



## ANIMAL WELFARE PROGRESS REPORT 2019

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 In 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 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 eggs by end 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 Les 2 Vaches, [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.

Based on these commitments and daily engagements, Danone was awarded Tier 2 status in the Business Benchmark on Farm Animal Welfare (BBFAW), an independent report, in 2018. We are proud of this achievement, and will continue to strengthen animal welfare practices and report on our progress.

The table below provides details on commitments and progress made for each species in our supply chain as mid-2019.

SPECIES	COMMITMENTS / PRIORITIES	PROGRESS ACHIEVED in 2018
<b>Scope: Danone worldwide</b>		
<b>Dairy Cows for Fresh Milk</b>	<p><b>By end of 2020:</b> 80% fresh milk volumes worldwide assessed through the new animal welfare assessment tool or via Validus Animal Welfare certification</p>	<p><b>2018:</b> 43% of fresh milk volumes worldwide assessed through the new <b>animal welfare tool or via Validus Animal Welfare certification</b> in EDP (Essential and Plant-Based division)</p> <p><b>2018: Implementation progress for animal welfare assessment tool:</b> New animal welfare assessment tool rolled out in 13 countries where we source milk. <u>Including:</u> Belgium, France, Spain, Germany, Poland, Romania, South Africa, Egypt, Algeria, Russia, Mexico, Brazil, Argentina.</p> <p>- Total of 938 assessments in 13 countries performed. Globally, this new animal welfare reassessment tool now covers 35% of our fresh milk collect in these 13 countries (coverage is at 43% when counting Validus certification in the US)</p> <p><i>This assessment tool is allowing for greater monitoring and compliance. Farmers found noncompliant are asked to put corrective action plans into place. In Spain for instance, if they are unable to reach compliance, contracts are not renewed.</i></p> <p><i>The tool has been presented as a best practice by CIWF, at the International Dairy Federation (IDF) congress in Dublin in November 2017, as well as additional CIWF events in 2018.</i></p> <p><b>2018: Focus on Validus certification</b> In the United States, 90% conventional fresh milk came from Validus certified farms</p> <p>Validus certification is awarded to farms that demonstrate compliance with specific standards and criteria including:</p> <ul style="list-style-type: none"> <li>- Proper animal handling and management</li> <li>- Herd health procedures and care</li> <li>- Food and water quality standards</li> <li>- Housing that promotes animal comfort and cleanliness</li> <li>- On- farm security procedures</li> <li>- Proper care of special needs animals</li> <li>- No tail docking</li> </ul> <p><b>Next steps for 2020:</b> Roll-out in all countries where Danone sources fresh milk.</p>
	<p>Raise Danone employee and farmer awareness on animal welfare</p>	<p><b>In 2018,</b> Animal Welfare trainings were organized with partners such as CowSignals in the Netherlands, IRTA University in Spain and in Germany (with employees from Poland, Romania and Belgium attending), and Phylum in France.</p>

		<p>Employees in South Africa, Brazil, Argentina, and Mexico were trained by local certified CowSignals trainers.</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><b># Total training sessions in 2017:</b> 10 training sessions in 10 countries, with 97 staff members participating and 78 farmers trained.</p> <p><b># Total training sessions in 2018:</b> 9 training sessions in 7 countries, with 180 staff members participating and 1,020 farmers trained.</p> <p>In addition, we highlighted the importance of animal welfare as part of sustainable diets, in an open-access training course co-developed with UNITAR for all Danone employees (published in <b>2019</b>).</p>
	<p>Achieve higher welfare standards while improving performance for farmers</p>	<p>In 2017, we started a pilot on three farms in Belgium to reduce antibiotics prophylaxis usage while improving youngstock rearing, udder health management and farm profitability (via reduced treatment costs)</p> <p>In <b>2018</b>, the young stock rearing improved drastically with incidence of disease reduced to zero on all three farms. On the farm touched by udder-related health issues, <b>milk quality improved by 30%</b> and <b>mastitis incidence was reduced by over 40%</b>. The cost associated to addressing these conditions was consequently <b>reduced by 30,000 euros</b>.</p> <p>This pilot will therefore be expanded to Russia, Brazil, USA, Spain and Argentina.</p>
	<p>Encourage progress and reward best practices</p>	<p>Danone Spain <a href="#">administered awards in 2018</a> 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 <a href="#">IRTA</a>, as well as Validus and Cow Signals.</p> <p>In 2017, Danone launched CowAct with Wageningen University, a global program aimed at implementing sustainable agricultural practices, including animal welfare.</p> <p>In <b>June 2019</b>, Danone and 7 other agricultural sector leaders announced the launch of <a href="#">Farming for Generations</a>, a unique, global collaboration to support dairy farmers to adopt regenerative agricultural practices that preserve and renew our planet’s resources, respect animal welfare and ensure the long-term economic viability of farms for the next generation.</p> <p>Farming for Generations will initially work together with 25 dairy farms in the USA, the EU and Russia to identify best practice solutions and innovations – including for animal welfare – across different farming models, farm sizes and geographies, to be shared and scaled up.</p>
	<p>Eliminate tail docking from our supply chain</p>	<p>In 2017, 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><b>In 2018</b>, we strengthened our approach via the roll-out of our new assessment tool and took concrete actions to prevent the practice (ex. technical workshop in Russia). The new assessment tool identifies farmers who carry out the tail-docking practice and attributes a 0 in the assessment score. An action plan is immediately put in place to resolve the issue and then followed by another assessment to monitor its implementation.</p> <p><b>In 2018</b>, we identified only 2 farms in South Africa where tail docking was practiced and successfully engaged the farmers to end the practice. Our commitment is to eliminate completely this practice from our supply chain.</p>

