish

Pet food manufacturers have worked hard to adapt to pet owners' growing catalogue of requirements. They now provide a range of food choices that is perhaps even more sophisticated than that for humans. While standard products dominate the market for human ready meals, there has long been a broad array of highly specialised fare available in the pet food sector.

There are different recipes for all ages, from puppies to best agers and seniors. Pet food is even tailored to fur colour, alongside specific offerings for mastiffs or Persian cats, for example. Sugar-free, gluten-free, mono-protein or free from artificial flavours and preservatives – all these options are available.

Tailored ingredients

Precisely matched to the type of diet, product and pet

SARIA supplies pre-made mixes as well as unmixed ingredients. The exact design of products is geared to pet food manufacturers' requirement profiles and the recipe for the subsequent pet food. In practice, this means the choice of pet food and SARIA's range of products will both continue to grow.

With regard to health benefits, there is also food to meet special dietary requirements such as for pets with allergies or weight issues. Tailored to health needs, these types of pet food can reduce feelings of hunger, keep pets healthily hydrated, support the overall immune system, and more.

Quality for a long life

As diverse as the various dry and wet foods are, they all have one thing in common: their raw materials are of exceptional quality. Unlike humans, dogs and cats often eat the same food for many years so there is a compelling reason to maintain the highest standards. Pet food needs to provide everything animals require and must be of consistently high quality. This is a key responsibility for pet food manufacturers and the suppliers of ingredients alike.

Reliable quality

Stringent quality standards every step of the way

SARIA is committed to quality, safety and maximum hygiene. The exclusively food-grade raw materials are collected fresh from abattoirs and meat-packing plants, butchers and food retailers. With distances intentionally kept short, these ingredients get to processing facilities fast and are subject to ongoing analysis and monitoring during processing. SARIA carefully documents every step in the value chain. This ensures seamless traceability later as to where each product originated.

Owners who take care with feeding are not only boosting their pet's enjoyment, but also promoting health, well-being and a longer life.



Freshness means local

The point of origin of the raw material and the SARIA processing facility are never far apart

To be close to its pet food customers, SARIA operates an international network of production facilities through its SARVAL and Bioceval businesses, with sites in twelve countries across three continents.

The life expectancy of pets today is proof of the high standards being achieved. Although factors such as breed, size, genetics and veterinary care all play a part, dogs and cats are increasingly living for longer. For example, a dachshund can now live for up to 20 years, while the maximum age for a Balinese cat is around 22.

Feeding with a clear conscience

It is also possible to fulfil customer demands for ingredients that are responsibly sourced – at least when pet food production starts with SARIA. As a valued partner to the pet food industry, SARIA works with by-products of animal origin that originate from slaughtering animals for human consumption. As is the case with steaks and schnitzel, etc., these ingredients are of premium quality and absolutely safe to eat. They are less in demand for human food in Europe nowadays, though, because tastes have changed.

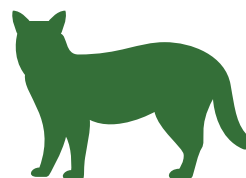
Typical examples of such items include the liver, kidneys, lungs and heart, which people previously used to relish but are rarely on the menu today. For cats and dogs, though, it's a very different matter. Our four-legged friends regard offal as a delicacy and also need the goodness it contains for a balanced diet.

SARIA takes the freshly slaughtered raw materials and supplies them as prized ingredients to pet food manufacturers, either in the form of meal for dry food or frozen for wet food.

In terms of sustainability, this means that available resources become valuable commodities rather than being wasted. The pet food produced in this responsible way does not compete with the human food chain even though the quality is high and comparable to human foodstuffs. Making good use of existing material also avoids the need to slaughter additional livestock to feed pets.


24 %

of all households
in Europe own
a dog



25 %

of European households
have a cat



"I believe in
the power of
the team"

DR PETER HILL JOINED THE SARIA GROUP'S EXECUTIVE BOARD IN AUTUMN OF LAST YEAR. THE RECOGNISED PET FOOD EXPERT IS RESPONSIBLE FOR DEVELOPING PET FOOD AND FEED ACTIVITIES ACROSS THE ENTIRE GROUP AND IS CONCENTRATING ON TWO KEY ASPECTS: CUSTOMER FOCUS AND MAKING PROGRESS AS A TEAM. HERE HE DISCUSSES FORWARD-LOOKING RELATIONSHIPS WITH CUSTOMERS, POOLING STRENGTHS AND KEY TRENDS IN THE PET FOOD MARKET.

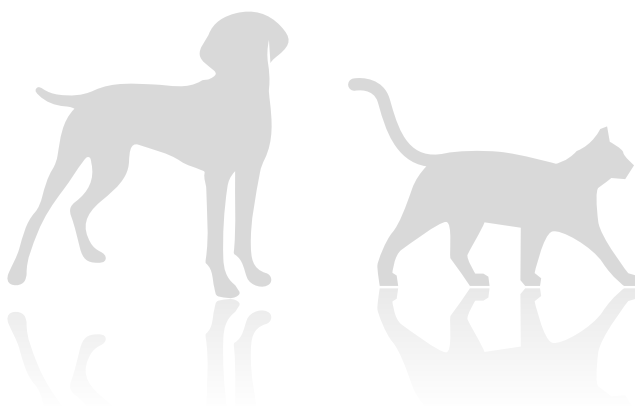
// Mr Hill, pet food products are already highly refined and customised. Have all the options been exhausted?


No, progress will continue. Pet food requirements reflect changing times. Demand is shaped by social trends. At the same time, new insights in nutritional physiology, medical advances and the desire for greater sustainability are all having an impact. This creates new challenges that call for effective solutions.

// Where do you see the big trends of the future?

The changing relationship between humans and animals will continue to be the dominant trend. Dogs and cats are now members of the family and in the English-speaking world owners are even referred to as "pet parents". More than half of all dogs and cats are allowed to sleep on their "parents'" bed. This attitude is equally evident when it comes to pet food, which is increasingly based on the standards that people apply to their own meals. Our relationship with livestock is also changing. Animal welfare, the conditions in which animals are kept and responsibly sourcing products of animal origin as the raw material for feed are factors that are playing an ever bigger role.

"As one of the first stages in the production chain, SARIA can have a key influence."





"Our mission in the pet food sector is to give animals many healthy and happy years of life."

Dr Peter Hill, member of the Executive Board of the SARIA Group

// What can SARIA do to support pet food manufacturers with their associated product strategies?

SARIA is one of the first stages in the production chain and can therefore have a key influence at the start of the manufacturing process – through feed ingredients that could in future come from species-appropriate animal husbandry, for example. We want to expand and hone this specialisation and capture more single-species raw materials.

We already help our pet food customers to implement their recipe formulas by providing tailored ingredients. One challenge facing manufacturers is that pet food is a complete food that must contain all the components for daily nourishment. Often pets are fed one and the same product for many years. The right balance is therefore all the more important because it has to cover all the animal's nutritional needs. As SARIA we can have a positive impact on that. Even more can be achieved here through innovation and by actively engaging with pet food manufacturers. Working with our pet food customers to tap into new opportunities and develop solutions for end customers – for us, that's a strategic objective we will increasingly be pursuing.

// Was it the big opportunities at SARIA that prompted you to come onboard?

Yes, that did appeal to me. But it wasn't the only reason. For me, it also matters that there's a family behind SARIA. As a family business, SARIA is very grounded, reliable and responsible. Those are qualities that I appreciate, and traits that are becoming more and more important. For example with regard to sustainability, an issue that also plays a major role in the pet food sector.

End customers want to feed their pets ecological and ethical products. This requires us to make responsible use of resources, to respect livestock and also to provide ingredients that are high quality, but which don't compete with food for human consumption. SARIA fulfils those requirements in an exemplary way.

// SARIA already has a broad product range in the pet food sector. Which innovative areas could be added?

