



萬洲國際有限公司
WH GROUP LIMITED

(Incorporated in the Cayman Islands
with limited liability)

Stock code : 288

2018

Sustainability Report



CONTENTS

2	CHAIRMAN'S STATEMENT	
4	ABOUT THIS REPORT	
5	ABOUT WH GROUP	
7	CHAPTER 1 CORPORATE GOVERNANCE	
9	CHAPTER 2 VALUE CREATION	
13	CHAPTER 3 FOCUSING ON HIGH-QUALITY FOOD	
18	CHAPTER 4 FOCUSING ON ENVIRONMENT	
27	CHAPTER 5 CARING FOR EMPLOYEES	
33	CHAPTER 6 CARING FOR ANIMALS	
36	CHAPTER 7 CARING FOR COMMUNITIES	
39	APPENDIX	



CHAIRMAN'S STATEMENT



Wan Long

Chairman and Chief Executive Officer

Our vision of offering consumers a variety of healthy, delicious meat products encompasses both business growth and social responsibility. This report supplements the WH Group financial performance disclosure, summarizing our efforts in food safety, environment protection, care to our people, animal welfare, and community investment. It also discloses and addresses stakeholder sustainability concerns.



This year, we faced various challenges stemming from international trade disputes and the spread of African Swine Fever in China and some European regions. As a leader in the global meat industry, we regularly adjust our operating strategies in China, America and Europe as part of our focus on improving efficiency and cost structure. This helped our main operating segments overcome these unfavorable factors to expand in scale in the reporting year. We are also seeking opportunities to enhance our success using our vertical integration model.



Nevertheless, these challenges made for a complicated and unstable situation in 2018 and pushed WH Group to reflect on how it could become more sustainable. In doing so, we fully considered the differences in sustainability management across various cultures and regulatory domains. We also developed more stakeholder engagement channels to better understand their expectations.

CHAIRMAN'S STATEMENT

Product quality is never a trivial matter and food safety is of paramount importance. We never compromise on food quality and safety and have always complied with the local regulatory requirements. We implement comprehensive monitoring and control through our entire processes from sourcing to tracing to ensure food safety and consumers right.

In order to be an excellent corporate citizen, not only do we focus on achieving our businesses goals, but we also focus on carrying the environment and ecological development. We are establishing a series of targets concerning resource consumption and energy usage to reduce the negative impacts on the environment. We invest in areas like management, technology and processing enhancement to effectively treat wastewater, gas and air pollutants. As such, we achieve high efficiency in production and low resources consumption.

WH Group respects the personal development of our employees and appreciates the value they create for the enterprise. It drives us to care for their needs on health, safety and self-actualization. The Group cherishes all talents and builds a fair working environment. We care for their legal rights, their safety and health through various communicative channels. We provide all-round vocational training, provide them with career path and space for personal and career development, as well as help them find a work-life balance.

Animal welfare has always been a part of our sustainability agenda. Attention to our animals' physiology, living environment, health conditions and behaviors is a way to ensure their health and production of healthy offspring. We are dedicated to creating more value for the community, by investing in education, poverty alleviation, hunger eradication and disaster relief.

Looking forward, we are confident we will overcome the challenges and grasp the opportunities in the industry. To uphold our vision of "integrating global resources to improve synergy, creating a sustainable future", we are eager to increase competitiveness to consolidate our leading global position. We believe that, by combining sustainable development with our enterprise's strategy, we can create more values for our shareholders, employees, partners and society, to further realize harmonious and sustainable development among the business, the society and the environment.



ABOUT THIS REPORT



OVERVIEW

This report is the third annual sustainability report published by WH Group Limited (hereinafter referred to as the "Company" or "WH Group"), detailing the management measures and performance of the Company and its subsidiaries (hereinafter referred to as the "Group", or "We") on sustainable development issues from January 1 to December 31, 2018.



Definition of Names:

Shuanghui

Refers to Henan Luohe Shuanghui Industry Group Co., Ltd.

Shuanghui Development

Refers to Henan Shuanghui Investment & Development Co., Ltd.

Smithfield

Refers to Smithfield Foods, Inc.



Basis of Compiling This Report

This report was compiled in accordance with the Environmental, Social, and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Appropriate references are made to the HKQAA Sustainability Rating and Research and RobecoSAM Corporate Sustainability Assessment methodologies. Shuanghui Development has released reports on environmental, social responsibility, and corporate governance, and Smithfield has released sustainability reports. The preceding information is supplemental to this report.



Special Note on Metrics Presented

All financial data in this report is in U.S. dollars unless stated otherwise. "Metric tons of product produced" refers to fresh pork and packaged meats but does not refer to hogs produced.



Data Authenticity

The board of directors confirms that the information in this report contains no false records, misleading statements, or major omissions. The board assumes responsibility for the authenticity, accuracy, and completeness of the contents of this report.



Report Confirmation and Approval

Once the report was confirmed by management, it was approved by the board of directors on July 1, 2019.

ABOUT WH GROUP

WH Group is the largest pork company in the world, with leading positions in China, the United States, and key markets in Europe. The Group has many well-known and trustworthy brands. Our global platform integrates a consolidated pork business chain including hog production, hog harvesting and processing and packaged meats to form a leading competitive advantage in the pork industry. The Company is a controlling shareholder of Shuanghui Development, Asia's largest meat processing business. The Company also wholly owns Smithfield, the biggest pork producer and hog processor in the world.

The Company is listed on the main board of the Stock Exchange (Stock Code:0288) and is one of the constituent stocks of the Hang Seng Index. In 2018, it was selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index. Shuanghui Development is listed on the Shenzhen Stock Exchange with the stock code 000895.SZ.

OUR BUSINESS

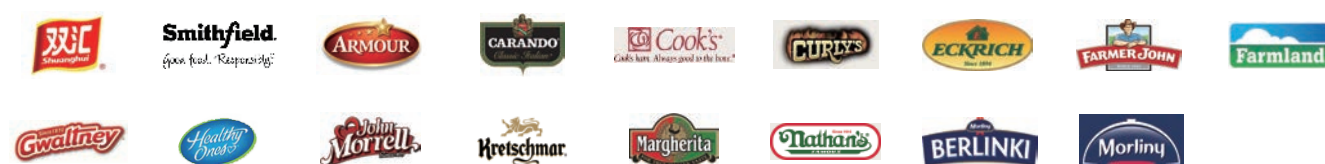
The Group's business covers three main segments: packaged meat, fresh pork, and hog production. The packaged meat segment is the Group's core business. We also engage in the harvesting and sale of poultry, and manufacturing and sales of packaging materials, provision of logistics services, operating a financial company along with a chain of grocery stores, producing flavoring agents and natural casings, and biological pharmaceuticals in China.

We deliver fresh products to processing plants, restaurants, and consumers every day. Through our owned operations along with tens of thousands of contracted suppliers and distributors, we have established a one-stop, farm-to-fork supply chain. Our business partners follow the high standards of WH Group's international procurement process which enables us to ensure product quality and to work towards a more sustainable supply chain.



Global Footprint

WH Group owns multiple well-known household brands which constitute a strongly-diversified product portfolio and extensive sales network.



ABOUT WH GROUP

Financial Performance



Honors & Awards

In 2018, the Group placed "55th in the 2018 Fortune China 500 list" from Fortune, and "120th in China's Top 500 Enterprises" from the China Enterprise Confederation; our subsidiary Shuanghui Development won the "2018 Top 100 Most Valuable Chinese Brands", "Rich Return of Listed Companies and Genuine Return of Listed Companies" from the China Association for Public Companies. Smithfield also won 67 "Environmental Recognition" and "Worker Safety Recognition" awards from the North American Meat Institute (NAMI), and the "2018 Processor of the Year" award from *Food Processing*¹, among others.

¹ Food Processing, one of the United States industry's most closely followed trade magazines and websites for the food and beverage industry

CHAPTER 1 • CORPORATE GOVERNANCE

WH Group has always held itself to the highest standards of corporate governance. That is how we protect the interests of our shareholders and other stakeholders.

BUSINESS ETHICS AND COMPLIANCE

One of the most basic operational requirements for WH Group has always been compliance with relevant legal and ethical standards such as the *Sherman Antitrust Act* and the *Anti-Unfair Competition Law of the People's Republic of China*. The Group's ethical requirements include avoiding conflicts of interest and preventing fraud and insider trading as well as establishing positive and ethical business values.

WH Group's major subsidiaries also implement their own control policies to ensure ethical behavior and regulatory compliance. For example, Smithfield established the "*Smithfield Code of Business Conduct and Ethics*" which explains in detail the company's commitment to conducting business in accordance with applicable laws and the highest ethical standards. All employees must sign a statement to confirm that they have read the Code of Business Conduct and Ethics and that they will comply with it. Shuanghui also has its own code of conduct and ethics. It created the *Shuanghui Code of Conduct* which includes performance reviews for employees and even requires them to pass an exam on the code of conduct. The Company actively maintains a culture of ethics, compliance, and integrity by making its risk management department and its subsidiaries' audit departments to conduct regular reviews and supervise operations.

ANTI-CORRUPTION

WH Group advocates a culture of integrity and has set up a risk management department. It also established anti-corruption related internal control policies such as the *Anti-Corruption Policy*, *Anti-Corruption Program*, and *Anti-Corruption Procedures* to continuously strengthen anti-corruption implementation and eliminate fraud. Major subsidiaries have also established fraud and corruption reporting mechanisms as well. In China, we set up an audit center and an inspection center with a mandate to perform audits, management inspections, corruption inspections and establish multiple reporting channels. In the United States, Smithfield set up an executive-level Ethics and Compliance Committee which oversees the full range of compliance issues for Smithfield and administers the Code. It identifies conflicts of interest, improper gifts, inappropriate business entertainment, corruption within Smithfield, and publicizes its reporting channels within *Smithfield Code of Business Conduct and Ethics*.

In 2018, the Group did not have any major incidents that violated any laws or Group policies.



CHAPTER 1 • CORPORATE GOVERNANCE

**RISK MANAGEMENT**




WH Group meets the Stock Exchange's risk management and internal control requirements laid out in the *Corporate Governance Code*. The Group continually improves and standardizes its *Risk Management Policy* which defines the responsibilities of the board of directors, Risk Management Committee, Audit Committee, Environmental, Social and Governance (ESG) Committee, and the Food Safety Committee. The risk management department is responsible for coordinating and implementing the risk management process and providing relevant technical support and guidance to the board of directors and management teams. The Company's internal audit department, along with its subsidiaries' audit departments, regularly evaluate the effectiveness of internal controls. Additionally, all employees are required to be familiar with and comply with the Group's risk management policy and to report relevant risks to superiors.

The management regularly identifies and assesses potential risks which are reported to the Risk Management Committee and board of directors in a timely manner. In 2018, we conducted two enterprise risk assessments. The resulting reports highlighted our major risks, established monitoring measures, and assessed numerous emerging risks in areas including African Swine Fever, environmental protection and animal welfare, etc.

For more on corporate governance, please refer to the Corporate Governance Report in the Company's *2018 Annual Report*.

CHAPTER 2 • VALUE CREATION

We believe that WH Group's confidence in creating long-term value for shareholders and society comes from the building of a sound sustainability development system. Based on our corporate and social responsibilities, we strive to build a sound and highly executable management and operation system for sustainable development, adhering to the implementation and innovation of sustainable development concepts and plans, and constantly encouraging enterprises to better realize their own values.

