



# Smithfield



# Do You Know Smithfield Foods? Think Again.

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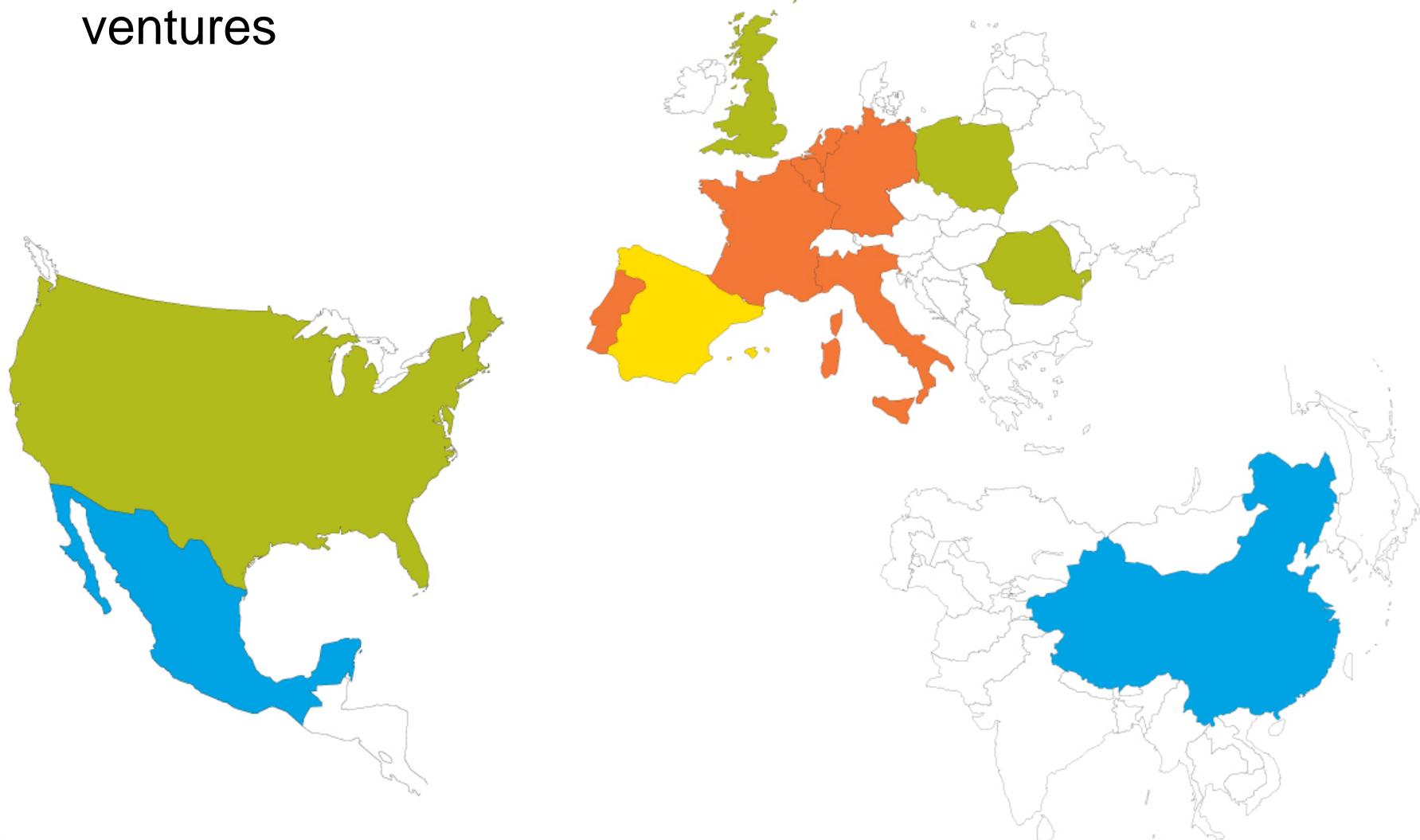
- Smithfield Foods is much more than just pork.
  - International food company with operations in 13 countries through wholly owned subsidiaries and joint ventures
  - Over 53,100 employees globally
  - Pork, beef, turkey, specialty foods
  - Annual sales of \$12 billion
  - [Corporate Social Responsibility Report](#)