Our mission in the pet food sector is to give animals many healthy and happy years of life. Pets these days are living for longer and that's in no small part due to high-quality pet food with balanced nutrients. As a supplier, SARIA is already required to play its part by delivering quality every time.

At the same time, this development opens up additional opportunities for us. SARIA isn't just involved in the pet food industry, of course; we're also active in numerous other fields. This creates the basis for internal connections that take us in totally new directions. To return to our example: just like with people, higher life expectancy has health implications for pets. It goes hand in hand with complaints that were previously quite rare, including arthritis. Through our life sciences company Bioiberica, we're specialists in joint health for cats and dogs and a leading provider of biomolecules that can improve animal well-being. That is an opportunity we will be actively addressing.



// So, innovation through a stronger focus on customers and leveraging the various skills within the SARIA Group. What will it take to make that happen?

One major step in that direction was bringing together our activities by adopting a divisional structure. By operating independently of national borders and presenting ourselves even more effectively as a single company, we can support our customers in completely different ways. At the same time, we want to enter into deeper dialogue with customers to find out which products, quantities and qualities they really need and to tailor our offering precisely to that.

// Cooperation with customers, working together within the Group – are you a team player?

I definitely believe in the power of the team. Together you can accomplish a lot, and two and two doesn't necessarily always make four but often five or more. The whole is greater than just the sum of its individual parts. Everyone has their individual strengths and should be able to bring in their personality. The more that happens, the stronger the team and the more they can achieve. The SARIA Framework states that we meet the needs of our partners by having the best people. In principle that

works in the same way as in the fairy tale about the "Town Musicians of Bremen". Seen individually, each of the musical animals is barely different from others. Together, though, they become something special.

// And how do you see your role in that?

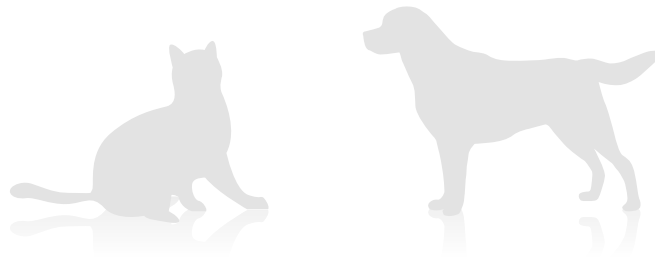
I'd like to create the right conditions and an environment in which new things can emerge, grow and flourish.

// ... which then brings us back to innovation ...

Exactly. The world is changing. Anyone who stands still will be left behind. It's better to look forward and work on making exciting ideas a reality. But you can't do that on your own – the team is the key factor. My job is really to set the course and show why it makes sense to move in a certain direction. If I'm able to convince the team and get them onboard, the team's success is as good as guaranteed.

Two other points are also important to me, though, namely creativity and freedom. If you're seeking progress and innovation, you can't impose restrictions at the outset. The team needs to have the freedom to explore every conceivable avenue. If everything is pre-determined, many opportunities are excluded from the start and wasted. In England, we say, "Tell me what, not how". That puts it in a nutshell. The objective needs to be specified, not how you get there. We can only make the best use of our trump cards if every team member has the chance to contribute their own creativity, personality and knowledge.

// Thank you very much for talking to us.



SARIA Framework: Start of Group-wide implementation

THE SARIA FRAMEWORK DEFINES THE GROUP'S OVERARCHING PURPOSE, OUR SHARED VISION AND OUR MISSION. IT IS BOTH A SIGNPOST AND A ROADMAP. IN CONJUNCTION WITH OUR SIX BUSINESS PRINCIPLES, THE FRAMEWORK PROVIDES A SOLID FOUNDATION FOR THE SARIA GROUP'S SUCCESSFUL DEVELOPMENT. IT UNDERPINS ALL OUR GLOBAL BUSINESS OPERATIONS AND ENABLES US TO ALIGN OUR STRENGTHS AND INITIATIVES WITH SHARED GOALS.

BUT THE AMBITIONS IN THE FRAMEWORK CAN ONLY BECOME REALITY IF THEY ARE EMBEDDED IN OUR DAY-TO-DAY ACTIVITIES. OVER THE PAST YEAR, WE HAVE THEREFORE STARTED TO DISSEMINATE THE CONTENT OF THE FRAMEWORK THROUGH A NUMBER OF MEASURES. THIS IS A PROCESS THAT WILL TAKE SEVERAL YEARS.

AN IMPORTANT FACTOR HERE ARE THE WORKSHOPS THAT HELP EMPLOYEES AT ALL LEVELS OF THE ORGANISATION TO APPLY THE CORE ELEMENTS OF THE SHARED FRAMEWORK TO THEIR INDIVIDUAL WORK CONTEXT AND THUS MAKE IT PART OF THEIR DAILY BEHAVIOUR. AS A CENTRAL POINT OF REFERENCE AND ANCHOR, THE FRAMEWORK ALSO APPLIES TO THE GROUP'S STRATEGIC PLANS AND THE WAY WE WORK WITH INTERNAL AND EXTERNAL PARTNERS. THIS SECTION PROVIDES SOME SPECIFIC APPLICATION EXAMPLES AND EXPERIENCES FROM ACROSS THE GROUP.



Working with banks

"In my conversations with banks, it's becoming more and more apparent that the Framework, and in particular the statements that we have defined and are putting into practice such as 'Together towards a sustainable world and healthier living', are increasingly important in this day and age. In this regard, it's also valuable that we're able to document this through our sustainability rating. Banks much prefer to give loans to 'green' as opposed to 'brown' companies like the coal industry or companies that generate power from fossil fuels. It's also possible to negotiate loan agreements that include a mechanism which gives us a more favourable rate of interest as our green rating improves.

Factors like 'being a trusted partner', 'respect and fairness', 'integrity', etc. are essential in the treasury business anyway; having the additional ability to document this to banks with the aid of our Framework has always been a positive experience for me. I also recall banks that have explicitly requested information on our code of conduct with regard to the environment, working conditions, etc. That is one aspect in the relevant banks' overall assessment of SARIA as a borrower. Here again, it was helpful to be able to point to the Framework."



Ralf Niemann,
Head of Group Treasury

Framework workshops launch in Spain

Patricia Alvarez
Hernández,
responsible for
communication at
SARIA Spain



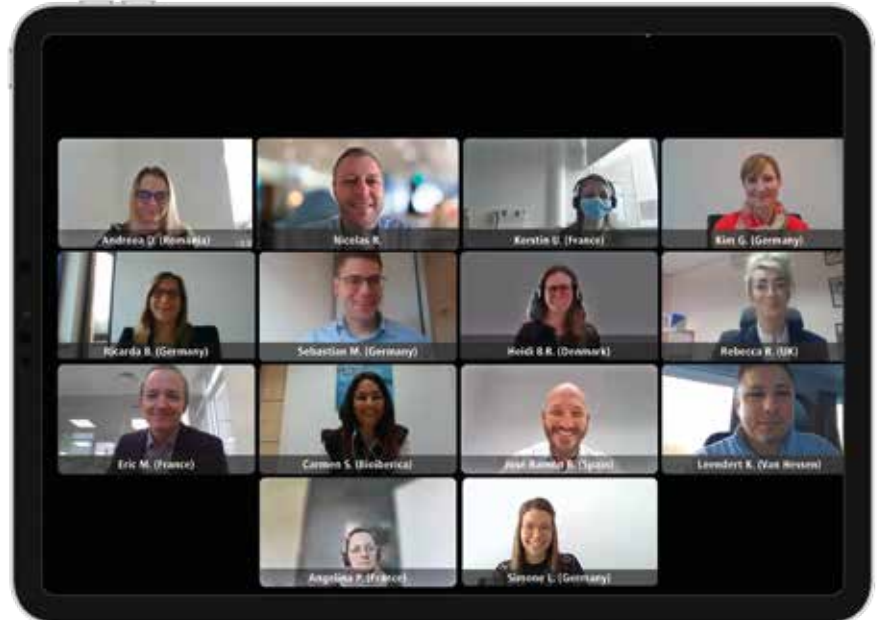
"Having conducted a digital workshop with the Spanish management team, the next step was finding the best way to communicate the topic to our 850 employees. Covid-19 obviously played a big role in this decision. The aim was to formulate a simple, clear message that would be understood by everyone. That's why we prepared a document entitled 'We now have a shared framework for our activities in Spain... and around the world! It features a Q&A format which explains what a framework is, what the objectives of such a shared framework are and why it's important for all of us. The content of the SARIA Framework is also presented, ranging from the what (mission) to the how and our objectives (vision) and our overarching contribution as a company (purpose). The document was distributed to the entire team in Spain by e-mail and also displayed on noticeboards at our sites in order to reach every employee.

