

Groupe Grimaud Report to the United Nations Global Compact:

Updated September 2011

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The Chairman's undertaking to support Global Compact:

Roussay, August 2011.

Groupe Grimaud is committed to corporate world citizenship, with industrial and research facilities located in 9 countries, and marketing products and services to around one hundred countries in all.

The story of our company is a human adventure in which People are placed firmly at the centre of our concerns, in a Win-Win relationship where the company grows through the fulfilment of individuals.

It goes without saying that although we don't live in a perfect world - the crisis-stricken economic environment being difficult, demanding, and sometimes aggressive - we have no doubt that enterprise remains an excellent tool for development, in the broadest sense of the term.

Our commitment to Global Compact is in keeping with our principles of continual improvement, the sustainable development of our corporate objectives, and taking into account the fundamental values in which we believe and to which I am personally committed - both within the company and in our dealings with our partners.

Together with my team, I now invite you to discover, within these pages, Groupe Grimaud and its fundamental values.

Have a good read !

Frédéric Grimaud



The development of Global Compact principles within Groupe Grimaud

1. With internal teams:

Because “a champion alone cannot go far”, we are particularly attached to our Group’s Human Resources Management.

• Recruitment:

- At all levels of the Group, the line manager is responsible for the recruitment of team members. In other words, the human resources department offers technical support - particularly in terms of regulatory aspects - but does not stand in for managers in the choice of employees. Beyond the minimum technical skills required, our main concern is the constitution of well-matched teams sharing a system of harmonious values. In 2010 the Group acquired almost 172 new team members.
- There is of course no question of using child and/or adolescent labour below the minimum legal working age (nor of systematically having teams work beyond legal working hours).
- Considering its international organisation, the Group employs team members from many countries. Nevertheless, a local manager has been chosen to head each subsidiary, in order to seamlessly integrate the subtle cultural details that are essential to the smooth operation of both the teams and the organisation.
- Within the Group, the Male/Female ratio is almost 50/50 and the accent is on increasing female representation in posts - as much from an ergonomic point of view as in terms of flexible working hours. There is no doubt that this mixed environment encourages the development of creativity and balance within the company.
- Lastly, wherever possible, we choose internal promotion over external recruitment; this is an excellent generator of motivation. In 2010, around 20 employees were thus able to develop their responsibilities within the Group.

1. With internal teams:

- Training:

This is a major issue, in terms of both company performance and individual fulfilment - two criteria which are intimately linked.

- Each year the Group invests more than twice the legal minimum in training.
- Initially revolving around technical post-related objectives numerous personal development sessions were also organised, such as:

Intitulé du stage	Nombre de stagiaire	Nombre d'heures
CIF et formations préalables / Bilan de compétences	11	1 308
Etre positif, une dynamique de réussite	88	616
Eco Conduite	30	210
Informatique	90	1 249
Langues (Français, Anglais, Allemand, Espagnol, Italien, Japonais, Arabe)	71	1 074
Formations métiers industrie pharmaceutique	46	1 906
Formations métiers accoupage et sélection	73	2 561
Formations métiers administratifs	31	517
FCO	15	525
Entretien annuel d'activité	22	154
Management	69	1 264
Electricité / Gaz / Cuivre	92	1 019
Engins de chantier / Conduite de machine	59	552
Qualité / Hygiène / Sécurité	208	916
Gestion des temps	3	105
Gestion de projets	1	74
TOTAL	909	14 049

- Each training course is part of an overall plan, and the subject of a specific evaluation.

1. With internal teams:

- **Delegation:**

This is a true company value - supporting each person's undertaking to carry out the delegated task as though it was for him or herself.

- Delegation begins at the level of the Group's strategic thinking. The Strategic Orientation Committee (SOC) meets quarterly. It is made up of company managers and the main people responsible for transversal services. The 5-year project is formulated and shared at this level.
- With his or her own team, each manager then autonomously transforms the Group's 5-year project into annual priorities for the company for which he or she is responsible with his or her Steering Committee (SC).
- Simple and practical steering tools have been developed within the Group, to enable efficient management at both group and individual levels. In concrete terms, this is a matter of:
 - electronic-format meeting invitations and minutes, allowing us to implement precise monitoring of all decisions without the possibility of any being 'forgotten' or neglected
 - face-to-face intercalary meetings between general managers and their operational managers, systematically taking place between 2 SCs
 - 5 systematic management charts: commercial – production – quality - human resources - economic
 - annual evaluation meetings with all team members
- The right to make a mistake is one of the values promoted within the Group to stimulate - and above all to enable - initiative and innovation.
- We support the stimulation of proactivity, both through formal means and by making time available to employees, within their working hours. This takes the form of:
 - an Economic Proposals Group (EPG) – this is a fixed-term transversal working group, which has a precise working method, and whose task is to suggest improvements which will generate performance. In 2010, 5 EPG worked on different items such as management of disinfection products, ergonomics and optimization of the logistics.
 - 'Progress Proposal Sheets' are also available to all employees. The General Direction always gives answer to these "sheets".