-  The ESG Committee held meetings **twice** during the year
-  Clarified **five** pillars of sustainable development
-  Over **2,500** questionnaires were issued and retrieved to better understand the opinions and expectations from stakeholders

SUSTAINABILITY MANAGEMENT

Management Structure

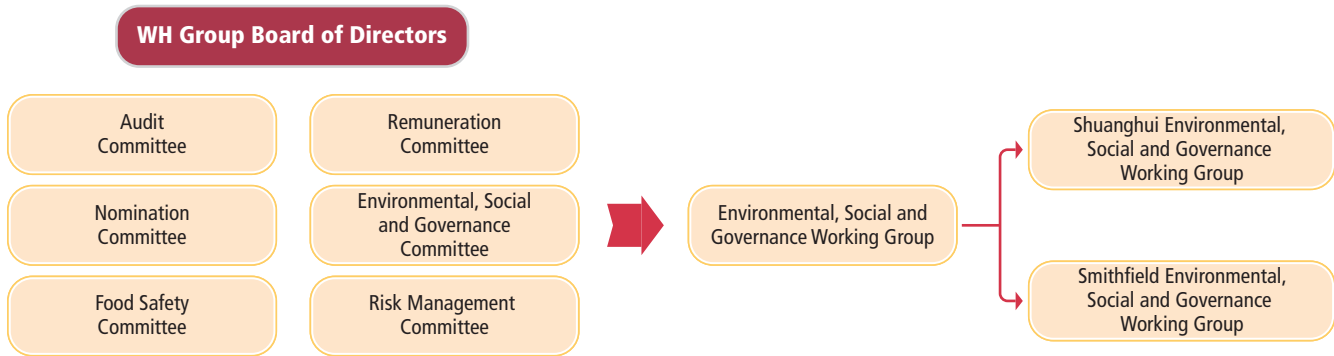
WH Group understands that improvements in sustainability performance must be driven from the top down. We have set up an ESG committee at the board level to make sustainable development a regular topic in board meetings. The committee is responsible for: identifying ESG matters which affect our stakeholders (especially our shareholders), setting the Company's sustainability goals and plan, reviewing sustainability performance, and advising the board. At the executive level, the ESG working group coordinates the ESG work of Shuanghui and Smithfield and reports to the ESG Committee. Due to the differences in market and regulatory background, Shuanghui and Smithfield have different practices in sustainability development. However, under the guidance of the ESG committee of WH Group, our ESG management system is promoted step by step.

In addition, we remain vigilant on food safety issues and attach great importance to the management and incorporate recent trends into our sustainability development. We appointed a Food Safety Committee which reports directly to the board of directors as the decision-making body on food safety issues. Mr. Wan Long, Chairman of the Company, personally chairs the committee, and so far the committee has promoted food safety awareness within the Company with a high level of attentiveness and responsibility.



CHAPTER 2 • VALUE CREATION

The following is the structure of WH Group's sustainable development management:



As of December 31, 2018, the membership of the WH Group's ESG committee included:

Chairman: Mr. Guo Lijun, Executive Director, Executive Vice President and Chief Financial Officer

Members: Mr. Wan Hongjian, Executive Director, Vice Chairman and Vice President, Mr. SULLIVAN Kenneth Marc, Executive Director, and President and Chief Executive Officer of Smithfield, and Mr. Lau Jin Tin, Independent Non-Executive Director

The ESG Committee held two meetings during the year which discussed issues of interest to stakeholders, strategic decisions for sustainable development of WH Group, and the implementation of sustainability-related risk management measures.



SUSTAINABLE DEVELOPMENT CONCEPTS

Through years of experience in management, WH Group has formed a sustainable development concept that meets its strategic development needs and responds well to the interests of a wide range of stakeholders. It has steadily grown WH Group's sustainable development culture and created the cornerstone for continued sustainable development.

**HOLDING OURSELVES TO THE HIGHEST STANDARDS AND
CREATING SUSTAINABLE VALUE FOR SOCIETY.**

CHAPTER 2 • VALUE CREATION

We explain WH Group's sustainable development concepts, plans, and achievements in the five topics below.



Food Safety and Quality

WH Group is committed to providing consumers with the highest quality products. The safety and quality of our foods are fundamental to our businesses. Therefore, we adhere to high quality standards. Because our consumers have high expectations for product safety and quality, we offer customers with

various healthy product options with accurate product information that enables them to make healthy choices. We firmly believe that consumers' safety and health are above everything else.



Environment

As a company that focuses on agriculture and food processing, we believe effective environmental management is critical to the success of our business and the achievement of long-term sustainability goals. We not only comply with local environmental laws and regulations but also continually strengthen our environmental

management system through the use of modern production methods. We are committed to reducing air emissions, wastewater, waste and greenhouse gas emissions through process innovation, technological transformation, recycling, and being more energy efficiency.



People

As a people-oriented company, WH Group is committed to helping our employees unleash their full potential. We strive to create a win-win platform for both the Group and its employees by caring for our employees' lives, their dignity and development. We offer employees at our farm and processing facilities fair and competitive

wages and comprehensive benefit packages. We also encourage our employees to learn and grow within WH Group. We value internal promotions and provide employees with educational support including, but not limited to, adequate training and advanced learning opportunities to help further their careers. We strive to ensure the safety and health of the workplace and are committed to creating an inclusive and safe work environment.



Animal Care

Treating animals with care isn't just the right thing to do for them; it's also the right thing to do for our business. The healthier our animals, the healthier our company. Our animal care management systems, policies, and procedures are designed to ensure the proper treatment of our hogs. We pay attention to the physical and

environmental welfare of animals by sharing best practices with both suppliers and customers. When raising animals, we ensure they receive high quality food and access to water, a clean and comfortable living environment, and timely and proper treatment when they are injured or sick. There are times on farms when employees must humanely euthanize animals following injuries or illnesses. We have invested in research to understand which techniques cause the least pain and stress to the animals and to their handlers. Safe transportation of animals from farms to processing plants is also an important element of our animal care program.



Community

WH Group appreciates the friendly and harmonious relationship with the communities in which it operates. We will not succeed without their support. Only by contributing to our communities' growth and development can our business continue to flourish.

WH Group maintains proactive communication with local communities through different channels and actively gives back to these communities. We fulfill our corporate social responsibilities in multiple focus areas such as education, poverty alleviation, hunger relief, and disaster relief.

Stakeholders Communication

WH Group's main stakeholders include investors, employees, suppliers, regulatory agencies, industry organizations and experts, non-governmental organizations, sustainability think tanks, media, distribution customers, and consumers. We attach great importance to communicating with stakeholders and engaging them in dialogue in a variety of ways. This year, WH Group conducted in-depth communications with key stakeholders to understand and learn from their views and concerns on various sustainability issues.

This year we communicated with different types of stakeholders in WH Group through in-depth interviews and questionnaires. At the same time, our subsidiaries also launched different forms of communication. Shuanghui identified ESG issues through benchmarking, media analysis, in-depth interviews with internal and external stakeholders, questionnaire surveys, and obtained stakeholder feedback.



CHAPTER 2 • VALUE CREATION



More than 2,500 questionnaires were distributed and collected. For information on Smithfield’s stakeholder engagement process, please visit its website: <https://www.smithfieldfoods.com/sustainability/report/2018/governance-management/materiality-analysis>.

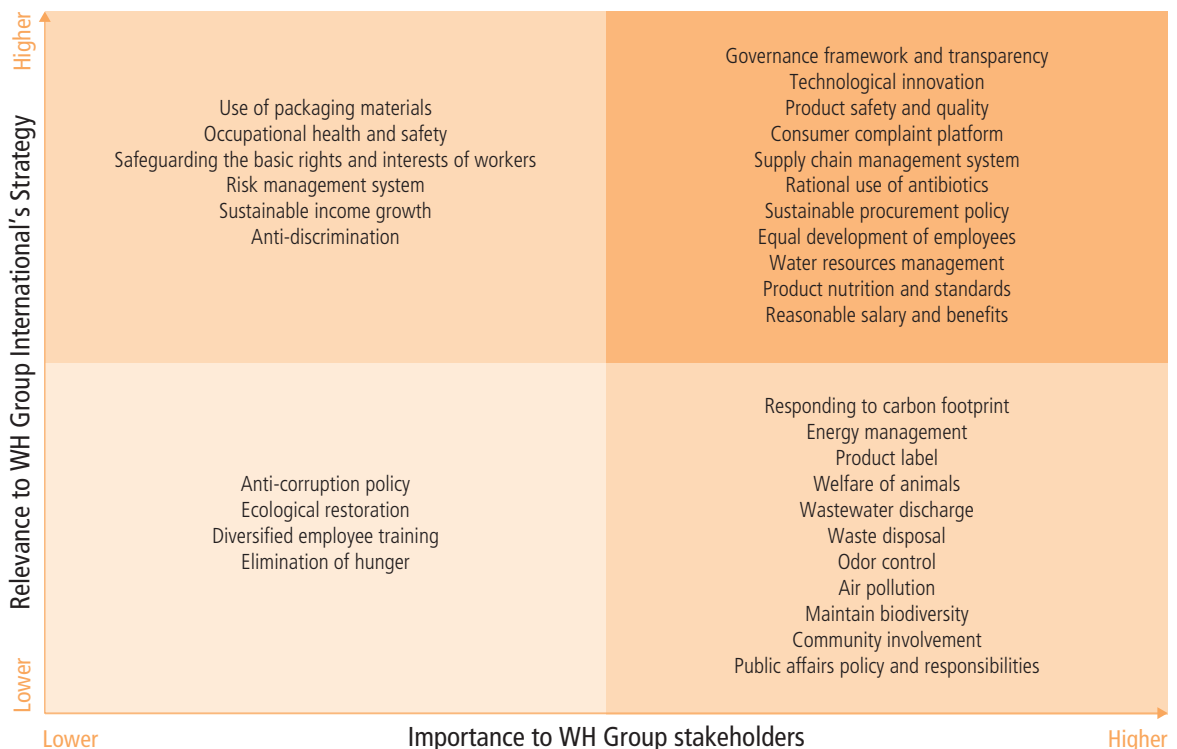
In addition, we conducted management workshops during the year to discuss in depth stakeholders’ concerns about combining corporate sustainable development strategies.

IDENTIFYING MATERIAL ISSUES

Identifying material issues through communication with stakeholders is fundamental to a sustainability management system. Materiality assessments enable WH Group to address topics that are of interest to our stakeholders as well as allocate resources to efficiently manage and improve upon those topics.




WH Group reorganized its sustainable development strategy this year and sorted out the consistency between various ESG issues and our enterprise development strategy. We combined the results with feedback from stakeholders and determined those issues that were concerned by stakeholders and were consistent with the strategic development direction of WH Group as material issues.

The materiality matrix below is based on results of the materiality analysis. The issues closer to the upper right corner are issues not only in line with the development direction of WH Group but also of great significance to stakeholders. These issues are more crucial to the value creation and future of the Group:



CHAPTER 3 • FOCUSING ON HIGH-QUALITY FOOD

As a food company, WH Group will not compromise on quality. We rely on advanced technology and strict control systems to ensure food safety. We actively play a leading role in the industry to provide healthy, delicious, and diverse meat products to consumers around the world.

-  We encouraged facilities to promote international advanced system certification. Most of our facilities passed ISO 22000 Food Safety Management System Certification, Hazard Analysis and Critical Control Point (HACCP) System Certification, or the systems recognized by Global Food Safety Initiative (GFSI) accredited system certification. All of our facilities in China have passed ISO 9001 Quality Management System Certification.
-  Dozens of products from multiple brands met the American Heart Association's food certification standards for saturated fats and low sodium.
-  More than 250 health products contain low sodium, low fat, no added sugar, gluten-free, no artificial ingredients, no nitrite or nitrate products.

