



ANIMAL WELFARE 2018 PROGRESS REPORT

Danone is committed to working with farmers and other partners to co-build agricultural models that respect natural resources and foster animal welfare. Our aim is to achieve better conditions for all animals in our supply chain.

Our animal welfare approach, developed in cooperation with Compassion for World Farming (CIWF) and other animal welfare specialists, is based on the internationally recognized Five Freedoms developed by the Farm Animal Welfare Council. We are working to ensure these freedoms are upheld for all species, across our full supply chain.

The Five Freedoms call for management and housing of animals to respect the following needs:

- Freedom from hunger and thirst by ready access to fresh quality water and a diet that maintains full health and vigor.
- Freedom from discomfort by an appropriate environment, including shelter and comfortable resting areas.
- Freedom from pain, injury and disease by prevention or rapid diagnosis and treatment.
- Freedom to express normal behavior, by providing sufficient space, proper facilities and company of the animals' own kind.
- Freedom from fear and distress by ensuring conditions and care that avoid mental suffering.

Upholding the Five Freedoms means working to ensure that farming practices in our supply chain:

- provide appropriate housing environments, avoiding closed confinement (ex. cages for hens and rabbits);
- provide regular access to food and water, in both quantity and quality;
- promote responsible use of antibiotics (avoidance for prophylaxis); and
- monitor and improve key health and behavioral welfare outcomes.

Since the publication of our [Animal Welfare Position Paper](#) in 2016, we have been progressing on our species roadmaps, with the support of CIWF and other specialized partners. In 2018, we reaffirmed animal welfare protection as a key pillar of our regenerative agriculture approach, and are working to strengthen our actions, including through new commitments (ex. cage-free rabbit in the EU by 2018, [cage-free eggs](#) by 2019, and respect of the [EU Broiler Ask](#) by 2026).

In addition, we are strengthening our supplier and consumer engagement. Farm animal welfare forms an integral part of our requirements to our Early Life Nutrition suppliers of meat, fish and egg products, and is systematically integrated into contractual obligations for suppliers (i.e. cage-free requirements for egg and rabbit suppliers, no castration for our pig suppliers, pre-slaughter stunning, etc.). Animal welfare standards are also communicated to consumers through our brands (see [Bledina](#) and [Danone Spain milk](#) websites for examples).

Overall responsibility for animal welfare sits within the global Cycles & Procurement team, reporting to Cécile Cabanis, Executive Vice President, Chief Financial Officer, IS/IT, Cycles and Procurement. At the local level, we have appointed dedicated teams in every country where we source fresh milk, overseeing audits, technical support and animal welfare.

The table below provides details on commitments and progress made for each species in our supply chain.

SPECIES	COMMITMENTS / PRIORITIES	PROGRESS ACHIEVED, JANUARY 2017- JUNE 2018
Scope: Danone worldwide		
Dairy Cows for Fresh Milk	<p>By 2020: 80% fresh milk volumes worldwide assessed through the new animal welfare assessment tool or via Validus Animal Welfare certification</p>	<p>Progress for 2017: <u>Animal welfare assessment tool</u> New animal welfare assessment tool validated internally and rolled out in 100% of farms where we source milk in Spain (see here for initial findings), as well as in 6 other countries including Mexico, Germany, and Romania. - Total of 365 assessments in 7 countries</p> <p><i>This assessment tool is allowing for greater monitoring and compliance. In Spain (pilot country), farmers found noncompliant will be asked to put action plans into place. If they are unable to reach compliance, contracts will not be renewed. The tool was presented as a best practice by CIWF at an International Dairy Federation (IDF) congress in Dublin in November 2017.</i></p> <p><u>Validus certification</u> In the United States, 90% conventional fresh milk came from Validus certified farms</p> <p><u>Validus certification</u> is awarded to farms that demonstrate compliance with specific standards and criteria including:</p> <ul style="list-style-type: none"> - Proper animal handling and management - Herd health procedures and care - Food and water quality standards - Housing that promotes animal comfort and cleanliness - On- farm security procedures - Proper care of special needs animals - No tail docking <p>2018 - 2020: Follow-up assessment in Spain on all farms where improvement is needed in 2018 + roll-out in all countries where Danone sources fresh milk for 2020.</p>
	<p>Raise Danone employee and farmer awareness on animal welfare</p>	<p>Animal Welfare trainings were organized with partners such as CowSignals in the Netherlands, Spain, France, Germany, Poland, Romania, South Africa, Brazil, Argentina, and Mexico.</p> <p>Ad hoc technical workshops were organized in Russia for instance (with a demonstration on Danone’s training farm on how to convert a tie-stall barn to a free stall barn).</p> <p># Total training sessions in 2017: 10 training sessions in 10 countries</p>
	<p>Achieve higher welfare standards while improving performance for farmers</p>	<p>In Belgium, we led a pilot on three farms to reduce antibiotics prophylaxis usage while improving youngstock rearing, udder health management and farm profitability (via reduced treatment costs)</p>
	<p>Encourage progress and reward best practices</p>	<p>Danone Spain administered awards in 2018 to reward best practices in Animal Welfare among the 300 farms which with they work.</p>
	<p>Strengthen cooperation with partners specialized in Farm Animal welfare</p>	<p>We continued working with CIWF and IRTA, as well as Validus and Cow Signals.</p> <p>We also launched CowAct with Wageningen University, a global program aimed at implementing sustainable agricultural practices, including animal welfare.</p>