1. With internal teams:

- **Information:**

Transparency in terms of information encourages people to initially subscribe to - and remain committed to - the Group project in the long term.

- A convention is organised every year, at which a large part of the Group's workforce is present. In 2010, more than 500 employees from all over the world attended it. This is a special event, at which the results for the last financial year are presented, and the corporate objectives re-examined. At the end of this convention, a mini-booklet is personally handed to all of the Group's team members, summing up the essential points of the updated corporate objectives.
- A 'Quarterly Meeting' is organised every 3 months at the Group's main sites. This is an 'informal' taking of stock, hosted by the company's GM and if possible the Chairman of the Group, usually followed by a light meal. Each person is then able to express themselves, free of hierarchical barriers. In 2010, around 20 'Quarterly Meeting' were held on different sites.
- A 'Newsletter' is published once per semester and distributed to all employees.
- We have also implemented 'Tigrou' – a Group tele-information system relaying important live information (on screens) about the life of our companies. In addition, on the main production sites, it displays charts monitoring, for example, accidents at work, customer satisfaction levels and printed paper.
- The fact that the Group has signed up to Global Compact has been broadly relayed in the companies, both through the Group newsletter and through a poster campaign.
- The open door policy is also broadly developed within the Group. In concrete terms, in order to remove partitions from offices whilst preserving a minimum level of privacy, doors are openwork, and large windows ensure the transparency of premises whilst respecting 'private' work spaces.
- Labour relationships are also constructed through ongoing exchange and dialogue with bodies representing employees: personnel delegates, Works Committees, Trade Unions and Health, Safety and Working Conditions Committees. Annual pay negotiations are carried out in consultation with personnel representatives and Trade Unions. In these organisations, votes systematically take the form of secret ballots.
- In 2011, we renewed the 'internal social satisfaction barometer'. This is a bi-annual survey which is anonymously completed by all employees, to assess their perception of the company and its management. Initiated in 2009, the first barometer obtained a 50% rate of answers. Two areas of progress were particularly worked in 2010: the training of middle management and the communication on opportunities of internal promotion.

1. With internal teams:

- **Rewarding success:**

10 'Well-dones' for every reproach !

- Success, and above all its acknowledgement, fuel motivation: within the Group, no day should pass without a manager having congratulated or thanked his or her team members for the quality of their work and the contribution they make. Being attentive to success, and creating a dynamic of trust and motivation, is a vital aspect of behaviour. This positive aspect also guarantees the credibility of the manager when he or she has to correct any drift or errors.

1. With internal teams:

- **Sharing success:**

Our Group distributes more than one quarter of pre-tax current income to employees before anything goes to shareholders !

A diverse range of financial reward systems is used:

- Bonus related to objectives, performance and efficiency,
- Obligatory and Optional Profit-Sharing, mainly on an egalitarian basis rather than proportional to salary. In France, in 2011, based on 2010 results, we distribute 1.613.196 € for Obligatory and Optional Profit-Sharing.
- Group Company Savings Plan subscribed to by the company. In 2011, on the basis of the 2010 results, the Group will subscribe to the salary savings by 300% with a limit of 300 €"
- Results Bonus, proportional to the earnings before tax and interest of the company for which they are responsible, for managers,
- Stock Options Group members of the Strategic Orientation Committee.

2. In continual improvement:

Today's record should be tomorrow's baseline!

- **Rationalizing and standardizing best practice:**
 - Observing our best practice is quite simply a matter of regularly taking a close look at how we work, and making sure it evolves positively against force of habit.
- **Producing at lowest cost:**
 - Although we have only limited control over our retail prices - which are mainly dictated by market conditions - we do have control of our cost prices. So it's up to us to make the gap between these two variables as wide as possible – this is essential to our economic effectiveness.
 - We therefore have summary charts which allow us to continuously track our production performance. These charts – just like the quality charts – are permanently displayed on the production sites. They are, of course, shared with employees - as well as with many visitors.

3. In the development of the quality, safety, environment policy:

A commitment to resources implemented with determination and rigorousness!

- **Looking after employee safety**

- The accidents at work chart is displayed via ‘Tigrou’ (decentralized electronic information), or in paper format, on all production sites, with a ‘longest incident-free period’ challenge. For us, this is a major issue to be taken into account by all employees.
- A Health, Safety and Working Conditions Committee operates in every company, under the leadership of the General Manager.