# International Food Company

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- In 13 countries through wholly owned subsidiaries and joint ventures



## Corporate Social Responsibility (CSR)

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- Supports aspiration to become the most trusted leader in the livestock production and meat processing industries
- Many facets:
  1. Environment
  2. Animal welfare
  3. Employees
  4. Food safety
  5. Community involvement
- All international subsidiaries expected to comply with the Smithfield Foods Code of Business Conduct



# ENVIRONMENT

**Smithfield**

## Smithfield's Commitment

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- Goal of 100% compliance, 100% of the time
- Dedicated team at corporate and IOC levels
- Environmental policy
- ISO 14001 certification
- Environmental compliance committee
- Database development
- Compliance tracking



## Environmental Stewardship

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- Environmental awards program
- Alternative technologies and other research
- Environmental enhancement grants
- Pollution prevention
- Performance tracking and continuous improvement
- Reduce overall footprint

## Industry Pioneers

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### Environmental Management Systems (EMS)

- ISO 14001 Certified
  - Meets a stringent set of internationally respected environmental management standards
    - International “gold standard”
  - Industry first in hog production and processing
- United States – ISO 14001-certified EMSs throughout all facilities
- Poland – All farms and one processing facility ISO certified

# Environmental Stewardship

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- Sponsor of the national FFA Environmental and Natural Resources Career Development Contest

## World Water Monitoring Day

- 57 waterways in 18 states, Poland and Romania in 2006



## Reducing Greenhouse Gases

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- Joined Chicago Climate Exchange to cut U.S. greenhouse gas emissions by minimum of 6% by 2010
- BioEnergy Task Force
  - Capturing methane at processing plants
  - Pilot project to convert methane to electricity





# ANIMAL WELFARE

**Smithfield**

# Animal Welfare Management Program

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Created to:

- Ensure well-being of animals
- Ensure compliance with legal requirements
- Promote continual improvement
- Provide objective evidence of sound animal management

## Credible and Auditable

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- Widely recognized as the most comprehensive animal welfare management program in our industry, earning recognition from independent experts
- Drs. Stan Curtis, University of Illinois, and Temple Grandin, Colorado State University, involved in the development
- Utilizes Pork Quality Assurance Plus (PQA Plus)
  - Farm assessment protocol tool
  - Verified through random third-party audits

## Credible and Auditable

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- Trucker Quality Assurance program
- Live-haul accident response program
  - Centered on swift and humane action
  - New equipment and training
  - Applauded by emergency response workers and livestock handling experts

***“Nobody has a protocol in place like Murphy-Brown does. Theirs is probably some of the best accident response there is.”***

– Jennifer Woods, Livestock Handling Expert

# Continuous Improvement

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## Group Housing

- Phasing out gestation stalls at company-owned farms over the next 10 years in favor of group housing
- Customer-driven business decision driven by results of three-year study

## CO<sub>2</sub> Stunning

- Expanded implementation of CO<sub>2</sub> stunning at processing facilities
  - Processes animals in groups, rather than single file
  - Viewed by animal experts as less stressful than traditional methods



## Responsible Antibiotics Use

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- Strictly limited and veterinarian-directed
- No routine, as defined by policy, administration of antibiotics used in human medicine to healthy animals
- Consulted with Compass Group and Environmental Defense on Compass Purchasing Policy
- Report pounds purchased per hundred weight sold annually

### FEED-GRADE MEDICATIONS PURCHASED NATIONWIDE

Pounds purchased per CWT



All totals are for fiscal periods ending in October.



