



## ANIMAL WELFARE PROGRESS REPORT FULL YEAR 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 established 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 (e.g. 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 (e.g. 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 Specialized 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 and in 2019. We are proud of this achievement and will continue to strengthen animal welfare practices and report on our progress.

The tables below provide details on commitments and progress made for each species in our supply chain as of end 2019. The scope is specified at the top of each table, in light blue.

SPECIES	COMMITMENTS / PRIORITIES	PROGRESS ACHIEVED in 2019
<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>By end of 2021:</b> Assessing all farms where Danone directly sources fresh milk</p>	<p><b>Summary of progress in 2019:</b> 81% of the worldwide volumes of fresh milk collected are covered by Danone’s animal welfare assessment tool or by Validus certification in the EDP business (Essential and Plant-Based division), representing more than 2,500 audits carried out on farms in 14 countries. We therefore achieved our target one year ahead of schedule.</p> <p><b>Details on Danone’s animal welfare assessment tool:</b>  Danone developed an animal welfare assessment tool and has been progressively rolling it out in 14 countries where we source milk. <u>Including:</u> Belgium, France, Spain, Germany, Poland, Romania, South Africa, Egypt, Algeria, Russia, Mexico, Brazil, Argentina and the USA  NOTE: in the USA the deployment of the assessment tool started on top of the VALIDUS certification so far.</p> <p><b>2018:</b> 43% (938 assessments in 13 countries)  <b>2019:</b> 81% (2607 assessments in 14 countries)</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 2019, 10% of the farms assessed were not compliant and, in most cases, this was due to dehorning. All these farms have an action plan to become compliant and will be re-assessed accordingly. The average score from all farms assessed was 61 points (between 0 – 100). In total, there are over 400,000 cows involved in the assessments.</i></p> <p><i>In Belgium, France and Spain, the score of the assessment has become part of the milk premium system integrated in the milk delivery contract. Indeed, the premiums depend on the score.</i>  <i>In Spain for example, if farmers are unable to reach compliance, contracts are not renewed. In 2019 <a href="#">Danone Spain was certified</a> for both the assessment protocol and the European Welfare Quality Animal Welfare scheme by AENOR.</i></p> <p><i>Danone’s animal welfare assessment tool was presented as best practice by CIWF, at the International Dairy Federation (IDF) congress in Dublin in November 2017, as well as additional CIWF events in 2018. In 2019 the tool was digitalized for use on tablets.</i></p> <p><b>Details on Validus certification:</b>  <b>2018:</b> In the United States, 90% of conventional fresh milk came from Validus certified farms  <b>2019:</b> for the full milk supply in the USA – both conventional and organic milk – 76% came from Validus-certified and/or -assessed 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 2020-2021:</b>  - Assessing all farms by 2021 from which Danone directly sources fresh milk.  - Improving the assessment grid with renewed priorities.  - Adjusting the digital tool and training all assessors again. With the digital animal welfare tool fully deployed, a web application can show results and benchmark the farms.</p>
	<p>Raise Danone employee and farmer awareness on animal welfare</p>	<p>In 2018, Danone organized a series of animal welfare training sessions with partners such as CowSignals in the Netherlands, IRTA University in Spain and in Germany (with employees from Poland, Romania and Belgium attending), and Phyllum in France.  Employees in South Africa, Brazil, Argentina, and Mexico were trained by local certified CowSignals trainers.  Ad hoc technical workshops were organized in Russia (including 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><b># Total training sessions in 2019:</b> 9 training sessions, both physical and video training for 11 countries with 120 staff members participating and 880 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 2019).</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 2018, the young stock rearing improved drastically with incidence of disease reduced to zero on all three farms. On the farm affected by udder-related health issues, milk quality improved by 30% and mastitis incidence was reduced by over 40%. The cost associated with addressing these conditions was consequently reduced by 30,000 euros.</p> <p>Following these positive results, the pilot will be expanded to Russia, Brazil, USA, Spain and Argentina.</p> <p><b>In 2019:</b></p> <ul style="list-style-type: none"> <li>- We developed a disbudding toolkit, including a poster about the procedure, movie, and list of materials and advice on the best tool. We activated the toolkit in Mexico with large farm managers and the staff involved in the training of small holders.</li> <li>- The Danone-owned farm in Russia, with 1,300 cows, reduced the incidence of calf disease to 0.</li> <li>- In France, we began a 3-year program with CIWF, with the aim of improving dairy cattle welfare through monitoring and training, as well as piloting and disseminating best practices.</li> </ul>
	<p>Encourage progress and reward best practices</p>	<p>Danone Spain <a href="#">distributed awards in 2019</a> to reward best practices in animal welfare among the 300 farms with which they work.</p>
	<p>Strengthen cooperation with partners specialized in Farm Animal welfare</p>	<p>Danone has developed strong partnerships 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><b>In 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. 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><b>In 2019</b>, Danone also launched the Danone Global Animal Welfare Advisory Council. The main objective is to leverage strategic advice on the global animal welfare strategy, mandate humane practices, prevent blind spots and take a strong position on pressing issues. This advisory board is led by Dr Jen Walker (Danone) and includes the following scientists: Dr Temple Grandin (USA), Dr Nina VonKeyserlingk (Canada), Dr Nigel Cook (UK), Dr Cassandra Tucker (Canada), Dr Maria Hotzel (Argentina), Dr Christoph Winkler (Austria), Dr Christine Sumner (NZ). This board had a 2-day video call in September and a live meeting in December in New York.</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>In 2018, 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>In 2018, we identified only 2 farms in South Africa where tail docking was performed and successfully committed the farmers to end the practice. Our commitment is to completely eliminate this practice from our supply chain.</p> <p><b>In 2019</b>, with the rollout of our global assessment tool for 81% of fresh milk volumes, we identified another 56 farms that performed tail docking: 30 in Russia, 21 in Brazil, 4 in France and 1 in South Africa. For these farms, the assessment result was 0 and a clear action plan was put in place. The action plans establish a time frame within which there should be evidence that the practice has ended.</p>
Eggs	100% cage-free eggs and egg ingredients across all countries and divisions by end of 2019	<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.)  <b>2019:</b> 83% cage-free eggs and egg ingredients. While we are making steady progress towards our commitment, we are not yet at 100% due to the evolution in our portfolio in certain countries.  <b>July 2020:</b> 88% cage-free eggs and eggs ingredients. We are still working on transitioning the remaining volume due to the evolution in our portfolio for some countries.  In order to reach our commitment, since the beginning of 2020, 100% of new contracts on eggs specify the Danone cage-free eggs commitments. We are working to reach <b>100% of cage-free eggs and eggs ingredients by end 2021.</b></p> <p><u>Specialised Nutrition First Diet (SN-FD) Food:</u>  <b>2016 / 2017 / 2018 / 2019:</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 SN-FD Food  <b>2018:</b> CIWF Good Egg Award for Danone Company</p>