We also highlighted the fact that the last edition of SARIAnews contains additional information about the Framework. As a further communication measure, we have displayed large posters (Our values at SARIA Spain) in entrance areas together with the standard three-part series of posters about the Framework, the business principles and the various SARIA divisions. **In my view, the Framework will be an important aid to decision-making in our day-to-day work in future. It also gives SARIA the personality we need as a Group and creates a sense of belonging for our employees worldwide."**

Group-wide network for HR

Participants of the Group HR Meetings

"The Framework process and associated thinking have repeatedly shown that our employees are a key strength of the SARIA Group. **We therefore agreed that one of our priorities for the next few years is to focus even more on the idea of having the 'best people' and to reinforce our global team in an even more targeted way.** One specific initiative that puts this approach into practice was setting up our international Group HR network. Even in the time of coronavirus, this new format has helped us take important first steps towards more systematic collaboration within HR across borders and business areas. The next step is to establish HR as a Group-wide function as part of the upcoming restructuring."



SARIA Framework as input for operational objectives

"I've been with SARIA for 15 years and have worked at various Group companies during that time. **The principles and core concepts outlined in the SARIA Framework are an excellent summary of how things are done at SARIA, in my experience!** I think it's very important that employees are aware of the company's mission, ethos and identity."

Accordingly, this year we had a brief introduction to the SARIA Framework and its core concepts and ethos to feed into the presentation and formulation of our operational objectives."

Axel Munderloh,
senior executive at ecoMotion



Joint sustainability certification along the entire supply chain for the Italian biodiesel market

"2020 was a very demanding year with many challenges. I'm all the more delighted that as a Group, we don't lose sight of our objectives in such times, but tackle them together to ensure that we meet customer and market requirements. One example of this is joint certification of our entire biodiesel supply chain in accordance with the Italian sustainability system. This gives the relevant SARIA business units an important competitive advantage in the years ahead.

Over 50 colleagues across more than 20 locations in 8 countries were involved in this successful project. **Joint certification embodies the principles behind the SARIA Framework and underpins our position as a strong and trusted partner for our customers in the bio-diesel sector.** My thanks to all the colleagues who contributed to successful implementation."



Florian Gollin, senior executive at ecoMotion and CEO of Daka ecoMotion A/S

Redesign of the SARIA website



Dr. Jonas Jasper, Head of Digitization & Marketing at SARIA Germany

"In the past year we overhauled the SARIA website from the ground up. Instead of the various existing country-specific websites, the aim was to develop a central, coherently structured global website with a modern, customer-focused look and feel. Many colleagues from across the Group were involved in the project, contributing their input and individual perspectives.

During the process, we were extensively guided by the SARIA Framework. The site's new structure is designed from 'the customer's perspective'. Customers will find that their specific industry is directly referenced. In line with our mission to create added value for our partners, the content focuses more on which products and services we provide for different customer segments instead of emphasising our own business areas. As a result, customers can see at a glance which of our activities are relevant to them. There is also a stronger focus on sustainability, an issue that is hugely important to us. It has its own section in the main menu, providing instant access to all relevant information and developments in this area.

As part of our vision to be the preferred partner for sustainable solutions, the close relationships between our various business activities and the circularity thinking behind them are highlighted. The visuals and language are authentic and reflect the company's hands-on mentality. Where possible, we have used real pictures of employees, sites and vehicles. Accordingly, the SARIA identity conveyed in the Framework is also embedded into the new website in various ways."



The examples given here illustrate how the Framework and business principles are becoming increasingly integrated into day-to-day business activities. Through this process, they will gradually evolve into a natural part of our corporate culture.

SARIA's Next Generation Network

In 2020, SARIA launched a Group-wide talent programme: the Next Generation Network (NGN) is designed for junior members of staff within the Group to support their development in a targeted way and facilitate international networking across divisions. It is thus an important part of our efforts to continue building the best team within the SARIA Group and to systematically foster employees' potential.

The first group of participants was formed in October last year. Due to the pandemic, the original plan to hold a two-day retreat twice a year was modified and meetings are taking the form of video conferences for the time being.

The organisers from SARIA France's HR team have come up with a range of creative solutions to implement the core principles and goals of the NGN despite Covid-19. For example, the 17 participants were divided into four small groups to work on various tasks between the plenary sessions. By working in a team they get to know each other better and find out more about the areas in which the others work. At the same time, putting people of different nationalities together promotes intercultural exchange – the NGN participants come from seven different countries in total.

The first joint project saw the NGN participants engaging deeply with three corporate values that have been defined as part of the SARIA Framework. The aim was to show how these values are becoming embedded in the immediate working environment. The outcome is presented over the next few pages. It very clearly demonstrates how diverse perspectives within the Group are connected by common values – a key feature of SARIA's corporate culture. The work done by the NGN participants has made an important contribution to ongoing implementation of the Framework and its various elements.





Three values – countless facets. Our SARIA values in practice

THE SARIA FRAMEWORK ENCOMPASSES CORPORATE VALUES SHARED ACROSS COUNTRIES AND BUSINESS AREAS AND WHICH UNITE US AS A GROUP. LOCAL ENTREPRENEURIAL SPIRIT, A HANDS-ON MENTALITY AND A PASSION FOR OUR BUSINESS – COUNTLESS FACETS OF THESE VALUES ARE ENCOUNTERED IN OUR DAY-TO-DAY WORK.

Local entrepreneurial spirit

This first value describes the entrepreneurial mindset that we share throughout the Group and which shapes the actions of the various teams and employees at local level. For Anna (HR business partner, Spain), interdisciplinary cooperation is one aspect of local entrepreneurial spirit. Her picture [1] shows a meeting between employees from logistics, the controlling department and business intelligence. "The aim of the meeting was to analyse a customer need. To do that, colleagues shared their different perspectives and worked together to respond quickly to the customer's requirements. In fact, being proactive and taking the initiative is a very good example of this value."

Team spirit and a challenging mindset are also reflected in the example given by Simone (executive assistant, Germany): "This photo [2] was taken during a workshop on a new ERP system in Germany. The many post-it notes were used to show how our processes currently run and, based on that, to jointly discuss how they should run in the future. For me, it perfectly

represents the way we work at SARIA: people have the spirit to constantly challenge the status quo in order to improve current processes, services and products. They are full of new ideas and passionate about putting them into practice. The ERP project in particular involves specialists from many local teams who in addition to their day-to-day work put a lot of energy into making SARIA more successful, always with the company's goals in mind."

For Tomas (purchasing, Spain), solution orientation, creative thinking and experimenting are other important facets of local entrepreneurial spirit. His picture [3] shows a modified fork-lift truck built and refined by the ReFood team in Arganda del Rey, Spain. "This practical tool is now used daily to handle 150 ReFood bins in an easy, quick and safe way."

Mads (supply chain manager, Denmark) provides a similar example: "I chose an image [4] where our production people are using new technology to do real-time registration. By using a new warehouse app, we now handle goods receipt,

internal movements and consumption in some of the Danish production facilities without the need to use paper or sit down at a desk for each step. In this pilot phase, we can learn about the benefits and identify potential issues before we roll out the new technology in more areas. For me, this illustrates our attitude towards innovation and continuous improvement of our processes, which is part of local entrepreneurial spirit."