<p><b>Eggs</b></p>	<p>100% cage-free eggs and egg ingredients across all countries and divisions by end of 2019</p>	<p><b>Progress made - % Cage free eggs:</b></p> <p><u>Danone company total</u>  <b>2017:</b> 43% cage-free eggs and egg ingredients  <b>2018:</b> 37% cage-free eggs and egg ingredients (decrease linked to the acquisition of WhiteWave in the U.S.)</p> <p><u>ELN Food:</u>  <b>2016:</b> 100% Cage free eggs sourced by Danone factories and egg ingredients in pasta  <b>2017:</b> 100% Cage free eggs sourced by Danone factories, and egg ingredients in pasta  <b>2018:</b> 100% Cage free eggs sourced by Danone factories, and egg ingredients in pasta</p> <p><b>AWARDS:</b>  <b>2017:</b> CIWF Good Egg Award for ELN Food  <b>2018:</b> CIWF Good Egg Award for Danone Company</p>
<p><b>Scope: Fresh/frozen meat and fish for Danone Early Life Nutrition Food – EU – Danone factories</b></p>		
<p><b>Meat &amp; Farmed fish</b></p>	<p>By 2020, 100% of meat &amp; farmed fish should meet standards which are recognized by third parties specializing in farm animal welfare</p>	<p>Since 2014, Danone ELN Europe has been implementing a welfare improvement plan, focused on indoor reared species. The key criteria developed and implemented with suppliers are the following:</p> <ul style="list-style-type: none"> <li>· Provide good housing conditions,</li> <li>· Provide enrichments that meet behavioral needs</li> </ul> <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>
<p><b>Laying Hens</b></p>	<p>100% no beak-trimming</p>	<p><b>2018:</b> 100% no beak-trimming</p>
<p><b>Chicken</b></p>	<p>Committed to meeting conditions in EU Broiler Ask by 2026</p> <p>Committed to sourcing 20% of total chicken purchased in France (and in all cases of total chicken volumes sold in France) from free range or organic farms, by 2026.</p>	<p><b>EU Broiler Ask includes the following criteria:</b></p> <ul style="list-style-type: none"> <li>-100% chicken from farms with lower stocking density (30kg/m<sup>2</sup>), natural light and enrichments (pecking objects and perches) by end of 2020</li> <li>- gas stunning in slaughter houses</li> <li>-100% chicken from slower growing breeds (max growing rate 50g/day) by end of 2023</li> </ul> <p><b>Progress made-</b> % chicken from farms with lower stocking density (30kg/m<sup>2</sup>), enrichments (pecking objects and perches) and natural light:  <b>2016:</b> 9%  <b>2018:</b> 33% (including 6% free-range)  <b>2019:</b> 12% total free range or organic chicken in France</p> <p><b>AWARDS:</b>  <b>2018:</b> CIWF Good Chicken Award</p>
<p><b>Turkey</b></p>	<p>100% turkey from farms with natural light and enrichments (pecking objects and platforms) by end of 2020</p> <p>100% turkey from farms with lower stocking density and slower growing breeds by 2025</p>	<p>We have started to implement this commitment and aim at reaching 20% of turkeys from farms with natural light and enrichments (pecking objects and platforms) by end 2019, with rapid acceleration in 2020.</p> <p>Together with our suppliers, we are also finalizing a roadmap for the implementation of our new commitment to source 100% of turkey from farms with lower stocking density and slower growing breeds by 2025.</p>

Rabbits	Move to 100% higher welfare systems (cage-free and enriched environment)	<p><b>Progress in 2018:</b> 100% cage-free rabbits coming from environments with</p> <ul style="list-style-type: none"> <li>- Pens (min 800cm<sup>2</sup>/rabbit, min length 1,8m, no height restriction)</li> <li>- Comfortable flooring like plastic min 80%</li> <li>- Platforms, gnawing objects, hiding spaces, hay or straw,</li> <li>- No routine use of antibiotics</li> </ul> <p><b>AWARDS:</b> <b>2018: CIWF Good Rabbit Commendation</b></p>
Calves	In 2020, 100% suppliers with: group housing and comfortable fiber bedding, only Colostrum provided within 6 hours, maximum 8 hours transport.	<p><b>Progress made-</b> % with group housing and comfortable fiber bedding: <b>2016:</b> 53% <b>2018:</b> 88%</p>
Beef & Lamb	100% with access to pasture	<p><b>Progress made-</b> % access to pasture: <b>2016:</b> 81% beef / 100% Lamb <b>2018:</b> 100% beef &amp; lamb</p>
Meat & Farmed fish	Include animal welfare standards in product specifications and supplier contracts	Any new animal welfare standard adopted by Danone is added to product specifications (in addition to previously adopted standards and commitments). These are contractual document, where breach of compliancy means breach of contract.
Meat & Farmed fish	Reduction or avoidance of antibiotics for prophylactic use	We are working with our suppliers to reduce the use of antibiotics, testing alternative methods to strengthen immune systems. For instance, we worked with an organic chicken supplier to eliminate antibiotic use through lower density, vaccination and the use of herbal treatments.
Meat & Farmed fish	<p><b>TRANSPORT :</b></p> <p>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>This criterion is listed in the specifications of 2 suppliers, amounting to 8% of total ELN volumes of meat (calves and lambs).</p>
Meat	Pre-slaughter stunning	<b>Progress for 2018-</b> 100% of meat animals and farmed fish stunned before slaughter (as per audit)
Wild fish	Certification compliance	<p><b>2018:</b> 100% of our wild fish are certified (89% MSC certified and the remaining 11% Pole &amp; Line certified) 100% of our wild tuna volumes are Pole &amp; Line certified</p>