The philosophy “Food safety comes first” is deeply rooted in the Group’s culture. We have established a quality control and food safety system which governs our entire value chain. We have also built and continuously improve the product traceability system. We will continue to enhance quality and optimize production processes to guarantee product quality and safety by applying more advanced technologies and management models in the future.

FOOD SAFETY

WH Group follows the philosophy that “Product quality is never a trivial matter, and food safety is of paramount importance.” We comply with food quality and safety laws and regulations around the globe. These include laws like the *Food Safety Law of the People’s Republic of China*, the *Federal Food, Drug, and Cosmetic Act*, etc., The Group implemented a food safety management model based on prevention, risk management, full control, and full participation. We also incorporate scientific food safety management measures into all aspects of our operations.

At the Board level, we set up a Food Safety Committee, which is responsible for developing the principles of food safety and risk management and overseeing on-going review processes. We set up a Quality Management Team with thousands of people to promote food safety and quality improvement. At the same time, we further enhanced the Group’s food safety control capabilities by deepening the extensive technical exchanges between the Chinese and American teams on all aspects of operation and adopting a sound quality control system for our products.

As the world’s largest pork producer, WH Group works with multi-agency organizations to promote scientific advances in food safety throughout the industry, establishes and shares best practices, and enables consumers to obtain safe food.



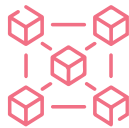
CHAPTER 3 • FOCUSING ON HIGH-QUALITY FOOD



Case Study: Working with Food Risk Intelligence Company to Enhance Food Safety Practices

We work with Corvium (<http://www.corvium.com>), a food risk intelligence company in the United States, to develop software, analytics and data solutions to automate our environmental monitoring program. Currently, the new technology has been placed at 30 of our packaged meats facilities, which improves communication between our plants and the testing labs, streamlines work, reduces data entry errors, and allows us to respond more quickly to food safety issues. Our participation allows the vendor to gain real-time feedback on its technology while we, and ultimately the industry, can gain a new tool to enhance our food safety practices.

"Smithfield is an ideal partner due to its desire to constantly seek innovation in their food safety practices," says David Hatch, chief strategy officer at Corvium, "Its collaboration has helped us further refine our technology, leveraging the power of data to drive benefits to Smithfield including mitigating financial, regulatory and food safety risk; reducing food waste; and increasing operating efficiency."



Supply Chain Management

High-quality, reliable products originate from safe raw materials. The Group places strong emphasis on quality controls for the procurement of hog and raw materials. We also further optimize the supply chain system to assure product quality and safety from the source.

We have a total of 3,973 raw material suppliers around the world and around 20,000 hog suppliers within China.

In China, in order to ensure the quality of hog delivery, we signed a *Hog Sourcing Commitment* with suppliers to directly blacklist hog suppliers that do not meet our standards and cancel their qualifications for hog delivery. For the food safety-related material suppliers, the *Procurement Supplier Management System* and *Product Safety and Quality Commitment* have been formulated to regulate the supplier's access by evaluating performance, assesses elimination mechanisms, and prevent food safety and quality risks. In the United States, we have developed the *Supplier Code of Conduct* (<https://www.smithfieldfoods.com/our-policies-and-disclosures/supplier-conduct>) to manage suppliers' compliance operations, product quality and safety, animal welfare, environmental performance, business integrity, labor expectations, and human rights issues, to provide a basis for improving and strengthening supplier management. Our suppliers are integral to maintaining and improving on these areas by providing sustainable products and services.

Process Control

The Group adopts efficient scientific management methods to ensure the quality and safety of products, conducts risk assessment and hazard analysis on all aspects of the production process, formulates risk control measures, and uses information control methods to monitor key food safety control points. At the same time, a food safety culture involving all employees has been established to ensure that quality and safety control measures are fully implemented.

We encourage facilities to promote international advanced system certification. Most of our facilities have passed ISO 22000 Food Safety Management System Certification, HACCP System Certification, or the systems recognized by GFSI accredited system certification². All of our facilities in China have passed ISO 9001 Quality Management System Certification.



² Most of the plants in China and 100 percent of applicable Smithfield Foods facilities in the United States, Poland, and Romania are certified to GFSI standards and subject to annual third-party audits. Each of our facilities in Poland and Romania maintains all applicable certifications to international and local food safety standards (e.g., ISO 22000, BRC Global Standard for Food Safety, and International Food Standards).

CHAPTER 3 • FOCUSING ON HIGH-QUALITY FOOD



Case Study: Smithfield Provides Systematic Food Safety and Quality Training for Employees

In the United States, we provide systematic food safety and quality training for employees, improve employees' vigilance against food safety risk factors at all stages of the production process, and ensure the implementation of food safety control measures. Our food safety and quality training Policy outlines food safety and quality training topics, trainer qualifications, as well as training frequency for all subsidiary processing plants.

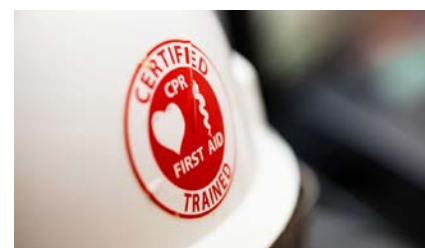
Each employee at our facilities is required to receive training prior to on-boarding and must continue to be trained according to his or her job requirements. At the same time, our training program also takes into account the diversity of the workforce. In many facilities, workers are non-native English speakers, so training manuals and practical courses are available in multiple languages. At present, many employees have passed advanced training courses called Brown belts and Black belts. This training covers a range of food safety and food science topics, which is unique in the industry.

Emergency Response

To effectively avoid food safety risks, the Group optimizes the emergency response mechanism for food safety in accordance with relevant laws and regulations. We also conduct product-recall drills. In this way, we can test the effectiveness of the product-recall procedures while also testing the traceability system and the effectiveness of our emergency responses. According to the drill results, we then test and adjust whether the emergency mechanism can meet the standard for mitigating the accidents and adjust it to continuously improve our emergency handling capabilities.

In China, we have built a product traceability system and an efficient information platform spanning procurement, production, distribution, and sales to after-sales service. At present, we have established complete product batches trace management in various industries to achieve effective traceability of product information such as hog sources, product destination and quality evaluation, etc. In the United States, we regularly conduct simulated product recalls to ensure that staff can find 99.9% of the affected food within two hours.

During the reporting period, five product recall cases due to health and safety reasons were recorded. In Poland, we had three recalls of about 9,275 pounds of product due to suspicion of pieces of metal, potential presence of Salmonella, and labeling issues. We also recalled 1,240 pounds of fresh meat products in Romania after a customer's internal testing program detected Salmonella. There were no fines associated with this recall. In the United States, we unfortunately had one United States Department of Agriculture product recall, which kept us from meeting our annual target of zero recall. We recalled approximately 24,000 pounds of pepperoni five cheese calzone products that were suspected of containing pieces of plastic. After a consumer reported the issue to us, we took swift action to alert our customers and remove the products from store shelves. To control the risk of recalls, we work to maintain a robust Food Safety and Quality program that takes into account sound science and best practices. When recalls occur, our protocols require that the root cause is swiftly identified and immediate corrective actions are put in place to prevent a recurrence.



CHAPTER 3 • FOCUSING ON HIGH-QUALITY FOOD



Case Study: Implement Product Recall Drills to Strengthen Employees' Awareness of Food Safety Risks

In China, we have developed the *Product Recall Control Operational Manual*. The manual clearly defines ten items, including food safety risk assessment, recall plan preparation, recall activity implementation, disposal of recalled product, corrective measures, management evaluation, and summary. At the same time, we strengthen the product recall process and employees' awareness of food safety risks through recall exercises.



HEALTH AND INNOVATION

WH Group understands that innovation can drive reform in products, processes and companies. It is one of the key driving forces in the Company's new market exploration and future success. We focus on product innovation through a robust research and development process to advance food safety best practices and develop new products and formulations, including meeting consumers' needs for healthy diets.

In the United States, to increase competitiveness with emerging health and nutrition trends, our innovation team consists of chefs, food scientists, and nutritionists who are dedicated to keeping our product portfolio up-to-date. Dozens of products across multiple brands meet the American Heart Association's certification criteria for foods that are low in saturated fat and sodium content. We have developed over 250 products that offer health and wellness benefits, such as lower sodium, reduced fat, no added sugar, no artificial ingredients, no nitrites or nitrates and/or gluten-free.



Case Study: Smithfield's Balance Program

In the United States, there are thousands of nutritionists in retail stores around the country, offering nutrition expertise and guidance to shoppers eager to learn more about cooking and how to improve their health. To support their efforts, we launched a new nutrition and health website Smithfield Balance, to showcase how Smithfield's pork can play a key role in a balanced lifestyle.

In addition, we continue to evaluate the sodium levels in our products to help us offer the right choices to accommodate different diets and lifestyles. At the end of 2018, we offered more than 100 reduced-sodium products in the marketplace and all our brands offer a variety of products that are lower in sodium than their traditional counterparts.



Case Study: Responding to Consumers' Needs for 'Clean Label'

Consumers are increasingly want to buy foods made with simpler, shorter, and easier-to-understand lists of ingredients. In response, we strive to provide the right products for a variety of needs of consumers while still maintaining product safety and quality.

We have completed an extensive audit of our major United States brands in our portfolio to identify short-term and long-term health and wellness goals for our brands. Where possible, we started to use this information to supplement our core brand portfolios with clearer label options that support consumers' lifestyle preferences. For example, our Nathan's brand has launched all-natural beef frank in their product portfolio. The Carando brand launched mini Italian sausage links with no MSG and no artificial flavors or colors.

CHAPTER 3 • FOCUSING ON HIGH-QUALITY FOOD

CUSTOMER SATISFACTION

The Group has established a comprehensive customer service system. In China, we have formulated management systems such as *Customer Complaint Handling Standards* and *Product Quality Information Feedback Work Regulations* to implement classification and grading of customer feedback. In accordance with the laws and regulations of the operation site, combined with the actual survey, we maintain a sincere and responsible attitude, remain efficient and professional when responding to customer feedback, follow-up in a timely manner, and actively protect customer rights. In the United States, we maintain good communication with our customers by phone, email, social media and direct mail.

In order to protect customer privacy, we carefully control who reads customer information and provide customer privacy protection training for employees every year. This helps to raise employee awareness on how to maintain customer privacy and improve customer service.

**Case Study: Establish A Stringent Customer Feedback Process to Improve Customer Satisfaction**

In China, we have established a stringent customer feedback process relying on about 300 sales offices and 400 service hotlines in the national market. We strive to provide customers with the most timely and high-quality feedback experience to improve customer satisfaction.

After receiving a complaint, Shuanghui Development will send a designated person to contact the complainant and document the problem, further communicate the details of the problem, and investigate the problem. Finally, Shuanghui Development requires that corresponding results be given for each complaint, the relevant products should be kept off shelves for the next three months, and the complainant should be notified. In addition, the defective product will eventually be destroyed and re-production using the returned defective products is strictly prohibited.

For product labeling and advertising, we strictly abide by the laws and regulations of the global business operations. We constantly improve internal procedures and regularly organize relevant training to protect consumers rights. In China, we comply with the *Advertising Law of People's Republic of China*, the *Protection of Consumer Rights and Interests Law of the People's Republic of China*, *General Standard for the Labeling of Prepackaged Foods GB 7718* and other laws and regulations. In the United States, we do not label any product as "natural" unless it satisfies the USDA's definition of minimally processed with no artificial ingredients and until the USDA has approved our "natural" labeling claim. Our European operations also offer dozens of fresh meats and packaged food products that satisfy a wide assortment of consumer needs and tastes while meeting all EU nutrition and labeling standards.