Teddy (QHSE, France) highlights a different aspect: "My vision of the value 'local entrepreneurial spirit' is also to protect the safety of our people in order to fulfil our responsibility as a safe and long-term employer. For example, employees in Plouvara, France, who perform physically demanding work, start the day with 13 stretching exercises to prepare the muscles (also in times of Covid-19, as can be seen in the picture [5]). The aim is to protect the workers with easy means and thereby prevent accidents."



A focus on quality, professionalism and people who combine practical experience with theoretical know-how is a further example of local entrepreneurial spirit. Simon (sales and supply, France) selected a colleague who works in quality management as a role model. She analyses the poultry meal produced at the plant. "I wanted to share this picture [6] because it illustrates that the quality of our products is an essential part of our business. It is important to verify that all products meet the requirements of our customers. For me, the picture demonstrates the professionalism of our teams and their constant efforts to serve our customers. Finally, Oceane herself represents the spirit very well. She participates in an alternating programme, which involves spending some time at school and some time at the factory, allowing her to experience and apply what she learns at school in a practical setting. This kind of programme is a real win-win and shows how SARIA supports young talents in their development and learning process."

Florian (sales manager, Germany) chose an ecoMotion round table meeting [7] as an example, where participants from different international locations regularly come together to work on action plans, go into more depth on

specific topics and share local solution approaches. "In line with local entrepreneurial spirit, often one site leads the way with a new initiative to improve its performance. In our expert meetings, this knowledge is then shared with the other group members and the local solutions can be demonstrated on site."

Together, we discuss the extent to which the approaches can be adopted for our other facilities, which are often structurally similar. This way, everyone shares in the learning curve and we can achieve the greatest possible scale as a Group."

Hands-on mentality

Our roots as a family business still characterise the way we work together within the Group. We are a loyal team who rely on each other and support each other. We prefer solid, pragmatic

solutions that are realistic and feasible. One aspect of the hands-on mentality mentioned by Dmitry (project manager, Russia) is that everyone lends a helping hand when needed. "Our SARVAL plant in Yelabuga, Russia, is one of our coldest locations. In winter, the outside temperature is often below -20°C . These extreme temperatures are obviously a huge challenge for machinery and employees alike. Steam from the raw material reception area instantly turns into ice outside, and the raw material often freezes during transport, making loading and unloading the trucks difficult. In such situations, it goes without saying that everyone who is available offers a helping hand and works together as a team, even if it means an extra workload." [8]

"In my opinion, this project was essential for the NGN participants to become familiar with the overarching SARIA values, which is key to a successful talent programme. Also, I think their stories give others a much better idea of what our values look like in day-to-day work situations."

Angelina Petit, NGN coordinator



16 13



14



19



18

For Sonia (legal department, Spain), one of the facets that reflect the pragmatism at SARIA is the use of, and regular investment in, new technologies. The aim is to keep modernising and optimising the systems which process our data and are used for logistics planning. "My image [9] shows how the IT department monitors all systems and programs to ensure they are functioning correctly."

The company's hands-on mentality is also about finding practical but effective solutions. François (process engineer, France) gives an example of a team success from the ReFood

plant in Benet, France [10]. "In the background you can see an in-house development by the team, the 'Iron Line'. The purpose of this machine is to detach the organic part of the waste from its metal packaging. The packaging is recovered through a recycling process and the organic part is recycled through methanisation and the production of biogas. What's special about ReFood Benet is that we are able to create machines to respond very quickly to the market, with very low investment and making good use of existing equipment."

Another example of proactive and pragmatic innovation is given by Ferran (production plant manager, Spain): "My picture [11] shows Moisés (electrical maintenance manager) and me fine-tuning and testing a new camera we installed to sort out plastics from our feather and bristle line. This project illustrates the hands-on mentality of our team in Sant Esteve, Spain. We acted proactively without being urged to do so by our customers, always with the aim of improving our product quality. Moreover, if we succeed in sorting out the plastics, we will be able to automate and significantly increase the production of hoof meal, which will allow higher added value than the processing of feathers and bristles."

Margaux (finance controller, France) selected a picture of the local controlling team [12]. "This photo was taken during an extremely busy period when the controlling team came together to carry out a project. The important values that drive our work are mutual help, conviviality and team spirit, which are essential for mutual success. And I think it's equally important, especially during periods of high workload, not to lose the fun of the job. A good team is key to that."



Another example of successful teamwork is given by Daniel (plant director, Poland): "One of our main goals last year was to increase the overall quality level of our factory in order to meet the requirements of premium pet food customers. The first picture [13] shows Patryk, Artsemi and Łukasz, one of the production teams involved in this effort. They do their utmost every day to meet the new standard and contribute new ideas for improvement. In addition to optimisations in production, logistics and maintenance, our lab has boosted its knowledge and testing capabilities. The laboratory team, including Ewa and Patrycja [14], has shown that it's worth being engaged and dedicated. We were able to demonstrate that we could improve our quality and as a consequence were certified by the first premium pet food customer. That was a great team success for all of us."

Daniel continues: "Another aspect I would like to mention is that we always try to take into account family circumstances within the team. In the example of Bartek [15], a colleague in our SARVAL plant, his wife's work situation changed so that childcare was no longer ensured in the mornings.

Bartek came to us with this concern, and together we found a good solution for both sides: he switched to our ReFood division, which operates at the same location. There he can work every day on the second shift and take care of his children in the morning. For me, this is a good example of how we always try to find appropriate and flexible solutions in the interest of our employees."

Passion for our business

We identify with what we do and are proud to make a meaningful contribution to a more sustainable world through our work. Because only if you are passionate about your job can you give your best and inspire others to do the same. The commitment and dedication of each and every one of us is what counts for our joint success. According to Ada (commercial controller, Spain), passion is a value that is closely linked to people. That is why she selected a picture of Marta [16], who is responsible for quality management in Spain. "I chose Marta because she is very positive, collaborative and passionate about every task she does. Her passion takes her beyond the routine, because she's always learning and trying new things. Likewise, she is open to change and able to motivate people around her. In this way, she is able to pass on her own passion to others."

When Christopher (executive assistant, Germany) thinks of passion for our business, a colleague from the Group Procurement team [17] comes to mind: "Michael works and negotiates with many international colleagues and suppliers.

While interacting with the different SARIA business models, he is always passionate about finding the best quality at the best price. For him, working at SARIA means striving for a better and sustainable world while adding value to the company."

Jean-Baptiste (sales and supply, France) provides an example that represents the role model approach at SARIA. "In my picture [18], we see Marion (continuous improvement) and Lalao (quality management) on a weekend a few weeks ago doing a big 'spring clean' at ALVA Rezé. We needed to clean our factory to keep our processes compliant. To encourage employees' willingness to support this cleaning effort, our management team decided to lead by example and lend a hand along with everyone else."

Another aspect of passion mentioned by Aldo (business development) is employees' expertise and the opportunity to be in contact with and learn from colleagues from different areas, backgrounds and with other perspectives. "In my photo [19], we are visiting a rendering facility in Brazil together with a Dutch colleague from Van Hessen, a German expert from the technical department and a Danish member of our SARIA Management Committee. On this occasion, I was able to learn a lot and share different insights; experiences like this are very valuable and enriching for me."

The examples above come from just 17 employees – out of more than 11,000. They provide a small insight into how our values are being put into practice on a daily basis in very different ways but always based on shared views and beliefs. The examples also highlight very clearly our greatest strength and asset at SARIA: our people.

SARIA Business Principles

TO ACHIEVE LONG-TERM SUCCESS AS A COMPANY AND TO CREATE THE FOUNDATION FOR SUSTAINABLE GROWTH, SARIA HAS TO TAKE RESPONSIBILITY: RESPONSIBILITY FOR OUR EMPLOYEES, FOR THE QUALITY AND SAFETY OF OUR PRODUCTS AND SERVICES, RESPONSIBILITY TOWARDS THE VARIOUS PARTNERS IN THE VALUE CHAIN, BUT ALSO FOR SOCIETY AND THE ENVIRONMENT.