# EMPLOYEES

**Smithfield**

## Employees

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- Health and safety goal of 100% compliance, 100% of the time
- EIPMS development and implementation
- Safety culture guidelines
- Auditing
- Annual safety conference
- Safety Excellence Awards
- Partnership efforts
- Performance benchmarks
- Diversity committee

## Employees

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### Human Rights Policy

- Established to help ensure fair treatment throughout the company and all subsidiaries in the areas of:
  - Equal opportunity
  - Health, environment and safety
  - Harassment and violence
  - Employee rights
  - Other key topics



# FOOD SAFETY

**Smithfield**

## Food Safety

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- Mission of ensuring all companies worldwide produce the safest products possible
- New Food Safety Policy, including:
  - Pathogen control
  - Security
  - Training
- Food safety auditing
- Traceability
- Investment in state-of-the-art facilities and technology
- Training

## Food Safety

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### New Processing Plant in Kinston, N.C.

- \$100 million facility
- Most automated ham processing plant in the world
- Armor Inox Thermix™ system
  - Virtually eliminates need to touch products after meat is placed in casings
- Employee RFID tags ensure no cross contamination
- Separate slicing lines, drainage systems and dedicated air-handling units





# COMMUNITY INVOLVEMENT

**Smithfield**

## Inspiring Minds to Strengthen Communities

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- Smithfield Foods' alliance with independent operating companies and local educational partners
- Strengthens individuals and communities through educational opportunities
- Programs in South Dakota, Wisconsin and Iowa
- Further programs to follow across the U.S. and Europe

**learners to  
leaders**<sup>TM</sup>  
a Smithfield Foods initiative

## Focus on Education

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- Smithfield-Luter Foundation
  - Christopher Newport University
  - An Achievable Dream
  - Scholarships for employees' children and grandchildren



## Focus on Hunger Relief

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- Food bank donations across the country—Georgia, Texas, New Mexico, Rhode Island, Kansas, Nebraska, Illinois to name a few
  - Over 1.6 million pounds of meat donated to America's Second Harvest alone in 2006
  - Kids Cafe
- Natural disaster relief efforts





# HOW OTHERS SEE US

**Smithfield**

## How Others See Us

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# RANKINGS

### FTSE4Good

Selected to the International  
Index of Socially  
Responsible Companies

### *Fortune* Magazine

Sixth Straight Year  
as One of America's Most  
Admired Companies

### Innovest Global Food Products Report

## How Others See Us

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# AWARDS & RECOGNITIONS

*National Provisioner*  
2006 Meat Processor of the Year

Governor's Environmental Excellence Awards  
Virginia | Wisconsin | Iowa

EPA's Performance Track Program

2006 Illinois Pork Producer Allied Industry Partnership Award



Illinois Governor's Pollution Prevention Award

2006 Driver of the Year

44 AMI 2006 Environmental Achievement Awards across 19 states

AMI Safety Awards

# Innovest Global Food Products Report

“Smithfield is an above-average performer in the industry based largely on its thorough environmental reporting and ambitious certification attempts.”

## SMITHFIELD ENVIRONMENTAL RANKING

Company	Overall Rank	Environmental Management	Environmental Profit Opportunities	Environmental Risk and Improvement Factors	Industry Specific Risk Factors
Unilever PLC	1	7.7	6.6	7.4	7.7
Cadbury Schweppes PLC	2	7.9	5.9	7.3	7.0
Groupe Danone	3	7.8	6.3	6.9	8.0
<b>Smithfield Foods</b>	<b>7</b>	<b>6.9</b>	<b>5.2</b>	<b>5.9</b>	<b>6.0</b>
Kraft Foods Inc	8	6.4	6.5	6.1	6.7
ConAgra*	21	6.1	5.6	4.9	4.3
Pilgrim's Pride*	34	4.2	4.5	5.2	5.0
Tyson Foods Inc*	35	4.9	5.6	4.2	5.7
Hormel Foods Corp*	37	4.0	3.6	4.8	4.7

\*Smithfield's direct competitors.