CHAPTER 4 • FOCUSING ON ENVIRONMENT

In the face of increasing concerns among consumers and many other stakeholders for the environment, WH Group will do its utmost to reduce its environmental impacts, become a leader in sustainability within the food industry.

-  The main business locations operated by the Group had obtained the ISO 14001 environmental management system certification
-  Reduced water use per unit³ of products produced year-on-year: **2.6%**
-  Reduced greenhouse gas emissions per unit of products produced year-on-year: **3.7%**
-  Normalized solid waste to landfill has been reduced by **50%** compared to 2010 in the United States
-  **293,608** metric tons of non-hazardous wastes were recycled during the year



WH Group is committed to responsible operations, strict contaminants control, effective resource management, and adopting appropriate, effective measures to reduce greenhouse gas emissions.

EMISSIONS MANAGEMENT

We strictly abide by the environmental laws and regulations and making every effort to ensure compliance in the places where we operate.

In China, we implement an environmental management system in each plant, regularly conduct environmental risk assessments, clarify management responsibilities and division of labor of all levels of staff, and equip environmental professionals to conduct management and reporting. In the United States and Europe, each of our plants also has dedicated staff to take charge of environmental affairs and work directly with the Director of Environmental Affairs in their region. As of December 31, 2018, the Group's main business locations had obtained the ISO 14001 environmental management system certification. We will continue to optimize our environmental management system, improve our environmental management rules and regulations, and strengthen our environmental responsibility management.

Wastewater Discharges

We strictly abide by the laws and regulations related to wastewater discharge in the plants where we operate, such as the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Clean Water Act*. We comply with the effluent standards and use advanced technology and strict management to reduce wastewater discharge.

In China, we have developed internal management documents such as *Standards for Operation and Management of Wastewater Treatment Plant* and *Standardized Safety Procedures of Wastewater Treatment Stations*, and regularly carry out wastewater monitoring. We also install automatic online monitoring equipment at the discharge outlet of the plant in accordance with national legislation requirements. Meanwhile, in order to cope with the increasingly stringent requirements of the national environmental protection regulations, the wastewater treatment facilities are upgraded to meet the latest environmental standards. In the United States and Europe, we also continuously optimize and improve wastewater treatment, and working with third-party experts to research and implement process improvements.

CHAPTER 4 • FOCUSING ON ENVIRONMENT



Case Study: Renovation of Wastewater Phosphorus and Nitrogen Removal Facilities

In 2018, we invested approximately \$4.79 million in a series of wastewater treatment facility renovation projects. We added phosphorus removal equipment to the wastewater treatment facilities of three plants in China and added phosphorus and nitrogen removal facilities to two of the plants. Each new facility has undergone the trial operation stage and will effectively reduce the concentration and emissions of total phosphorus and total nitrogen in wastewater when they enter official operation.



In 2018, we discharged a total of 54.77 million cubic meters of wastewater⁴.

Air Emissions

The Group's production process inevitably produces air pollutants. But we strictly abide by the laws and regulations related to air emissions in the places where we operate, such as the *People's Republic of China Air Pollution Prevention and Control Law and the Clean Air Act*. We comply with regulations by using advanced technology and strict management to reduce air pollutants.

In China, we manage air emissions in accordance with the *Air Emissions Management Code* and conduct air emissions monitoring on a regular basis. We install automatic online monitoring equipment for air emissions from boilers in accordance with national legislation requirements and ensure the regulated emissions through real-time monitoring and emergency measures. At the same time, the air emissions treatment facilities will be upgraded in time to meet more stringent emissions standards.

In the United States and Europe, we continue to improve fuel efficiency, by using clean energy such as natural gas as much as possible and actively upgrading equipment.



Case Study: Installing Organic Waste Gas Treatment Facilities

In 2018, we invested approximately \$6.39 million in the installation of air emissions treatment facilities at two plants in Luohe, Henan to collect and process organic air emissions generated from the printing process and the ink tanks. The facilities will help improve the efficiency of collection and processing to 99.5% and 99%, respectively. After the plants are built and put into operation, they are expected to reduce the emissions of volatile organic compounds (VOCs) by more than 3,000 metric tons per year. At the same time, the air emissions treatment facilities can recover waste heat from high-temperature exhaust gas, further enhancing the environmental benefits and economic benefits.



4

Wastewater is defined as wastewater discharged to the water body or municipal sewer system from the plants and farms after being collected or treated by an in-plant wastewater treatment plant. Wastewater in the US and Europe also includes the wastewater for internal and external irrigation after being treated.



CHAPTER 4 • FOCUSING ON ENVIRONMENT

Air Pollutant ⁵	2017	2018	Changes	Unit
Sulfur dioxide (China)	134.23	59.26	-56%	Metric ton
Nitrogen oxides (China)	236.36	175.23	-26%	Metric ton



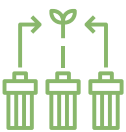
Compared with 2017, sulfur dioxide (SO₂) and nitrogen oxides (NO_x) were reduced by 56% and 26%, respectively. It is attributed to coal being replaced by natural gas and ultra-low emissions coal at several plants in China during the year, which effectively reduced the emissions of SO₂ and NO_x. Emissions details for operations in the United States and Europe can be viewed on the Smithfield website at smithfieldfoods.com.

Solid Waste

We strictly abide by waste management laws and regulations such as the *Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution* and the *Solid Waste Disposal Act*, and carry out classified and compliant treatment of non-hazardous wastes and hazardous wastes. We also adhere to the 3R principle⁶ and explore appropriate ways to reduce the generation and landfill of solid waste.

In China, we develop and carry out the recycling of non-hazardous wastes plan according to the *Code for the Management of Solid Wastes*. Waste cartons, scrap metal, waste plastics and other non-hazardous solid wastes are recycled and reused by qualified third parties. At the same time, we accelerate the utilization of manure resources and use the cinders generated by coal-fired boilers as building materials. While striving to reduce the generation of hazardous waste, we strictly and prudently manage hazardous wastes to ensure that they are properly managed at all stages from production, collection, storage, and to transfer to a qualified third party.

In the United States, we first proposed a target of achieving zero-waste-to-landfill at select facilities in 2010. Since then, normalized solid waste to landfill has been reduced by half, and nearly one-quarter of plants and distribution centers in the United States have obtained zero-waste-to-landfill certification⁷. In addition to the existing achievements, we have proposed an even more ambitious solid waste reduction plan in 2018. By 2025 we aim to reduce solid waste generation by 75%, achieve zero-waste-to-landfill certification at 75% of United States facilities. To achieve this goal, we actively establish partnerships with third parties to carry out solid waste recycling projects and encourage all facilities to pursue zero-waste-to-landfill certification. These efforts should reduce disposal costs, creating new recycling revenues while reducing carbon emissions and ecological impacts.



Case Study: Waste Reduction Project Gains Recognition

The team at our Orange City, Iowa facility began sending rendering material to a local biofuel producer, which now utilizes the material to make energy. By finding an alternative use for the waste product, the facility reduced the waste it sends to landfill by 250 metric tons each year while saving nearly \$87,000 in disposal costs.

5 The data does not include air pollutant emissions from the logistics business.
 6 3R principle: the principle of Reducing, Reusing, Recycling
 7 For more Smithfield solid waste reduction programs, see the Smithfield official website

CHAPTER 4 • FOCUSING ON ENVIRONMENT

Through our efforts, we are continuously reducing the proportion of discarded waste by recycling of non-hazardous waste.

Recycled non-hazardous waste	2017	2018	Unit
Gross	263,192	293,608	Metric ton
Scrap metal	8,262	9,370	Metric ton
Waste plastic	5,625	3,652	Metric ton
Waste paper	36,090	39,823	Metric ton
Coal cinder	10,929	6,633	Metric ton
Hog manure, sludge and other organic matter ⁸	202,286	234,130	Metric ton
<hr/>			
Discarded non-hazardous waste			
Gross	73,693	78,987	Metric ton
Non-hazardous waste disposal intensity	8.2	7.8	Kg/metric ton of products produced
<hr/>			
Hazardous waste ⁹			
Gross	236	3,444	Metric ton
Hazardous waste generation intensity	0.026	0.341 ¹⁰	Kg/metric ton of products produced

RESOURCE MANAGEMENT

Water

Freshwater resources are not only a necessary resource for human survival but also a key resource for social and economic development. For protein companies, freshwater resources are closely related to upstream feed supply, livestock feeding, and daily business operations. Protein companies around the world, including WH Group, are at risk of freshwater resource shortage due to the effects of excessive use of water and water pollution.

WH Group deeply understands the importance of water resources for the sustainable development of enterprises, abiding by water resources laws and regulations such as the *Water Law of the People's Republic of China* and the *Clean Water Act*, and rationally planning the use of water resources. We continue to implement water conservation and recycling techniques and continuously implement water use efficiency measures to better cope with the shortage of freshwater resources.



⁸ Treatment methods include composting and turning waste into energy.

⁹ Hazardous waste in China refers to the wastes listed in the National Hazardous Wastes List; the Hazardous waste and Universal waste by the United States for the National Environmental Protection Agency; the dangerous waste by National Waste Management Plan Waste in Poland in 2010; hazardous waste referred to in the Consolidated European Waste Catalogue in Romania.

¹⁰ It increases due to enhanced accounting practices during the year that has helped the data be more accurate.

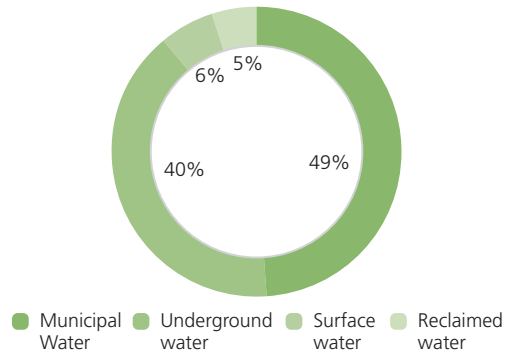


CHAPTER 4 • FOCUSING ON ENVIRONMENT



In China, we set water consumption targets based on the planned output of each plant, strengthening target assessments as necessary, add energy-saving water pumps and steam traps, all of which help increase the reclaimed water¹¹ through steam condensate recovery. During the reporting period, our facilities in China recycled a total of 3.32 million cubic meters of water resources. In the United States and Europe, we set a goal of reducing water consumption by 10% by 2020 compared with 2014. We have been continuously reducing water use by upgrading plant equipment, optimizing production processes, and increasing water recycling.

Source of Water Consumption



Water consumption	2017	2018	Unit
Gross (excludes reclaimed water)	66.54	73.06	Million cubic meters
Water resource consumption intensity	7.42	7.23	Cubic meters/metric ton of products produced



Case Study: United States Plants Collaborate to Reduce Water Use

Through discussions with engineering, environmental specialists, vendors and equipment suppliers, our processing facility in Smithfield, Virginia has initiated various innovative projects such as locating and repairing dripping hoses, adjusting water flow to hot water tanks, installing new water meters and rerouting pipes in select portions of the plant, which are expected to reduce roughly 4.54 million cubic meters of fresh water and reduce wastewater discharge by the same amount, saving more than \$800,000 each year in utility costs.

Our facility in Dennison, Iowa reuses water for the cooling of hog carcass rails three times. It reduced annual water use by more than 18,900 cubic meters of water per year without affecting production, saving \$35,190 in water bills.