TO EMBED THIS MINDSET WITHIN THE GROUP, SARIA HAS DEFINED SIX BUSINESS PRINCIPLES THAT SUPPLEMENT THE AMBITIONS ENSHRINED IN THE SARIA FRAMEWORK AND PROVIDE SHARED PARAMETERS. AT THE SAME TIME, THEY ARE A PROMISE TO OUR STAKEHOLDERS AND THEREFORE DEMAND COMMITMENT FROM EACH AND EVERY ONE OF US. AS WAS THE CASE WITH THE FRAMEWORK, MANAGERS FROM THE VARIOUS NATIONAL SUBSIDIARIES AND BUSINESS UNITS WERE CLOSELY INVOLVED IN THE DEVELOPMENT PROCESS. THIS SECURED BROAD SUPPORT AND ENSURED THAT DIVERSE PERSPECTIVES WITHIN THE GROUP WERE INCORPORATED.

THE BUSINESS PRINCIPLES ADDRESS ISSUES THAT ARE AND SHOULD BE SELF-EVIDENT. DEFINING THEM VIA A STRUCTURED PROCESS AND CREATING A SERIES OF POSTERS TO PRESENT THEM IN A VISUAL WAY AT ALL SITES IS INTENDED TO HIGHLIGHT THEIR IMPORTANCE IN OUR DAY-TO-DAY WORKING LIVES.

High-quality processes and standards enable us to meet our customers' individual needs.

Trusted partner: Transparency, reliability, and professional expertise characterize all our activities.

Health and safety is non-negotiable in everything we do.

We treat everyone with **respect and fairness**.

Integrity is indispensable: We comply with legal and ethical standards and are committed to corporate social responsibility.

Economic responsibility: We foster the sustainable development of our partners and our own business by permanently striving for greater efficiency and competitiveness.

“Quality is more than a property of an end product or service. It relates to each individual step in the supply chain and during processing, as well as to our efforts to offer customers exactly what they need. Consistently and reliably delivering the right quality is the focus of all our activities.”

Harald van Boxtel

Quality



Collaborative partnership

“In my view, partnership means listening to others and interacting as equals. We need to understand our partners' needs and meet their requirements with transparency and professionalism. We create trust by being honest and reliable, and this forms the basis of long-term business relationships.”

Dr Peter Hill



“Working together with fairness and respect is something that goes without saying and is deeply ingrained in this family business. This business principle is intended to underline the fact that respect and honesty towards our partners are essential in all that we do.”

Nicolas Rottmann

Respect



Health & Safety

“Health and safety is an absolute priority for us all. As a company, SARIA is responsible for providing a safe working environment for employees and third parties. Full stop. That is non-negotiable. It's therefore something that each one of us must remain committed to every day.”

Lars Krause-Kjær



"Our various partners expect us to act expertly, responsibly and in compliance with legal requirements at all times. For us, this means adhering to all statutory provisions without exception in every country in which we operate and respecting local values and ethics. We also take our social and environmental responsibility very seriously."

Tim Schwencke



Integrity



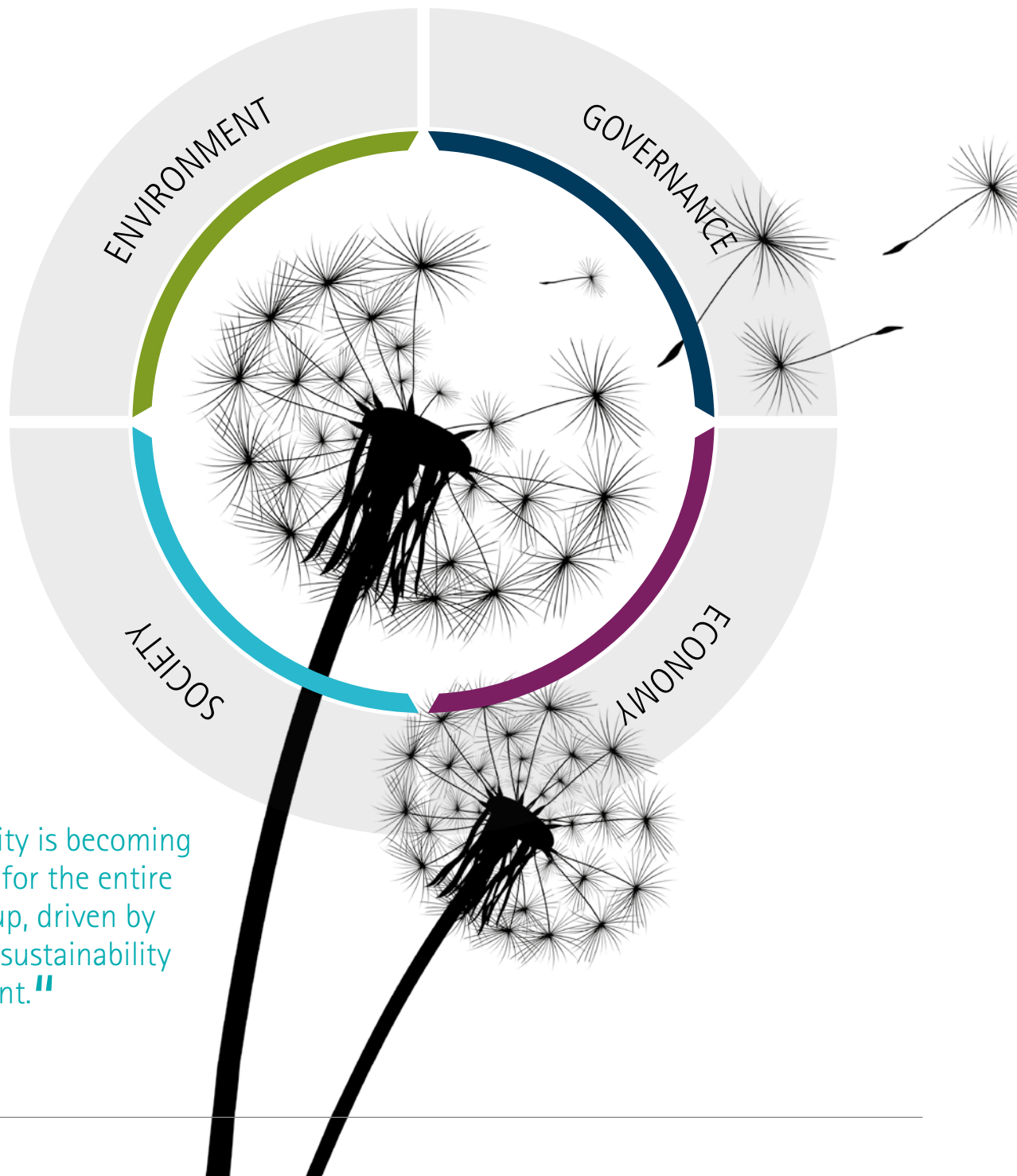
"As an employer of 11,000 people, we are responsible for safeguarding the long-term future of the Group. We can only achieve that by creating sustainable value for our partners and repeatedly challenging ourselves to become even more efficient and to maintain our competitive strength."

Franz-Bernhard Thier

Economic
responsibility

Towards even greater sustainability

THIS SPRING, SARIA PUBLISHED ITS FIRST GROUP-WIDE SUSTAINABILITY REPORT. THE REPORT TRACES THE GROUP'S LONG HISTORY OF SUSTAINABILITY, WHILE ALSO PROVIDING A FIRST LOOK AT WHAT SARIA IS PLANNING IN ORDER TO LEVERAGE THE GROUP'S ENVIRONMENTAL, SOCIAL AND ECONOMIC POTENTIAL EVEN MORE EFFECTIVELY.



"Sustainability is becoming a key issue for the entire SARIA Group, driven by systematic sustainability management."