	Eliminate tail docking from our supply chain	<p>In 2017, in parallel to the roll-out of the new animal welfare assessment tool, we included a new KPI on tail docking in our milk quality assessment tool MilQsat (ex-FaRM). Thanks to the assessment run in 2017 and to the Validus certification for 90% of our volumes in the US, we were able to verify on more than 50% of our milk supply worldwide that tail-docking is not in practice. We discovered 2 cases of tail docking in Germany and 2 cases in Spain, and were able to work with farmers to eliminate the practice.</p> <p>In 2018, we are strengthening our approach with the roll-out of our new assessment tool, and taking actions to prevent the practice (ex. technical workshop in Russia).</p>
Eggs	100% cage-free eggs and egg ingredients across all countries and divisions in 2019	<p>Progress made- % Cage free eggs: ELN Food: 2016: 100% Cage free eggs 2017: 100% Cage free eggs</p> <p>Danone company total (including WhiteWave acquisition): 2017: 43% cage-free eggs and egg ingredients</p> <p>AWARDS: 2017: CIWF Good Egg Award for ELN Food 2018: CIWF Good Egg Award for Danone Company</p>
Scope: Fresh/frozen meat and fish for Danone Early Life Nutrition – EU – Danone factories		
Meat & Farmed fish	By 2020, 100% of meat & farmed fish should meet standards which are recognized by third parties specializing in farm animal welfare	<p>Since 2014, Danone ELN Europe has been implementing a welfare improvement plan, focused on indoor reared species.</p> <p>The key criteria developed and implemented with suppliers are the following:</p> <ul style="list-style-type: none"> · Provide good housing conditions, · Provide enrichments, that allow to meet behavioral needs <p>By tackling the above issues Danone ELN Europe aims to reduce the use of antibiotics and prevent mutilations. (see detail by species below).</p>
Laying Hens	100% no beak-trimming 100% cage-free	<p>Progress made- 2017: 100% cage-free 2018: 100% no beak-trimming</p>
Chicken	Committed to meeting conditions in EU Broiler Ask by 2026	<p>EU Broiler Ask includes the following criteria:</p> <ul style="list-style-type: none"> -100% chicken from farms with lower stocking density (30kg/m²), natural light and enrichments (pecking objects and perches) by end of 2020 - gas stunning in slaughter houses -100% chicken from slow growing breeds (max growing rate 50g/day) by end of 2023 <p>Progress made- % chicken from farms with lower stocking density (30kg/m²), enrichments (pecking objects and perches) and natural light: 2016: 9% June 2018: 21% (including 9% free-range)</p> <p>AWARDS: 2018: CIWF Good Chicken Award</p>

<p>Turkey</p>	<p>100% turkey from farms with natural light and enrichments (pecking objects and platforms) by 2020</p> <p>100% turkey from farms with lower stocking density and slower growing breeds by 2025</p>	<p>Finalizing roadmap with suppliers for implementation of new commitments</p>
<p>Pigs</p>	<p>All suppliers with action plan in place to phase out tail docking & teeth grinding.</p> <p>100% farms with enrichments- chewable and friable.</p> <p>Action plans to phase out farrowing crates and sow stalls.</p>	<p>Progress for 2017: 0% surgically castrated pigs 62% pigs from Dutch certification Beter Leven 1* system (vs. 30% in 2016)</p> <p>Beter Leven 1 system includes:</p> <ul style="list-style-type: none"> - more space - enrichment material - restrictions on tail docking - no surgical castration - maximum transport duration for piglets is 6 hours and for pigs 8 hours - Commitment to eliminate sow stalls by 2025
<p>Rabbits</p>	<p>Move to 100% higher welfare systems (cage-free and enriched environment)</p>	<p>Progress as of June 2018: 100% cage-free rabbits coming from environments with</p> <ul style="list-style-type: none"> - Pens (min 800cm2/rabbit, min length 1,8m, no height restriction) - Comfortable flooring like plastic min 80% - Platforms, gnawing objects, hiding spaces, hay or straw, - No routine use of antibiotics <p>AWARDS: 2018: CIWF Good Rabbit Commendation</p>
<p>Calves</p>	<p>In 2020, 100% suppliers with: group housing and comfortable fiber bedding, only Colostrum provided within 6 hours, maximum 8 hours transport.</p>	<p>Progress made- % with group housing and comfortable fiber bedding:: 2016: 53% June 2018: 88%</p>
<p>Beef & Lamb</p>	<p>100% with access to pasture</p>	<p>Progress made- % access to pasture: 2016: 81% beef / 100% Lamb June 2018: 100% beef & lamb</p>
<p>Meat & Farmed fish</p>	<p>Apply standards in product specifications and supplier contracts</p>	<p>Every new standard defined for animal welfare is added to the product specifications, which are contractual documents. Breach of compliancy means breach of contract.</p>
<p>Meat & Farmed fish</p>	<p>Reduction or avoidance of antibiotics for prophylactic use</p>	<p>We are working with our suppliers to reduce the use of antibiotics, and testing alternative methods to strengthen immune systems (for example through herbal extracts).</p>

<p>Meat & Farmed fish</p>	<p>TRANSPORT : Animals should not be loaded, transported or unloaded in a way likely to cause injury or undue suffering.</p> <p>Transport of live animals and all related operations must comply with relevant legislation.</p>	<p>We have started to include in our specifications to suppliers a requirement to limit live transport for meat animals to 8 hours maximum.</p>
<p>Meat</p>	<p>Pre-slaughter stunning</p>	<p>Progress for 2017- 100% of meat animals stunned before slaughter (as per audit)</p>