11 Reclaimed water: also known as recycled water, the non-drinking water used in a certain range after be purified and treated from the wastewater to reach the national standard

CHAPTER 4 • FOCUSING ON ENVIRONMENT

Packaging Material

Packaging materials are an integral part of our products. Strengthening the management of packaging materials and continuing to implement sustainable packaging practices is also one of the measures taken by the Group to reduce the negative impact of the environment.

We recycle packaging materials for transportation or storage purposes that meet re-use standards, and collect them through qualified third parties, such as non-reusable paper containers. At the same time, we are also actively reducing the use of packaging materials by optimizing product-packaging materials, packaging design, and packaging methods.



Case Study: Reduce packaging material usage by optimizing packaging

In 2018, we changed the packaging of inks and solvents from small-sized packaging to large-size packaging to reduce waste packaging in China. Using container cans for large amounts of sugar instead of small-capacity sugar cans reduces our annual packaging usage by about 20,000 sugar buckets.

Packaging material consumption	2017	2018	Unit
Gross	430,085	414,960	Metric ton
Packaging material consumption intensity	48	41	Kg/metric ton of products produced

TACKLING OUR CARBON FOOTPRINT

As a protein company, WH Group emits greenhouse gas emissions through processes such as agricultural production, meat processing, and product distribution. We recognized the importance of reducing greenhouse gas emissions across our supply chain. We actively carry out low-carbon transformation and strive to mitigate the impact of greenhouse gas emissions on the environment and society.

Reducing Energy Consumption and Greenhouse Gas Emissions

The Group's energy consumption comes mainly from electricity, steam, and natural gas. We strictly abide by energy-related laws and regulations such as the *Energy Conservation Law of the People's Republic of China and the Energy Policy and Conservation Act of 1975*. To do so we focus on reducing energy consumption and greenhouse gas emissions by optimizing energy structure, management methods, and upgrading our equipment and technology. Smithfield is committed to a 25%¹² reduction in absolute greenhouse gas emissions across our supply chain by 2025 which will reduce greenhouse gas emissions by more than four million metric tons. That's equivalent to removing 900,000 vehicles from the road.



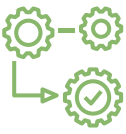
12 The base year of Smithfield's emissions reduction target is 2010, covering the Scope 1, Scope 2 and Scope 3 greenhouse gas emissions generated by Smithfield itself and the value chain.



CHAPTER 4 • FOCUSING ON ENVIRONMENT

**Energy structure optimization**

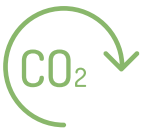
In China, we actively responded to the national Coal to Gas Conversion policy and lowered greenhouse gas emissions by using natural gas and steam instead of raw coal. We reduced the use of raw coal during the reporting period by more than half compared to five years ago. We are also actively pursuing the use of renewable energy in the US and Europe.

**Management optimization**

In China, we have established management systems and standards such as Energy Technology Standards, Energy Management Regulations and Energy Assessment Programs, to strengthen our energy consumption target management, to set energy use targets according to the planned output of each plant, to conduct assessments to ensure reasonable and scientific energy use. In the United States, we have improved the efficiency of freight transportation through the restructuring of the logistics network to reduce greenhouse gas emissions.

**Equipment optimization and technology improvement**

In China, we replaced ordinary lamps with LED energy-saving lamps, and continued to replace ordinary motors with energy-saving motors to investigate high-energy-consuming equipment in plants and to speed up the phasing out of equipment with low efficiency and high energy consumption. In the United States and Europe, we are optimizing equipment (such as upgrading to LED lighting) and modernizing buildings and facilities to drive our 2025 emissions reduction targets.

**Case Study: Energy Saving and Emissions Reduction through Equipment Optimization**

Staff at the Kinston, North Carolina facility noticed that the refrigerated trailers were running at lower temperatures for longer periods of time than necessary at their default settings. By adjusting the program that controls the trailer's temperature, the team reduced trailer fuel usage by 49% without impacting food safety. This equates to an annual reduction in greenhouse gas emissions of 2,722 metric tons of CO_{2e}, reducing annual fuel costs by \$140,000.

Energy consumption	2017	2018	Unit
Direct energy consumption ¹³	5,432	5,851	Million kWh
Direct energy consumption intensity	605.6	579.3	kWh/metric ton of products produced
Indirect energy consumption ¹⁴	3,587	3,808	Million kWh
Indirect energy consumption intensity	399.9	377.0	kWh/metric ton of products produced
Total energy consumption	9,019	9,659	Million kWh
Total energy consumption intensity	1,005.5	956.3	kWh/metric ton of products produced
<hr/>			
GHG emissions ¹⁵			
GHG emissions	2,440,202	2,632,607	Metric tons of carbon dioxide equivalent
GHG emissions intensity	0.27	0.26	Metric tons of carbon dioxide equivalent/metric tons of products produced

¹³ Direct energy mainly includes coal, gasoline, diesel, natural gas, propane, biogas used in our operations

¹⁴ Indirect energy mainly includes purchased electricity and purchased steam

¹⁵ GHG emissions includes scope 1 and scope 2 GHG emissions but exclude GHG emissions from hog production of Smithfield

CHAPTER 4 • FOCUSING ON ENVIRONMENT

Renewable Energy Use

WH Group believes that the development and use of renewable energy is an effective way to reduce carbon emissions from fossil fuel consumption. In the industry, we use the hog manure from hog farms to generate clean energy. In China, we built a biogas power plant that generated 8,183 MWh of electricity in 2018. That's equivalent to a reduction of 5,078 metric tons of carbon dioxide equivalent greenhouse gas emissions. At the same time, we also utilized 4,463 metric tons of waste heat steam. That's equivalent to a reduction of 1,701 metric tons of carbon dioxide equivalent greenhouse gas emissions. In the United States, in addition to using hog manure-converted energy, we also actively try to develop and use wind and solar energy.



Case Study: Reducing GHG Emissions by Biogas Power Generation

In China, in order to save costs, implement sustainable development policies, and ensure the maximum use of resources, we built an Ike Biogas Power Generation Company with an annual generating capacity of 12,600 MWh and an annual output of 8,000 metric tons of steam in Shuanghui First Industrial Park. In addition, in the Ye County Animal Husbandry, which has a production of 200,000 commercial hogs per year, we built biogas boiler and biogas power plants with the design concept of converting the manure and waste into resources. Together they produce 750,000 cubic meters of biogas and 500 megawatts (MW) per year, which can effectively reduce greenhouse gas emissions and improve energy efficiency.



Case Study: Expanding the Scale of Production of Manure-Converted Energy

Methane emissions from hog manure account for approximately 40%-45% of Smithfield's carbon footprint, and it also has huge potential for clean energy production. In October 2018, Smithfield announced its intent to convert hog manure into renewable natural gas (RNG) at 90% of Smithfield's hog finishing spaces in North Carolina, Utah, and Virginia, and nearly all of Smithfield's hog finishing spaces in Missouri over the next decade. They will do so by converting existing anaerobic treatment lagoons to covered digesters or building new covered digesters to capture biogas, which will be transported to central processing facilities to be converted into RNG.

After the completion of the Smithfield RNG project, it will not only provide clean electricity to tens of thousands of families but also bring new financial opportunities to farmers. It will also help Smithfield achieve the goal of reducing greenhouse gas emissions by 25% by 2025.



Case Study: Using Wind and Solar Energy to Generate Clean Electricity

Smithfield is actively working with renewable energy companies by using unused farmland to generate wind and solar energy to offset the use of fossil fuels. In Milford, Utah, nearly 40% of a 305 (MW) wind farm sits on our property, generating 135 MW of electricity for 68,625 area homes. The site also includes a 3-MW solar farm capable of providing electricity to roughly 500 households.

Reducing Our Supply Chain Carbon Footprint

While reducing its carbon footprint, WH Group also actively helps suppliers and organizations reduce carbon emissions and minimize the supply chain carbon footprint. In the United States, Smithfield teamed up with Environmental Defense Fund (EDF)¹⁶. Through the Smithfield Agronomics program, we provide farmers with free agronomy advice and tools to help farmers choose more suitable crops and more effective fertilizer strategies which can optimize fertilizer use, improve fertilizer utility and soil health as well as reduce greenhouse gas emissions.



16 Environmental Defense Fund (EDF) is a well-known nonprofit environmental protection organization in the United States. Its fields include climate and energy, human health, ecological protection, and the ocean.



CHAPTER 4 • FOCUSING ON ENVIRONMENT



Case Study: Sharing Advanced Agricultural Technology with Farmers

In the southeastern and midwestern United States, Smithfield agronomists host regular meetings with grain growers to share advanced efficiency techniques to make their operations more efficient. Smithfield also assisted farmers in contacting software companies to better assist them in surface water runoff management, as well as assisting them in obtaining information about applying pesticides and herbicides more precisely in the pursuit of "precision agriculture".



Ecological Preservation

WH Group clearly recognizes that the ecological environment has limited carrying capacity and actively seeks to make efficient use of land resources and create value while also reducing the impact on the environment. We don't just focus on ourselves. We are committed to improving the efficiency of pig breeding and reducing the ecological impact of our entire supply chain.



Case Study: Supporting Development of Sustainable Fertilizer

In the United States, we have accelerated our efforts to find innovative ways to address our carbon footprint. Our new strategic partnership with Anuvia™ Plant Nutrients represents another innovative approach to support these efforts. Organic matter in hog manure collected at Smithfield's company-owned and contract farms in North Carolina will be used to create a commercial-grade fertilizer (SymTRX™) that achieves better crop yields compared to regular fertilizer. Research conducted by Anuvia shows that SymTRX improves yields for corn, cotton, rice, and sugar beets when compared with ammonium sulfate fertilizers. Smithfield is partnering with the North Carolina Department of Agriculture to conduct independent trials, funded by Anuvia, aimed at verifying that similar results can be achieved with wheat crops. The partnership also provides an opportunity to share best practices about efficient application of nitrogen fertilizer with farmers that supply wheat to Smithfield. Farmers participating in Smithfield's wheat program also receive a rebate from Anuvia on purchases of SymTRX, helping to boost the farms' operating profits.

CHAPTER 5 • CARING FOR EMPLOYEES

Any value created by WH Group is closely related to its employees who are vital to the company. We are committed to being a people-oriented company, striving to create a safer, more reliable and comfortable working environment, and working to improve employee's human rights and freedoms, creating a harmonious, prosperous working atmosphere. By providing a rich and diverse self-development plan, WH Group hopes that employees can grow and develop together with WH Group while giving full play to the potential of all.

- ☆☆ The Group has a total of approximately **110,000** employees
- ☆☆ The number of work-related injuries per 200,000 working hours was **1.52**, a **14.8%** reduction from last year
- ☆☆ All employees are evaluated on an annual basis under our comprehensive assessment system
- ☆☆ Shuanghui has setup a Shuanghui Business School to enhance university and company cooperation

VALUE-BASED EMPLOYMENT

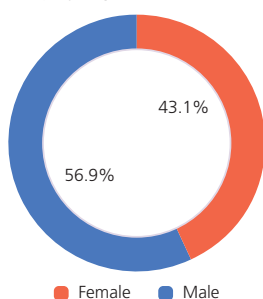
WH Group believes that the key to fully respecting and developing employee value is to meet employees' needs for health, safety, happiness and development. The only way to maximize the value and potential of employees is values-based employment. Adhering to the pursuit of realizing employee value, the Group has continuously standardized and promoted our employment system based on the laws and regulations of each operation site, as well as providing employees with an equal, diversified, and compliant working environment to ensure employees' legal rights and interests. We abide by the relevant laws of the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Fair Labor Standards Act*. We treat each employee with respect and fairness.