“As it is understood today, sustainability in a business context requires a holistic approach and involves environmental, economic and social factors.”

More than 40 pages on sustainability. Reports from all parts of the business and many European countries. Articles about projects and activities, strategies and objectives. The first sustainability report to be produced by SARIA provides information about the progress achieved to date as well as future plans.



Sustainability is not a new discovery for SARIA, but rather part of a long-standing, proven success story. Sustainability issues have been a feature of the Group's business model from the start. Ever since the company was founded in the late 1970s, SARIA has sought to conserve resources and create added value for society

and the environment. Social values have also always been a focus, with the family business traditionally attaching great importance to corporate responsibility as a matter of principle. Fairness, respect and integrity are the basis of all cooperation both within the company and when engaging with external partners.

Further improvement is always possible: setting up an integrated sustainability management system. The pursuit of sustainability involves a process of continuous development – in the core business and also beyond. Even though a lot has already been achieved, SARIA wants to continue making

progress across all aspects of sustainability. It is therefore setting up a Group-wide, structured sustainability management system that will encompass all divisions and operations in the various national markets.

SARIA will develop a global sustainability strategy, report regularly on sustainability issues and also further professionalise cross-Group collaboration in this important area.

Sustainability is more than “nice to have”

SARIA aims to be the preferred partner for sustainable solutions. That means engaging with the wishes or requirements of stakeholders and fulfilling them as well as possible. With regard to the customer base, consumer-facing SARIA customers in particular, such as pet food manufacturers, increasingly face the need to demonstrate their sustainability, with environmental and social performance having become an important factor in consumers' buying decisions. A majority of people already

favour companies that are committed to sustainability. As a consequence, manufacturers are not just boosting their own efforts to achieve greater corporate responsibility, they are also paying more attention to the sustainability credentials of their suppliers and partners.

It's a similar picture in terms of recruitment. Young talent in particular prefers to work for organisations that are serious about sustainability. Proven achievements in this area therefore raise a company's attractiveness as an employer.

They also enhance brand image, increase the options when talking to potential financiers and help meet increasingly stringent regulatory requirements and political objectives – from the growing responsibility for other parts of the supply chain to the EU Commission's Green Deal for a climate-neutral Europe. In addition to contributing to the common good, a commitment to greater sustainability is thus also a strategic necessity.

"It is SARIA's intention to create value for society beyond its commercial activities."

To this end, the international Sustainability Group holds regular virtual meetings. The team comprises experts from different countries and companies within the organisation who benefit from working together closely in this forum. Knowledge and experience are shared, expertise pooled, and synergies gained.

Groundwork completed: analysis of external expectations and alignment with SDGs

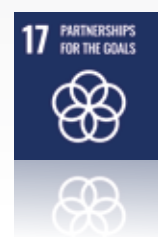
As with any improvement process, setting up an integrated sustainability management system started with taking stock and doing some

groundwork. Two main questions needed to be clarified: What expectations do the Group's stakeholders have of SARIA? And in which areas can SARIA make a particularly significant contribution to achieving global sustainability goals? The sustainability team conducted a multi-stage materiality analysis that identified six areas of high relevance to SARIA and also to the Group's stakeholders. The topics involved range from legal compliance, the circular economy and climate change to employees, relationships and communication, and products and services.

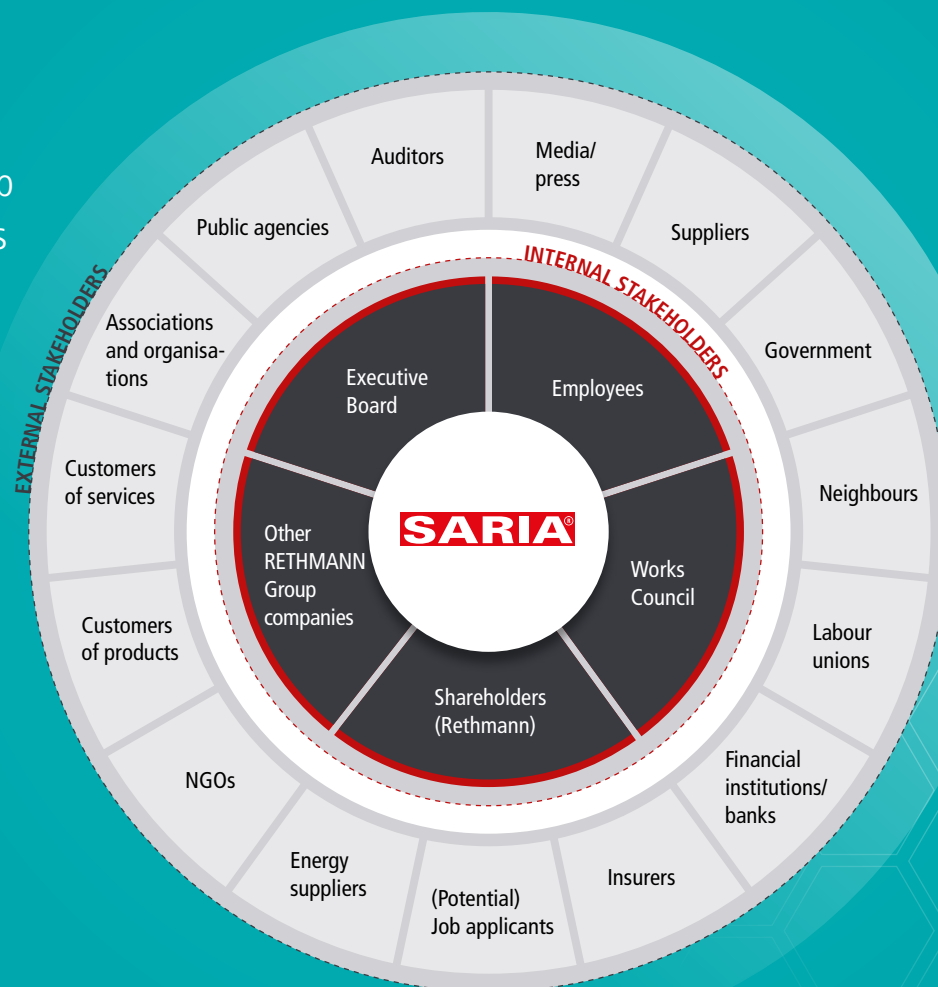
As it works to enhance its sustainability performance, the SARIA Group will focus on the six core topics resulting from this analysis. They define the action areas that SARIA will actively address in its strategic planning and other measures and also form the heart of the future Group-wide sustainability management system. The Sustainable Development Goals (SDGs) set out in the United Nations' Agenda 2030 were used to provide structure. SARIA identified a total of six SDGs where the Group is able to make the greatest contribution to achieving the UN objectives.

Together for a better world

Member states adopted Agenda 2030 at the UN's 2015 summit on sustainable development in New York. This global action plan for people, the planet and prosperity contains 17 Sustainable Development Goals (SDGs). The SDGs apply to all countries and define what the global community wants to achieve in environmental, social and economic terms. For the ambitious targets to become a lived reality, everyone is challenged to support and promote change. SARIA takes its responsibility seriously and has identified six SDGs to which the Group can make a particularly significant contribution:



SARIA Group stakeholders



International standards and defined metrics – because sustainability needs to be measurable

For SARIA, it was clear that having a structured, coherent sustainability management system in place goes beyond uttering fine words. The successes achieved and progress made need to be measurable and properly documented. The current sustainability report is already helping to provide direction. It summarises activities in seven countries and looks at SecAnim, SARVAL, ReFood, Bioceval, ecoMotion, Van Hessen and Bioiberica. Overall, the report therefore covers around two thirds of the SARIA Group's activities.

Regular reporting on achievements and the extent to which corporate sustainability objectives are being fulfilled is planned, with a strong focus on transparency. Stephan Cleves, one of the report's co-authors, emphasises that "to make data comparable, SARIA has chosen established reporting formats. As such, the sustainability report is prepared in accordance with the internationally recognised standards of the Global Reporting Initiative (GRI).