<i>Scope: Fresh/frozen meat and fish for Danone Specialised Nutrition First Diet Food – Scope: EU – Danone factories</i>		
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 Specialised Nutrition First Diet (SN-FD) 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 SN-FD aims to reduce the use of antibiotics and prevent mutilations. (see detail by species below).</p>
Laying Hens	100% no beak-trimming	<b>2018 / 2019:</b> 100% no beak-trimming

<p>Chicken</p>	<p>In Europe: Committed to meeting conditions in EU Broiler Ask by 2026</p> <p>In France: 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><u>In Europe (including France)</u></b>  <b>EU Broiler Ask includes the following criteria:</b>  -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 slower growing breeds (max growing rate 50g/day) by end of 2023  <b>Progress made-</b> % chicken from farms with lower stocking density (30kg/m2), enrichments (pecking objects and perches) and natural light:  <b>2016:</b> 9%  <b>2018:</b> 33% (including 6% free-range)  <b>2019:</b> 70% of volumes with lower stocking density (remaining 30% from a supplier who is currently at 35kg/m2 and signed a specification to be compliant by 2021). 20% chicken from slower growing breeds compliant so far, with written engagement for the remaining 80% for 2023. 53% compliant for gas stunning in slaughter houses.</p> <p><b>In France</b>  <b>2019:</b>  - 11% total organic chicken  - 66% with lower stocking density + enrichment + natural light (only one supplier does not yet have the lower stocking density)</p> <p><b>AWARDS:</b>  <b>2018: CIWF Good Chicken Award</b></p>
<p>Turkey</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 aimed 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><b>2019:</b>  - 28% of turkeys coming from farms with natural light and enrichments (20% goal achieved)</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. For 2019, we have achieved 42% (in France).</p>
<p>Pigs</p>	<p>All suppliers with action plan in place to phase out tail docking &amp; 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><b>2017:</b>  0% surgically castrated pigs  62% pigs from Dutch certification Beter Leven 1 system (vs. 30% in 2016)</p> <p><b><u>Beter Leven 1</u></b> system includes:  - 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> <p><b>2019:</b>  0% surgically castrated pigs  77% with no routine teeth grinding  100% with no routine use of antibiotics and no use of antibiotics critical to human health.  38% pigs from Dutch Certification Beter Leven 1 system.  NOTE: The decline in percentage between 2017 and 2019 is due to the fact that Beter Leven is a Dutch certification that does not exist in other countries.</p>
<p>Rabbits</p>	<p>Move to 100% higher welfare systems (cage-free and enriched environment)</p>	<p><b>2018 / 2019:</b>  100% cage-free rabbits coming from environments with</p> <ul style="list-style-type: none"> <li>- Pens (min 800cm2/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	100% suppliers with: group housing and comfortable fiber bedding, only Colostrum provided within 6 hours, maximum 8 hours transport by 2020	<b>Progress made-</b> % with group housing and comfortable fiber bedding: <b>2016:</b> 53% <b>2018:</b> 88% <b>2019:</b> 100%
Beef & Lamb	100% with access to pasture	<b>% access to pasture:</b> <b>2016:</b> 81% beef / 100% Lamb <b>2018 / 2019:</b> 100% beef & lamb
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 documents, where breach of compliancy means breach of contract.
	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 a chicken supplier to eliminate antibiotic use through lower density, vaccination and the use of herbal treatments. <b>2019:</b> no use of routine antibiotics for 46% of chickens.
Meat	<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><b>2018:</b> This criterion is listed in the specifications of 2 suppliers, amounting to 8% of total SN-FD volumes of meat (calves and lambs).</p> <p><b>2019:</b> 17% of our suppliers for total SN-FD volumes of meat (calves, chicken, rabbits) limit transport time to 8 hours.</p>
	Pre-slaughter stunning	<b>2018 / 2019:</b> 100% of meat animals stunned before slaughter
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> <p><b>2019:</b> 100% of our wild fish are certified (90% MSC certified and the remaining 10% Pole and Line certified) 100% of our wild tuna volumes are Pole and Line certified</p>