Employee Diversity

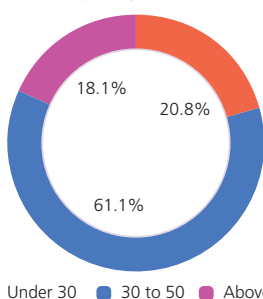
We strive to promote the diversity of our employees. At WH Group, our employees are never treated differently because of characteristics such as gender, age, race, ethnicity, illness, marital status, family status, or religious beliefs, etc. We appoint people by adhering to the principle of hiring people based on their talents and identifying the unique needs of a project then staffing that project after carefully examining the skills and background of an employee and applicant. By the end of 2018, the Group had approximately 110,000 employees. The specific employee distribution is as follows:



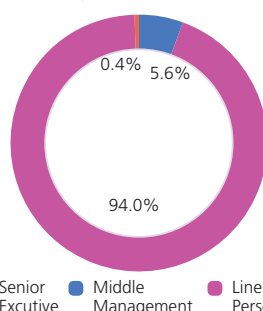
Employee gender distribution



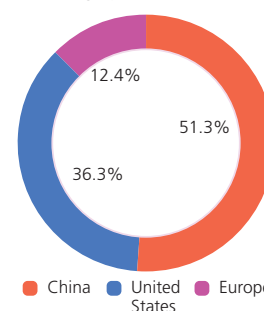
Employee age distribution



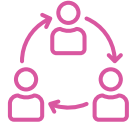
Employee level distribution



Geographic distribution



CHAPTER 5 • CARING FOR EMPLOYEES



Labor Rights

At WH Group, we are determined to promote a code of conduct for legal employment and respect human rights. This is not only the self-requirement that the Company has always adhered to but also one of the aspects that consumers and society are increasingly hoping for. Effectively managing these issues will help WH Group maintain its position as the world's leading meat processing company and continue to gain the trust and confidence of its stakeholders.

Respecting human rights is an issue involving many stakeholders in the supply chain. The protein production industry in which WH Group is working on faces challenges such as human rights violations, labor exploitation, and forced labor. During the year, we actively promoted the improvement of human rights within our own company and supply chain systems to identify, prevent, and mitigate practices that impinge upon human rights. We use the *United Nations (UN) Guiding Principles on Business and Human Rights*, the *Universal Declaration of Human Rights (UDHR)* and our corporate risk management system as the important basis to guide us in our work.

We strictly prohibit the use of child labor and forced labor in any form and maintain zero tolerance against any form of child labor.

Smithfield recognizes and respects employees' rights and their freedom to choose whether or not to join third-party organizations or to associate freely and bargain collectively. The company has specifically formulated the Smithfield *Human Rights Policy* which clarifies employees' rights in equal opportunities, health, environment and safety, harassment and violence, employees' rights and other key topics to ensure the fair treatment of employees. We encourage workers to make a toll-free hotline call to report any violations. Smithfield also communicates this *Human Rights Policy* with all major suppliers and expects them to comply with it.

Shuanghui strictly abides by the State Council's *Prohibition of the use of child labor* provisions, in the *Employee Recruitment and Transfer Management Regulations*, we clearly stipulate that the recruitment of employees under the age of 16 is strictly prohibited. Any employee can give feedback and report on forced labor or employment of child labor in violation of laws and regulations through the audit center and inspection center hotline, manufacturing employee symposium, or human resources hotline.



Remuneration Management

At WH Group, the Remuneration Committee under the board of directors is responsible for making decisions on the remuneration policy of senior management. We adhere to the principle of salary distribution according to work performance. We continuously optimize the salary and welfare structure of our employees. Good salary and welfare management not only encourages the enthusiasm of our employees, it also helps our employees gain a sense of belonging and share our business achievements.

WH Group is committed to providing a fair, rewarding work environment to our people.

In China, Shuanghui has formulated the *Remuneration and Welfare Program, Performance Evaluation and Bonus Assessment Measures*, which has helped standardize the management of income distribution. Employees enjoy various types of legal wages and insurance benefits, along with year-end benefits.

In the United States and Europe, Smithfield has developed comprehensive benefits programs for employees including pensions, life insurance, vision and dental care, and awards for outstanding employees which are based on our guiding principles: Responsibility, Operational Excellence, and Innovation.

CHAPTER 5 • CARING FOR EMPLOYEES

PERSONNEL TRAINING

In 2018, WH Group continued to promote employee development programs including core talent development and adhered to the principle of developing its operational excellence. We hope to provide equal and clear development guidelines for all employees through a diverse development channel and a vertical promotion system. We also provide employees with adequate training support to help them build their own values and goals and ultimately improve their own lives while supporting the Group.

Training and development is an important tool in improving the skills and value of our employees. It is a focused area of investment at WH Group, we are committed to offer high-quality training tailored for different geographies and people. Through high-quality and capacity training programs, we aim at enhancing our human capital. We support our employees to choose their own career path and help them become competent technicians or leaders. We have offered a variety of promotion channels internally, and employees can choose according to their own wishes and ability levels. We evaluate all employees fairly on an annual basis under our reasonable evaluation system.

WH Group has always strived to be a high-performance organization. Our employee training programs combined with the Company's core values and operational concepts translate the results of the training into higher performance in business operations. Excellent skills and leadership training models help attract and retain our employees and make us one of the industry's leaders.



Case Study: New Leadership Assessment Supports Talent Development

In 2018, Smithfield carried out a Leadership Skills Assessment to identify key competencies for our supervisor positions. The feedback received from more than 600 employees will help us more effectively target the development of future training programs. In addition, every employee in the supply chain department participated in training and a skills assessment in 2018 to drive employee development and advancement, in line with our guiding principle of Operational Excellence.



Case Study: Improve the "Regulations for the Promotion of Employees" to provide training in early stage

In 2018, Shuanghui further revised the 'Regulations for the Promotion of Employees', improved the evaluation criteria, clarified the duties for the promotion of the person in charge, and presented higher requirements for the professionalization of the management team. Shuanghui strictly manages the hiring mechanism for mid- management, strictly controls the qualifications, integrity, and performance of the candidates, and ensures that they meet the qualification requirements for recruitment.

Shuanghui constantly innovates their training mechanism which is a "three-tier training system" and expands and strengthens their talent channel through providing training in early stage. We collaborated with a number of schools to create themed-based classes that will help our employees adapt to our culture and master their professional skills. In 2018, the total number of training hours for Shuanghui employees was 3.61 million, and the total number of trainees was 0.67 million. The average number of training hours per person was 63.



CHAPTER 5 • CARING FOR EMPLOYEES



HEALTH AND SAFETY

Being a food company, our people work in close proximity to animals and machines in our plants and production lines. This results in certain risks to health and safety. In response, the Group abides by the *Safety Production Law of the People's Republic of China*, the *Regulations on Industrial Injury Insurance of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the relevant provisions of the *United States Occupational Safety & Health Act*. We actively promote occupational safety and health practices and address the concerns of our stakeholders.

We strictly comply with relevant laws and regulations regarding occupational health and safety in the regions where we operate, and we protect the occupational health and safety of our employees in three ways:



Establishment of management system

Shuanghui has established the Safety Management Committee, coordinated and managed its safety management system and improved policies and principles on safety management. Moreover, it has established warning systems related to occupational diseases, and educational programs on the prevention and treatment of occupational diseases.

In the United States and Europe, we continued to implement the SIPS (Smithfield Injury Prevention System), which enhances our ability to prevent accidents and injuries.



Assurance of training and equipment

We conducted regular safety training and emergency exercises.

We are equipped with personal protective equipment at our facilities. In 2018 we invested \$1,335,500 in personal protective equipment for employees in China.

For Smithfield's United States locations, safety engagement was 45%, exceeding our target of 35%, while its European locations also exceeded their 2018 safety engagement target of 30%. In 2018, we implemented a new series of eight training modules for inclusion in the orientation of new safety supervisors.



Cultural development

We attach great importance to the development of corporate safety culture. Through cultural and artistic performances, knowledge contests, speech contests, and employee panel discussions on safety, Shuanghui endeavors to raise our employees' awareness of safety practices and to incorporate these practices into our corporate culture.

At Smithfield, the health and safety of our employees is a core value. While there will always be room for improvement, we have seen dramatic reductions in worker safety incidents in recent years and, in the United States, have consistently out-performed our industry peers. Our consistent performance improvements over time illustrate our ongoing efforts to ensure our safety management programs encompass best practices, including prioritizing the implementation of a strong safety culture at Smithfield.

During the reporting period, the labor injury rate¹⁷ per 200,000 working hours of WH Group was 1.52, a decrease of 14.8% from the previous year.



Case Study: Awarded a Healthy Workplace Wellness Certification

In 2018, Smithfield's operations in Kansas City, Missouri, earned a Silver-level Healthy KC Workplace Wellness certification for the second year in a row. The certification was awarded by the Greater Kansas City Chamber of Commerce to recognize the innovation and excellence of local organizations in promoting a culture of health in the workplace.

17

The incident rate is calculated with reference to United States Occupational Safety and Health Administration's (OSHA) approach in deriving recordable incident rates. The formula being: the number of work-related injury incidents at work ÷ total working hours × 200,000.

CHAPTER 5 • CARING FOR EMPLOYEES

**Case Study: Safety Awareness Training**

Shuanghui strengthens personnel safety awareness through training, drills and publicizing its “Safety Month”, and even the filming of a special safety education micro-film titled “New Journey Toward Safety”. Shuanghui strives to change the concept of employee safety from “Required to be safe” to “I want to be safe, and I will be safe”. As of December 31, 2018, the safety training rate of Shuanghui new employees, special personnel, principal responsible persons, and safety management personnel was 100%.

**Case Study: Shuanghui Safety Month Art Show**

Shuanghui carried out various activities for “Safety Month”. In June 2018, we planned and organized the “Safe Month Art Performance”. Moreover, it held the “Top Ten Security Guards” campaign to commend the individuals with outstanding achievements in safety and creating the culture of safety.

CARING FOR EMPLOYEES

In addition to providing employees with superior remuneration packages, clear promotion paths, and comprehensive safety guarantees, WH Group also provides a strong culture that supports employees’ well-being.

The Group mobilizes the participation of employees through activities and awards which demonstrates our recognition of our employees. Shuanghui entered into the *Regulations on Labor Protection of Female Workers* and *Exclusively Collective Contract for Female Employees* to safeguard the statutory rights and special interests of female employees. We offer specific programs to support leadership development for female employees. Smithfield maintains “Women’s Connect,” a Business Resource Group (BRG) that organizes lectures, panels, networking events, and other enrichment opportunities that help support its four “core competencies”: Leading Business, Leading Culture, Leading People, and Leading Self. In 2018, Women’s Connect held speaking events, featuring executives from Smithfield and outside companies, that touched on the themes of leadership and change management. In addition, Smithfield established in early 2019 the Black Professional Network, a group committed to helping Smithfield achieve its mission and vision by attracting, retaining, developing, and promoting Black and African American leaders.

**Case Study: Recognizing Responsibility, Operational Excellence and Innovation (ROI)**

In 2018, Smithfield continue to focus on its employee recognition program that centered on the three guiding principles of Responsibility, Operational Excellence, and Innovation (ROI) to recognize employees who have made outstanding contributions to the Company. The ROI Awards are designed to inspire and encourage individuals and teams to strive for excellence and to build a better, more sustainable future for the Company and communities. Employees at all levels of the Company are eligible to apply or be nominated, and the winners receive a \$5,000 award.