This makes it possible for all interested parties to assess and compare SARIA's sustainability performance."

Cooperation with external rating agency: sustainability as an evaluated quality criterion

The SARIA Group has been assessed for many years now by a trusted, internationally leading provider of sustainability ratings for companies. The Group has been able to steadily improve its score over time, and ranks above average in its industry compared to other rated companies. SARIA also requires its suppliers to demonstrate a proven commitment to sustainability with corresponding assessment. Group-wide guidelines for sustainable procurement were developed and approved for this purpose.

There is a special landing page for suppliers to share their scorecard with SARIA. A dashboard shows suppliers' sustainability performance and improvement. This allows better insights into SARIA's supply chain, while also making it possible to assess and rank suppliers with regard to sustainability.



In the most recent audit, the SARIA Group was awarded silver status



The sustainability report is available on our website.

„Green finance instruments create an incentive for companies to behave sustainably“

LAST AUTUMN, THE SARIA GROUP SUCCESSFULLY ISSUED A GREEN PROMISSORY NOTE (SSD). IN THIS INTERVIEW, FINANCE DIRECTOR TIM SCHWENCKE AND RALF NIEMANN, HEAD OF GROUP TREASURY, EXPLAIN THE IDEA BEHIND SUSTAINABLE FINANCE AND THE OPPORTUNITIES THIS OPENS UP FOR SARIA.

// For the average person, green finance can be a difficult topic to get your head around. How would you explain sustainable finance to someone with no prior knowledge in this area?

Ralf Niemann (RN): To put it simply, companies can obtain finance from various sources. One source among others is external funding, such as taking out loans from banks or promissory notes, for example. In very general terms, green finance refers to finance instruments that have environmental, sustainable or social components.

// That means companies are loaned money which they have to use for specific, sustainable purposes?

RN: Earmarked loans are a variant for financing specific green or sustainable activities. Alongside such "green projects" there are also ESG loans and promissory notes. ESG stands for environmental, social and governance criteria. These instruments can be used by the company for any purpose in the context of its business operations and are therefore more flexible.

The terms of ESG instruments are tied to achieving specific sustainability goals or sustainability ratings, not to the implementation of individual projects. The better the company's sustainability performance, the more favourable the finance terms. If targets are missed, the costs rise. There is thus an incentive for companies to act sustainably. We have chosen this form of financing for SARIA.

// How are these sustainability goals defined?

Tim Schwencke (TAS): Companies and lenders can jointly define the objectives as part of the negotiations. These could be specific performance indicators such as harmful emissions or energy consumption, for example. One other possible criterion is how rating agencies assess a company's sustainability performance. For us, our sustainability rating score is the decisive factor.

// So favourable terms are the advantage, but there is increased effort and a certain level of risk. What other considerations were compelling when contemplating sustainable finance for SARIA?

TAS: We want to fulfil our purpose of contributing to a sustainable world in all areas of the business. In logistics or production, the possibilities are more obvious in that you can optimise collection routes or reduce the use of fossil fuels, for example. Within treasury, however, there's also a clear trend towards sustainability, which has spawned an ever-growing range of products for companies wishing to gear their finance arrangements towards sustainability. We want to make use of such products.

// Thank you both for talking to us.



Ralf Niemann,
Head of Group Treasury



Tim Schwencke,
SARIA Group finance director

Lending partner's sustainability seal for issuing a green promissory note (SSD)



New ReFood site deploys innovative processing method



High-profile guests at the opening (from left to right): Minister of the Environment for Baden-Württemberg Franz Untersteller, Trossingen mayor Dr Clemens Maier and the head of Tuttlingen's district authority Stefan Bar with Norbert Rethmann and Franz-Bernhard Thier

ReFood celebrated the opening of a new site on 16 October 2020. The new facility is located in Trossingen (Germany), and commercial operation had already commenced. The opening ceremony was delayed due to the pandemic, which also restricted the number of guests. It was nonetheless attended by politicians, the local press and representatives of SARIA, including Executive Board member Franz-Bernhard Thier and Norbert Rethmann, Honorary Chairman of the RETHMANN Group.

The main focus of attention on the day was an innovative new process which has been put in place at the facility. When dealing with food waste, one of the biggest challenges is separating out the packaging material from packaged foods. In Germany, there are set to be changes to legislation that will require strict separation of packaged and unpackaged food waste at all stages from collection to transportation and further processing in future.

ReFood is responding to this development proactively with innovative technology and methods. Unlike existing ReFood facilities, Trossingen has two separate processing lines – one for packaged foodstuffs such as expired products from retailers and one for unpackaged food waste, such as leftovers collected from the hospitality industry or supermarket fruit and vegetables that are no longer edible. The unpackaged foods are subject to the usual processing steps, including separating impurities and shredding the biomass. When it comes to processing packaged foods, a paddle depacker is being deployed for

the first time. This technology is specifically designed to separate packaging from organic material and thus to obtain pure biomass for further treatment in the biogas plant. The incoming material is first smashed by the rotating paddle but not shredded. The rationale is that it is easier to remove metal, plastic or cardboard packaging if it largely retains its original size. During the process, fine sieves separate out the packaging material. The separated inorganic packaging waste is then disposed of, and the clean, organic content is transported to the biogas plant after further processing.

"I firmly believe that we are paving the way here at the Trossingen site for an even more sustainable and exceptionally responsible way of dealing with food waste and leftovers. It is part of our Group's philosophy to recognise the value in the waste generated by other industries and to make use of it in a manner that benefits the environment. ReFood's business model is groundbreaking and I'm delighted today to officially, albeit retrospectively, bring on-stream a Group-wide example of best practice which will help to ensure that that remains the case," said Norbert Rethmann on the day of the opening event.

"It is part of our Group's philosophy to recognise the value in the waste generated by other industries and to make use of it in a way that benefits the environment."

Norbert Rethmann, Honorary Chairman of the RETHMANN Group

Bioiberica and Van Hessen: Leading the way in heparin production for over 30 years

HEPARIN – A VITAL BUT HARD-TO-HARVEST MEDICINE

Heparin saves the lives of over 100 million people each year. It is the most commonly used anticoagulant for treating and preventing thrombosis. Thrombosis occurs when blood clots prevent the free movement of blood through the vessels; this can even cause heart failure. Heparin helps dissolve these clots and can prevent them from forming. Patients suffering from thrombosis need heparin, but the drug also plays a vital role during surgery. So it's no wonder that heparin is on the World Health Organization's list of essential medicines.

Heparin, however, is difficult to come by. It is exclusively found in the mucosa that forms the lining of pig intestines and is sourced from abattoirs. Since intestines are not exactly the most hygienic place, extracting the mucosa requires a high degree of skill. The entire business of retrieval, processing and shipping is also critically time-sensitive and demands a seamless process from slaughterhouse to pharmaceutical facility, making total control of the supply chain essential. Typically, however, pharmaceutical companies do not own slaughterhouses.

"We're not creating a new market. Consumption is driven by demand. We can only respond to that and consolidate. The most important way to do that is to maximise cooperation even more by fine-tuning all its aspects."

Christian Stehmann, Van Hessen





This is where the SARIA Food & Pharma division comes in. In order to ensure a meticulous transition from extraction to processing of mucosa, SARIA's Van Hessen and Bioiberica business units have been working together closely for many years to valorise animal-derived products for the pharmaceutical industry. Mucosa is the vital link between the two companies.

Bioiberica and Van Hessen – the perfect match

Bioiberica, a global life science company headquartered in Spain, is committed to improving people, animal and plant health and well-being, backed by its over 45 years of experience. The company specialises in the identification, extraction and development of biologically-derived molecules, which are transformed into high-quality products for the pharmaceutical, nutraceutical, veterinary, feed and agricultural industries.