- **Making sure our products and services are safe**

- The Group’s analysis laboratories meet ‘COFRAC’ (French Accreditation Committee) standards. More than 70,000 control analyses are carried out every year, enabling us to ensure the sanitary safety of products. This guarantee of resources is totally transparent with regard to customers who, in the event of any health risk, are given preventive information and can therefore refuse the batch in question.
- Within our biotech activities, the development of vaccines is carried out in facilities meeting world standard ‘GMP’.
- All these technical resources are piloted in compliance with standardized procedures, constituting the best possible safety pledge for our customers. Groupe Grimaud has been ISO 9001 certified on 16 industrial sites since 1995.
- The Group also produces its own auto-vaccines – a biological solution to fighting bacterial pathologies. In this way, use of antibiotics as a preventive measure is forbidden, being exclusively reserved for therapeutic treatment in the event of contamination in spite of the vaccinations. This approach allows us to considerably limit instances of antibiotic resistance.
- Within the context of this preventive approach, and relying more on biology than on chemistry, the Group is also developing new approaches to hygiene based on bio-films, a concept which is explained on the next page.

3. In the development of the Quality, Safety, Environment policy:

- **Reducing the environmental footprint of our activities**

- The main environmental impact made by our Group is in terms of farming manure and slurry as well as hatchery waste. Over the past 3 years, we have invested heavily in the natural, biological treatment of these co-products. Two co-composting stations have thus been developed. One of these (which received its official recognition in 2010) uses an original procedure with bacteria to facilitate and accelerate the process. The compost ultimately obtained has been validated as an agricultural soil conditioner.
- After a pilot investment in 2008, the Groupe Grimaud had launched a study on the development of solar electricity production on huge surface of industrial roofs. Unfortunately, the change of the French regulatory framework did not allow in 2010 the development remaining at a study level.
- For the past 4 years we have also been working hard on reducing the use of chemical disinfection products, preferring biological procedures. Original solutions such as bio-film (post-cleaning application of 'positive' bacteria colonizing the environment and forming a barrier to pathogens) are still in the evaluation process, and seem promising. We think we could develop its systematic use very soon.
- The new waste water treatment plant, using a natural plant filtration process, brought into service in 2009, has been agreed on 2010.
- In 2010, from an original initiative of Groupe Grimaud, the building and the development of the **NATURAL PROJECT®** has been realized:
 - The mission of **NATURAL PROJECT®** is the development and promotion of best practices designed to:
 - **Feed the human population** by securing necessary volumes of animal proteins; and
 - **Implement long-term, sustainable solutions** which are economically feasible, ecologically sensible and socially responsible.
 - A website is on line: www.natural-project.org

3. In the development of the Quality, Safety, Environment policy:

- **Taking into account the requirements of animal well-being**

- This is a major issue for an animal genetics group such as ours - as much from the animal's point of view as from that of the end consumer. In very concrete terms, we are now taking animal behaviour and well-being into account in our selection criteria.
- For 4 years, a number of specific investments were made in this direction:
 - 2008:
 - development of a machine using microwaves to blunt beaks (a process also being developed for claw removal) rather than by mechanical cutting
 - male stock (previously caged) has been returned to the ground, the better to assess behaviour in natural conditions
 - 2009:
 - development of a means of chip-based pedigree identification through enablement of individual performance monitoring in on-the-ground conditions (previously caged)
 - 2010-2011:
 - measure of feed efficiency on the ground and measure of the performance of selected animals ??????

- **A Corporate Citizen Company**

- Groupe Grimaud also supports certain humanitarian and re-integration initiatives:
 - support for a re-integration centre for young disabled people, at a pilot farm
 - financing of an original solution for the improvement of tropical gardens, allowing familial production of vegetables in a sub-Saharan climate
 - financial support of the Red Cross in its emergency humanitarian actions.

Summary of the key actions which moved Groupe Grimaud forward in terms of its Global Compact undertakings in 2010-2011:

It should be remind that this approach is first in a continuous process of improvement and no question to use it as marketing promotion.

Do what we say and stick to it. Remain coherent and consistent is our first objective, conscious of our imperfections and the road still to go.

- Human Rights:
 - Promotion to all employees of the fact that the Group has signed up to 'Global Compact'
 - Use of the internal social satisfaction barometer results
- Working Standards:
 - On this point there can be no question of compromise. We take great care, we respect obligations and local rules
- Environment:
 - Co-composting of sub-products
 - New methods of behaviour-based genetic selection
 - Heat recovery in production buildings
 - Production of photovoltaic electricity
 - Treatment of waste water by natural filtration
 - Development of bio-films and built bacterian flora.
 - Development of Natural Project: www.natural-project.org
- Anti-corruption:
 - Promotion of the fact that we have signed up to 'Global Compact' and its principles within our customer-supplier economic environment