CHAPTER 5 • CARING FOR EMPLOYEES

**Communication**

Shuanghui communicates with employees through various channels to improve employee satisfaction. We offer access to telephone, email, WeChat public account, and other information feedback channels to listen to employees' opinions at any time. Through regular staff meetings organized by the Human Resources Department, we also actively listen to our employees' ideas, and give feedback to our employees, and help them solve difficulties they may have. A publicity column is set up in each workshop to communicate important company information. Employees can give feedback on public information through SMS, website messages, and WeChat public accounts.

Smithfield is committed to meeting the needs of employees at all levels from recruitment to retirement. This includes communicating with employees through management safety committees and other means and taking steps to assess and improve employee satisfaction. Business Resource Groups (BRGs) are an effective way for Smithfield to interact with employees and promotes communication by establishing new professional and personal relationships between employees at all levels in all departments.

**Case Study: China Township Torch Carnival**

The Torch Festival, which is held on the 24th day of the 6th month of the lunar calendar, is an important festival for the Yi people. Shuanghui organized local employees to participate in and enjoy the festival.

CHAPTER 6 • CARING FOR ANIMALS

As one of the world's largest producers of meat products, WH Group is committed to practicing and leading animal-welfare initiatives. We believe in assuring the dignity, health, safety, and comfort of animals should be assured during the rearing and harvesting processes. Our animal care performance can influence our reputation and the relationships we have with customers and consumers. It can also influence production levels: Healthy animals produce higher quality meat, are more resistant to disease and gain weight faster.

We follow the World Animal Health Organization (OIE) animal welfare standards, United States USDA Process Verified Program (PVP) certification program, the National Pork Board's (NPB) Pork Quality Assurance Plus (or PQA Plus), the NPB's Transport Quality Assurance, and the EU animal welfare quality assessment system requirements. In addition, a third-party company performs annual audits at all our fresh meat processing plants based on North American Meat Institute (NAMI) guidelines.

In 2018, WH Group continued to use the World Animal Health Organization (OIE) Animal Welfare Standard, USDA Process Verified Program (PVP) certification program, the National Pork Board's (NPB) Pork Quality Assurance Plus (or PQA Plus), the Transport Quality Assurance of the National Pork Board, the EU animal welfare quality assessment system, and other internationally sound animal welfare requirements. In addition, a third-party company performs annual audits at all our fresh meat processing plants based on North American Meat Institute (NAMI) guidelines.

The Group adheres to relevant policies and procedures in key areas such as breeding, transportation, and harvesting to ensure that animals are treated properly and humanely. We pay full attention to the physical and environmental welfare of our animals. We respect animal dignity and actively share our best practices with suppliers and customers. All employees of the Group who are responsible for animal-related processes have undergone systematic animal welfare training, and the requirements for animal welfare have been added to the Company's operation manuals. With extensive operational experience and in-depth exploration and verification, WH Group is striving to show its best practices in animal welfare to the industry.

ANIMAL CARE

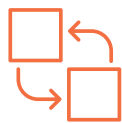
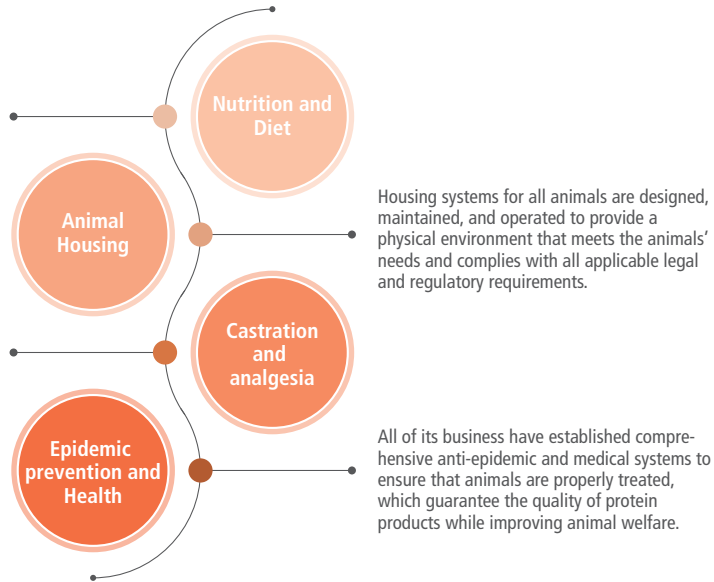
When rearing animals, we consistently protect their welfare in the following aspects: food and nutrition, growing environment, pain reduction, and animal health. Hog production is concentrated in the United States, and all farms meet 100% compliance requirements for PQA Plus.



CHAPTER 6 • CARING FOR ANIMALS

Our animal care experts routinely study ways to improve the efficiency of our animal feed. Precise formulas of corn, soybean meal, wheat, and minerals and vitamins, when fed in the proper amount at the right time, allow our animals to grow and gain lean muscle while retaining more nutrients.

Smithfield has engaged a committee of scientists and industry experts to develop a protocol to determine pain levels in piglets using biometric measurements.



TRANSPORTATION AND ANIMAL CARE

Transportation of animals from farms to processing plants is an important element of our animal care program. To assure proper care and respect for animals, we have established strict standards in transportation time, driving methods, vehicle facilities, and speed requirements. We have signed detailed contracts with carriers that stipulate our animal welfare-related requirements.

We insist that all hogs are alive when they are transported to the plant, and the harvesting process must be carried out at our own plants. In line with animal-care and humanitarian principles, we require all hogs admitted to our facilities be given a brief respite in a resting pigpen to get sufficient water and rest. We return hogs of an unsuitable weight. We mainly use two harvesting methods of carbon dioxide stun or three-point shock stun, both of which can significantly reduce the animal's pain.



IMPROVEMENT AND MEDICAL CARE

As the world's largest pork company, WH Group has been continuously improving animal research and development to further enhance consumer satisfaction and reduce costs. Similarly, we apply antibiotics during the feeding process to treat and prevent swine diseases and promote hog growth. Excessive use of antibiotics may pose a problem in increasing bacterial resistance, so we have policies and measures to manage the use of antibiotics.

During the reporting period, African Swine Fever broke out in China and some European areas, and the Group actively responded by immediately establishing an effective epidemic prevention and control mechanism. In China, we have developed a series of systems such as the African Swine Fever Epidemic Prevention and Control Program, which provides guidance to improve the epidemic prevention and control ability of our own operation and suppliers, and form effective epidemic prevention and management mechanism of enterprises. In Europe, we strictly enforce mandatory biosecurity controls imposed by local governments to reduce the possibility of epidemic outbreaks on farms. During the reporting period, no outbreaks of African Swine Fever occurred in any of our farms in Europe and the virus is not present in the United States. In the United States where we always implement the highest standards of biosecurity control, we work closely with the United States Department of Agriculture (USDA) and others to monitor the spread of the virus, assess risks and share information.

CHAPTER 6 • CARING FOR ANIMALS



Case Study: A Comprehensive Risk Identification was Conducted, Prevention and Control Measures Were Established According to The Epidemic Situation

In 2018, the African Swine Fever affected Asia, Europe and many other regions. WH Group attaches great importance to epidemic situations and has taken epidemic prevention and control measures, including risk identification, risk response and risk attribution. In China, we have identified 13 important epidemic risks, including feed processing, farm breeding and harvesting, in response to these risks we have formulated 18 prevention and control measures, including vehicle management, personnel management, regional procurement, etc to perform comprehensive monitoring and inspection over hog's procurement, harvesting and production processes. Subsidiary companies in the United States and Europe have focused on identifying the risks of contamination risks from procurement sources and infection in people and animals on farms and plants, and have adopted strict quarantine measures to ensure the quality and safety of product production under special circumstances.

Gene Editing

It's important to note that Smithfield's robust genetic program does not currently include gene editing. We do not add or manipulate genes. Rather, we employ the science of genomics, which includes calculating thousands of genetic data points to accurately predict characteristics for the next generations of hogs. The science involved in gene editing is still evolving. The Company's focus remains on the development and improvement of its products through careful selective breeding and genetic research. Smithfield will continue to monitor and study scientific research on gene-editing technology for potential future opportunities.

Pain Mitigation

Smithfield engaged a committee of scientists and industry experts to develop a protocol to determine pain levels in piglets using biometric measurements. The committee includes representatives from the American Association of Swine Veterinarians (AASV), National Pork Board (NPB), National Pork Producers' Council (NPPC), United States Food and Drug Administration (FDA), university experts from around the world and some members of the pharmaceutical industry. Once an accepted industry protocol for measuring pain to be established by mid-2019, we will then begin scientifically evaluating the effectiveness of existing or new pain mitigation treatments.

On some of our farms, we are using an FDA-approved veterinary prescription product as an alternative to physical castration. Similar to a vaccine, this product uses a pig's own immune system to temporarily protect against off-odors in pork. A similar product has been used successfully by farmers in other countries, including the European Union, for more than a decade. We have found the benefits experienced so far encouraging and will continue to evaluate this option.

Antibiotics

- In China, we have strict rules on the drug withdrawal period, medication and dosage of each type of drugs. In accordance with the developing trends in the breeding industry, we use microbial preparations and increase the use of Chinese herbal medicines annually to gradually replace the use of antibiotics.
- Smithfield's robust animal health management program, overseen by staff veterinarians, unifies its system-wide commitment to animal health. It maintains judicious use of antibiotics to produce healthy animals and a safe food supply. The independent animal suppliers we work with are encouraged to judiciously administer all medications as well. Our veterinarians ensure sound animal care practices and good nutrition, perform preventive health examinations, authorize or prescribe vaccines and antibiotics, and are proactive in assessing potential health threats. Smithfield has invested over \$1.4 million to research alternatives such as improve animal's health or look for alternative hog raising methods to reduce the use of antibiotics.

We are always working on ways to reduce the use of antibiotics while maintaining the health of our animals.



CHAPTER 7 • CARING FOR COMMUNITIES

WH Group believes that running a business is like behaving oneself. Our social conscience demands that we keep a high sense of social responsibility, give back to the society, achieve common progress and ensure sustainable development within our community.

 Volunteer service hours contributed by the Group employees this year: **11,000+** hours

 Total value of donations and funds donated by the Group this year: **\$29** million

We attach great importance to community well-being and are committed to supporting disadvantaged groups by providing care and assistance in the fields of education, poverty alleviation and hunger relief, and disaster relief.

EDUCATION SUPPORT

WH Group believes that investing in education is one of the best ways to support the communities where we live and work. We believe that supporting education for future generations is the foundation for sustainable development of communities and bring valuable long-term improvements to the country and regions we operated in.

Scholarship Support

We pay close attention to the education of our employee's children. In China, we have formulated the *Regulations for the Children of Shuanghui Staff to Be Admitted to University* and started the "Golden Autumn Scholarship" program. We award scholarships to the children of employees who have been accepted by colleges and universities. In 2018, Shuanghui granted total scholarships worth \$422,900 to 1,115 children who were admitted to colleges and universities.

We also seek to create unique and new learning opportunities in communities in the United States and Europe. Smithfield's donations for educational and scholarship programs totaled \$3.3 million in the United States, and \$380,000 in Poland and Romania.

A few donation examples include:

- \$3 million to the Isle of Wight County Schools in southeast Virginia (\$1 million per year for three years), for an innovative and multifaceted educational program known as the Smithfield Foods Legacy Project.
- Over \$790,000 of scholarships for 183 students.
- \$500,000 for a new indoor archery range for the Victory Junction camp, a North Carolina camp providing life-changing experiences for children with chronic medical conditions or serious illnesses.