Thanks to this specialisation, Bioiberica is a leader in the production of the active pharmaceutical ingredient heparin and a world reference in the research, production and sale of other active ingredients of animal origin, such as chondroitin sulphate, glucosamine, hyaluronic acid, native collagen type II and thyroid API. The company actively contributes to a circular economy, obtaining valuable by-products from manufacturing processes for re-use in other fields such as animal health and plant health.

Bioiberica's core business is heparin. However, as a pharmaceutical company, Bioiberica does not have the means to harvest mucosa directly from pig intestines in abattoirs. It needs external expertise to complete the various steps required before it can produce heparin.

Van Hessen provides this expertise. As the world leader in natural sausage casings, Van Hessen processes animal-derived organs and intestines on a global scale. The company operates what are known as gut rooms in multiple slaughterhouses across the globe. In addition to a highly skilled workforce, it has its own research department which has developed new technologies that increase efficiency. Before the casings start their complex journey of processing, calibration and supply to local markets and

traditional sausage manufacturers, the mucosa is extracted from the casings and carefully preserved. This slimy lining of the porcine intestine, once considered waste, is now highly prized.

Harvesting mucosa, extracting heparin

"As we clean natural casings, we also extract and collect mucosa," explains Christian Stehmann, who is responsible for pharmaceutical raw materials at Van Hessen. "We ship it to Bioiberica, where it is processed into heparin for medicinal purposes. Thanks to our close collaboration in this process, we can add value to the final product. Together we monitor processing of the product from beginning to end to maintain the highest quality and traceability. That is attractive for the customer."

Extraction of mucosa is a time-critical process because the substance begins to decay as soon as the animal is slaughtered. Víctor Vélez, purchasing director at Bioiberica, explains what Bioiberica does with the mucosa supplied by Van Hessen: "We take the mucosa and extract the active pharmaceutical ingredient heparin from it. We then supply the heparin to our customers in the pharmaceutical industry, who produce the anticoagulant medicines you get at the local pharmacy."

Van Hessen and Bioiberica make ideal partners. "Nobody can match the scale of our mucosa production," says Stehmann. "We are also responsible for all machinery in the gut rooms we operate. In fact, we make those machines ourselves. As such, we have complete control of



both safety and, notably, quality." Thanks to these efforts, mucosa has become a mutual success story for the two partners and for Bioiberica's pharmaceutical customers.

Because both Van Hessen and Bioiberica are part of the SARIA Food & Pharma division, this cooperation guarantees slaughterhouses maximum valorisation. It also promises customers a controlled and transparent supply chain backed by the highest quality standards and international certifications. The collaboration is essential for a quality yield.

At the same time, the relationship is about more than control and transparency of the production process. Bioiberica processes mucosa wherever possible at the location where it is harvested. "That is because mucosa comprises about 85% water. Due to our environmental commitment, we prefer to reduce volumes and ship only the extract that contains the heparin. That's why we're located wherever Van Hessen operates gut rooms in North and South America and Europe," explains Vélez.

"Because Bioiberica and Van Hessen are so tightly aligned, we have a fully traceable supply chain. We can tell exactly where something originates. That is essential in our industry."

Víctor Vélez, Bioiberica

Unique integration

The supply chain between the two companies is fully traceable. Both have a strong supply chain model, as well as flexibility and production capacity on a global scale. The unparalleled level of integration, control and transparency across the entire production cycle ensures both a higher yield and better quality than the competition. Ever since the companies began cooperating in the early 1990s, Bioiberica's heparin-based products have been in high demand.

Vélez adds: "Our product is of biological origin and our processes are specially designed to minimise any possibility of biological risk. It is crucial, however, that our suppliers take good care of the raw material as well. With Van Hessen as our reliable partner, we have maximum peace of mind."

Since Van Hessen is a key player in the market, Bioiberica also has a constant supply of a wide range of animal-derived raw materials. "While mucosa is undoubtedly the most important product, our company also receives cartilage from Van Hessen and many other raw materials that are used in all kinds of products for the pharmaceutical industry," comments Vélez.

The innovation, rigour, security and passion of the teams at both companies are key factors in their successful trajectory and continuous growth. Van Hessen and Bioiberica are trusted and strategic partners who are proud to belong to the SARIA Group.

Both companies continue to expand their common infrastructure. By consolidating knowledge and developing new products, the two companies expect to continue to grow, thus fulfilling SARIA's mission to transform animal by-products into high-quality raw materials for new uses in other industries.



Full compliance with legislation

CORPORATE RESPONSIBILITY, INTEGRITY AND CONFORMITY WITH LEGISLATION AND REGULATION ARE VALUES OF PARAMOUNT IMPORTANCE FOR SARIA. GROUP-WIDE COMPLIANCE MANAGEMENT IS AN IMPORTANT FACTOR IN ENSURING THAT LEGAL REQUIREMENTS AND ETHICAL STANDARDS ARE MET.

The SARIA Group has had a compliance system in place for many years. This is regularly reviewed and updated to reflect new developments or changes in the underlying environment. The system is focused on the compliance risks that are relevant for SARIA. These are identified and systematically evaluated on an ongoing basis. Key factors include fair competition, separation of business and private activities, and working conditions which protect health and safety and meet relevant national legislation.

The SARIA Code of Conduct is a central instrument within the compliance system. As a shared set of rules, it defines compliant policies and procedures that are binding for all business units. The Code is thus aimed at every employee but also at external third parties because the SARIA Group expects its business partners to behave fairly and in compliance with legal requirements.

Training sessions and experienced compliance officers support SARIA employees in adhering to the Code of Conduct.

Stephan Vieth, Head of Group Legal, is the Chief Compliance Officer responsible for all aspects of overall compliance management



The SARIA Code of Conduct serves as a binding set of behavioural rules for SARIA Group employees and business partners alike



Compliance is part of day-to-day operations and is a requirement that needs to be firmly embedded throughout the Group at all times. To achieve this, SARIA's compliance system involves a comprehensive set of measures aimed directly at employees. This includes training at both local and Group level. Managers in key areas, such as procurement and sales, have to complete mandatory in-person training and e-learning programmes related to compliance. In addition, these employees sign a formal compliance & commitment letter each year, confirming that work in their area of responsibility complies with laws and standards.

In terms of organisation, compliance management is based on the structure of the company, with a designated compliance officer appointed for each country or business unit. It is their job to monitor compliance with rules and regulations on the ground, to implement compliance measures, advise on specific issues from a practical perspective and be available to employees as a point of contact.

Defined reporting chains and channels ensure that communication is systematic, standardised and takes place at regular intervals. The Executive Board receives regular reports regarding all compliance-related cases and measures. It is also represented by two of its members on a compliance board, who are actively involved in planning and leading compliance projects.

Measures taken as part of the compliance system and their outcomes are recorded and documented – at Group level as well as in relation to individual organisational entities. To ensure its proper functioning, the system is reviewed by independent third parties. Checks are also made to ensure that the system continues to cover all risks relevant to compliance. To expand its control mechanisms further, SARIA will also conduct on-site audits on a sample basis in future. It is envisaged that each organisational entity will be subject to one audit per year.

Information about potential compliance breaches helps SARIA to avoid negative impacts on the Group, its employees, business partners and the general public. Within the Group, everyone is therefore obliged to report any irregularities immediately. An Integrity Line exists as an alternative to contacting a compliance officer. It can be accessed via the Group's websites and is open to any potential whistleblowers, not just employees. Reports can be submitted completely anonymously. All information received is immediately reviewed by the compliance organisation. If necessary, this is followed by more in-depth investigation and appropriate consequences. This includes SARIA taking specific precautions to make similar breaches less likely in future.

Focal points of the SARIA compliance system

- Human and employee rights
- Health and safety
- Fairness in competition
- Integrity
- Data protection
- Money-laundering and sanctions



Confidentiality assured:
The SARIA Integrity Line already meets the high standards of the EU Whistleblower Directive before it comes into effect.

Company newspaper for
SARIA Group employees
and business partners

www.saria.com

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Design:
www.a-14.de

Printed by:
LUC GmbH, Selm

No. 20