Vocational Education Support

In China, Shuanghui signed a cooperation agreement with Luohe Vocational College of Food in Henan and Luohe Vocational Technology College in Henan to establish the Shuanghui Business College and Shuanghui College respectively, and successively set up professional skills classes, recruiting nearly 600 students. In the form of corporate-based lecturing, students in vocational schools can quickly improve their professional skills.



CHAPTER 7 • CARING FOR COMMUNITIES



Case Study: Established Shuanghui Business College

In November 2018, Shuanghui and Luohe Vocational College of Food held a signing ceremony for the cooperation of schools and enterprises, representing the official establishment of Shuanghui Business College and the official start of Shuanghui Sales Elite Class. The in-depth cooperation between colleges and Shuanghui will cultivate food industry professionals.

In the United States, we partner with the National FFA Organization (FFA) and 4-H¹⁸ to create a future where agriculture students discover their passion in life and build on insight to chart a course for their education, careers, and personal futures. In 2018, we contributed nearly \$155,000 to the FFA and 4-H programs through cash, matching gifts, and in-kind donations. In addition, our Farmland brand also raised \$100,000 for FFA through a cause marketing campaign.

Environmental Education Support

We believe that environmental education for the next generation is a cornerstone of sustainability. For the fourth year in row, Smithfield provided financial and volunteer support to the Envirothon¹⁹ project of the National Protection Fund (NCF) and donated \$91,000 to NCF-Envirothon in 2018. In addition, Smithfield also made a \$25,000 contribution to the Chesapeake Bay Foundation (CBF)²⁰ to fund its award-winning environmental education program.

Other Education Support

We also focused on a wider range of education areas, such as early childhood education, after-school care, and community school assistance. In 2018, the Smithfield Foundation donated \$50,000 to the Virginia Early Childhood Foundation; Smithfield also donated \$75,000 to the NextUp²¹ program; Smithfield donated \$50,000 for the TeamMates²² program, which the Company also sponsored for the seventh consecutive year.

POVERTY ALLEVIATION AND HUNGER RELIEF

In China, we also continue to actively participate in poverty-alleviation programs in the areas where we operate and promote ability building of poverty-stricken areas. We aim to eliminate poverty through industrial and sustainable development.



Case Study: Poverty Alleviation Through Industrial Development in China

We helped a Village located in Luohe City, Henan Province through building a fruit and vegetable greenhouse that can produce all year round, ensuring that underprivileged people involved in the planting have a sustainable and stable source of income.

- 18 4-H is a non-profit youth organization managed by the USDA's Agricultural Cooperative Extension System, founded in 1902. Its mission is to help young people fully develop their potential at their ages. The Four represents a clever mind, a sound mentality, a skillful person, and a healthy body.
- 19 Envirothon is an annual academic challenge that engages 50,000 high school students in solving real-world environmental problems, preparing the next generation for the challenge of environmental protection.
- 20 Chesapeake Bay Foundation's environmental education program includes a field experience for students to enter Chesapeake Bay for environmental protection and a professional learning for teachers to include environmental education into their curriculum.
- 21 NextUp is a free after-school program for middle school students in Richmond, Virginia, which provides young students with a safe, high-quality opportunity to practice and grow through a series of activities after class.
- 22 TeamMates program is a mentoring program in Crete, Nebraska.



CHAPTER 7 • CARING FOR COMMUNITIES



Smithfield always pay attention to the hunger and food insecurity issues in the communities where Smithfield operated and is committed to alleviating hunger and food insecurity issues across the United States. For the last ten years, Smithfield has donated protein to foodbanks across the United States through their Helping Hungry Homes®²³ program. In 2018, Smithfield donated 23.9 million servings of protein to foodbanks and hunger relief organizations in the United States.



Case Study: Food Fight for Hunger Relief

DC Central Kitchen, a community kitchen and job training organization in Washington, D.C., provides culinary training to jobless adults, including the formerly incarcerated. The organization sources food that would otherwise be wasted and turns it into nutritious meals for those in need, all while preparing the unemployed for employment in the foodservice industry.

It's an innovative approach to fighting hunger that Smithfield is proud to support through monetary and product donations. In 2018, Smithfield provided more than 15,000 pounds of protein, prepared by students and distributed to feed the hungry throughout Washington, D.C. We also contributed \$100,000 to sponsor DC Central Kitchen's signature fundraising event, Capital Food Fight.



DISASTER RELIEF

As a company with a strong sense of social responsibility, we need to help affected communities during difficult times, such as when a natural disaster strikes.



Case Study: Helping Flood-stricken Communities Affected by Hurricanes in the United States

In 2018, Hurricane Florence hit North Carolina, causing enormous damage to the community. After the hurricane, Smithfield immediately donated about 480,000 servings of protein to the affected communities. It also provided refrigerated trucks to help provide fresh food during extended power outages in the disaster area.

Disaster recovery is a long process, and has continued to affect the local community. In addition to donating servings of protein to the affected communities, Smithfield also donated \$100,000 to the American Red Cross to support its disaster-relief efforts in the area.

APPENDIX

Major Applicable Laws and Regulations

1	<i>Anti-unfair Competition Law of the People's Republic of China</i>
2	<i>Hughman Antitrust Law</i>
3	<i>Food Safety Law of the People's Republic of China</i>
4	<i>Federal Food, Drug and Cosmetic Act.</i>
5	<i>People's Republic of China Advertising Law</i>
6	<i>The People's Republic of China Consumer Protection Law</i>
7	<i>General Rules for Labeling of Prepackaged Foods GB 7718</i>
8	<i>Water Pollution Control Law of the People's Republic of China"</i>
9	<i>Clean Water Act</i>
10	<i>People's Republic of China Air Pollution Prevention and Control Law</i>
11	<i>Clean Air Act</i>
12	<i>Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution</i>
13	<i>Solid Waste Disposal Act</i>
14	<i>Water Law of the People's Republic of China</i>
15	<i>The People's Republic of China Energy Conservation Law</i>
16	<i>1975 Energy Policy and Conservation Law</i>
17	<i>Environmental Protection Tax Law of the People's Republic of China</i>
18	<i>People's Republic of China Labor Law</i>
19	<i>Labour Contract Law of the People's Republic of China</i>
20	<i>Fair Labor Standards Law</i>
21	<i>The People's Republic of China Safety Production Law</i>
22	<i>Regulations of the People's Republic of China</i>
23	<i>Law of the People's Republic of China</i>
24	<i>Occupational Safety and Health Act</i>



APPENDIX

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs			
Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
A. Environment			
Aspect A1: Emissions			
A1	General Disclosure	Focusing on Environment–Emissions Management	
A1.1	The types of emissions and respective emissions data.	Focusing on Environment–Emissions Management–Wastewater Discharges Focusing on Environment–Emissions Management–Air Emissions	The data on air emissions from Smithfield will be uploaded to its official website.
A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Focusing on Environment–Tackling Our Carbon Footprint	
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Focusing on Environment–Emissions Management–Solid Waste	
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Focusing on Environment–Emissions Management–Solid Waste	
A1.5	Description of measures to mitigate emissions and results achieved.	Focusing on Environment–Emissions Management–Wastewater Discharges Focusing on Environment–Emissions Management–Air Emissions Focusing on Environment–Tackling Our Carbon Footprint	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Focusing on Environment–Emissions Management–Wastewater Discharges	

APPENDIX

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
A. Environment			
Aspect A2: Use of Resources			
A2	General Disclosure	Focusing on Environment–Resource Management Focusing on Environment–Tackling Our Carbon Footprint	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Focusing on Environment–Tackling Our Carbon Footprint –Reducing Energy Consumption and Greenhouse Gas Emissions	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Focusing on Environment–Resource Management –Water	
A2.3	Description of energy use efficiency initiatives and results achieved.	Focusing on Environment–Tackling Our Carbon Footprint –Reducing Energy Consumption and Greenhouse Gas Emissions Focusing on Environment–Tackling Our Carbon Footprint–Renewable Energy Use	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Focusing on Environment–Resource Management–Water	
A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Focusing on Environment–Resource Management–Packaging Materials	



APPENDIX

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs			
Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
A. Environment			
Aspect A3:	The Environment and Natural Resources		
A3	General Disclosure	Focusing on Environment	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Focusing on Environment	
B. Social			
Employment and Labor Practices			
Aspect B1:	Employment		
B1	General Disclosure	Caring for Employees–Value-oriented Employment Caring for Employees–Caring for Employees	
B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Employees–Value-oriented Employment –Employee Diversity	
B1.2	Employee turnover rate by gender, age group and geographical region.		We plan to disclose relative data in the future
Aspect B2:	Health and Safety		
B2	General Disclosure	Caring for Employees–Health and Safety	
B2.1	Number and rate of work-related fatalities.		There were 6 work-related fatalities in WH Group.
B2.2	Lost days due to work injury.		We use internationally accepted occupational injury rate as key performance indicator in occupational safety. The data are available in Caring for Employees – Health and Safety

APPENDIX

ESG Reporting Guide Content Index

Aspects, General			
Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
B. Social			
Aspect B2: Health and Safety			
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Employees–Health and Safety	
Aspect B3: Development and Training			
B3	General Disclosure	Caring for Employees–Personnel Training	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		We plan to disclose relative data in the future.
B3.2	The average training hours completed per employee by gender and employee category.	Caring for Employees–Human Resource Investment	Only the average training hours per employee in China’s business is disclosed.
Aspect B4: Labor Standards			
B4	General Disclosure	Value-oriented Employment–Labor Rights	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Value-oriented Employment–Labor Rights	
B4.2	Description of steps taken to eliminate such practices when discovered.		No violations were found this year.
Operating Practices			
Aspect B5: Supply Chain Management			
B5	General Disclosure	Focusing on High-quality Food–Food Safety–Supply Chain Management	
B5.1	Number of suppliers by geographical region.	Focusing on High-quality Food–Food Safety–Supply Chain Management	We have about 20,000 hog suppliers in China. The number of feed suppliers is 3,470 in China, 474 in the United States, 18 in Europe, 5 in Americas, and 6 in other countries or regions. This data does not include suppliers hired by plants and farms under the name of Smithfield, as well as suppliers employed by Smithfield Europe.
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Focusing on High-quality Food–Food Safety–Supply Chain Management	



APPENDIX

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs			
Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
B. Social			
Aspect B6:	Product Responsibility		
B6	General Disclosure	Focusing on High-quality Food	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Focusing on High-quality Food –Food Safety– Emergency Response	We disclosed the quantity of products recalled instead of a percentage. Please refer to sub-chapter Emergency Response.
B6.2	Number of products and service related complaints received and how they are dealt with.		In 2018, Shuanghui received and handled 14,131 complaints about products and services through the 400 hotline. Smithfield Foods heard from 54,907 consumers in 2018 by phone, email, social media and mailed letters of which 45% were consumer complaints and 55% were general inquiries or praise.
B6.3	Description of practices relating to observing and protecting intellectual property rights.		Intellectual property right is not a major ESG Issues for the Group.
B6.4	Description of quality assurance process and recall procedures.	Focusing on High-quality Food–Food Safety–Emergency Response	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Focusing on High-quality Food–Customer Satisfaction	

APPENDIX

ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Disclosure Paragraph	Remarks
B. Social			
Aspect B7:	Anti- corruption		
B7	General Disclosure	Corporate Governance – Anti Corruption	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance – Anti Corruption	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance – Anti Corruption	
Community			
Aspect B8:	Community Investment		
B8	General Disclosure	Caring for Communities	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Caring for Communities	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Caring for Communities	



