

Activity and social
and environmental
responsibility report

2003/2004



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

P e o p l e

A g r i c u l t u r a l p r o d u c t i o n

C r o a t i a > S l o v a k i a > H u n g a r y > R o m a n i a > C z e c h

Carotte, Carrot, Zanahorja, Karotte, Carota, Cenoura, Marchew, Sárgarépa, Морковь.

N a t u r a l r e s o u r c e s

In 2003, the Bonduelle Group joined the United Nations' Global Compact, which lays down nine principles in the fields of human rights, international labour and environmental standards, which the signatory companies undertake to respect.



The Bonduelle Group appears on the SRI index of Kempen Capital Management and SNS Asset Management. This features 70 European companies which meet strict standards in terms of ethics, human resources and environmental protection.



Q u a l i t y / n u t r i t i o n

4 PROGRESS AREAS

- > PEOPLE 46
- > AGRICULTURAL PRODUCTION 50
- > NATURAL RESOURCES 54
- > QUALITY/NUTRITION 60



Carrot

Name:

Daucus carotta (sativa)

Umbellifera family, the edible part is the root.

History:

Originally eaten by the Greeks and Romans, it is one of the rare vegetables to originate from Europe. Previously yellow in colour, the orange carrot appeared in the 17th century in Holland.

Main benefits:

Carrots are packed with beta-carotene or pro vitamin A, which is known for its effect on skin and tissue quality, as well as on our ability to see in the dark. Beta-carotene is a powerful antioxidant and is part of the carotenoid family, which enables us to fight against the effects of ageing. Carrots also contain potassium, vitamin B9 and vitamin C. They help regulate the intestinal tract because of their fibre and water content.

OUR APPROACH

Pe o p l e

A g r i c u l t u r a l p r o d u c t i o n

CONTINUITY

By adapting what covers sustainable development to the specificity of its business, the Bonduelle Group has, throughout its history, insured its continuity. Working every day on integrating human and environmental aspects into its economic plan ensures long-term development and a positive interaction with society as a whole.

So, in 2002, we made a decision to strengthen our action. After a year spent structuring an initiative around four priority progress areas (people, agricultural production, natural resources and quality/nutrition), it was put into action in 2003/2004. It led to various concrete activities which helped towards attaining the targets that had been set.

The work carried out relates both to building a unified reference system concerning the whole group and setting up action plans. A unified reference system (indicators and self-assessment tools) ensures dynamic continued improvement, because progress is only possible if measurement is possible. A source of dialogue, exchange and mutual encouragement, the aim is for all employees to take on challenges. Progress is faster if everyone is involved and this progress is reflected in daily actions which, together, help to strengthen the effectiveness of the group.

In this way, each establishment has sized up the challenges by adapting its methods to them. Some sites are backed up by progress initiatives (Vision at the Renescure site in France, TPM in Benimodo in Spain, etc.).



Others have embarked on simpler initiatives such as installing water meters where needed. Working groups have been created to optimise waste collection or analyse “near accidents” at work in order to act on their causes. With regard to quality, a special effort has been made to make each operator responsible for food safety at the different stages of production.

All these concrete actions together on a daily basis represent the progress achieved this year in terms of social and environmental responsibility.

Jean-Bernard Bonduelle

Group Human Resources Director



N a t u r a l r e s o u r c e s

Guiding the initiative

A steering committee was set up at the launch in 2002. Structured and conducted by the group human resources department, it includes the managers of the four progress areas, the department of communication and management control.

The committee's role is to:

- promote the initiative in-house throughout the year,
- help to set targets,
- guarantee the reliability and consistency of information and communicate the results obtained,
- spread good practices with the help of networks, while being aware of the external environment and the different stake holders in the company.

Q u a l i t y / n u t r i t i o n

2002

- Identifying issues connected with the group's strategy
- Launching the initiative

2002/2003

- Definition of the 4 priority areas
- Setting progress objectives
- Setting up indicators
- Publishing initial results
- Raising awareness about the initiative in-house

2003/2004

- Homogenisation of indicators
- Creating self-assessment tools
- Setting up action plans
- Deploying the initiative in-house

2004/2007

- Making the challenges of sustainable development part of all subsidiaries' progress plans
- Internal mobilisation
- Evaluation of the 1st phase

A SOLID APPROACH

Our progress initiative has been in place since 2002. It is based on traditional project management methods and is structured in terms of five sequences:

First sequence:

Set and validate targets, spread them throughout the organisation by communicating them to all employees.

Second sequence:

Set up the progress initiatives which will make it possible to achieve these objectives.

Third sequence:

Measure and check results.

Indicators for the four priority areas have been produced by the area managers together with their exchange networks, and validated by operatives. Some indicators take the form of figures, which has made it necessary to develop precise definitions. Others are described and reflect target attainment levels.

These indicators enable self-assessment tools to be created. Together they form a homogenous reference system for the whole group, in every country.

This is a multilingual reference system (seven languages), which ensures that the information is perfectly accessible and comprehensible. This reference system has been spread throughout the group. It has increased information a high level of involvement, and necessitated a transverse approach, bringing together a large number of group employees, co-ordinated at group management control level.

Today, this reference system also enables different teams working on the same task to assess and compare themselves easily, and to progress by exchanging their experiences.

Fourth sequence:

Set up correction plans.

After the progress plans have been put into practice and discrepancies noted in terms of the targets set, corrective actions will be put in place, particularly to analyse the results of the different sites (internal benchmark) and promote good practices.

Fifth sequence:

Finally, regular communication is provided based on the results, so that the approach will last.

PEOPLE

The Bonduelle Group celebrated its 150th anniversary this year. Essential values have been built up during its lifetime and now constitute the basis of its culture.

To mark this anniversary, the Board of Directors met all the 5,884 employees. They went to every site and country in turn. These 46 meetings were a special opportunity for exchange and proximity, and also reminded everyone what the group's human resources policy and related progress areas are comprised of.

Pe o p l e

A g r i c u l t u r a l p r o d u c t i o n

ENSURING THE SAFETY OF EMPLOYEES

Safety at work is fundamental to the group's personnel policy and is subject to sustained investment and staff awareness initiatives. Regular monitoring of indicators and the spread of good practices guarantee the progress made in this area.

This year's efforts have brought down the frequency of work accidents by 10% compared with 2002/2003. The target is a reduction below 30 within three years. Involvement of employees has also significantly reduced the seriousness of accidents by nearly 15%.

The Bonduelle Group uses a large seasonal workforce during production campaigns. This is typical for the sector. Suitable training methods therefore have to be used.

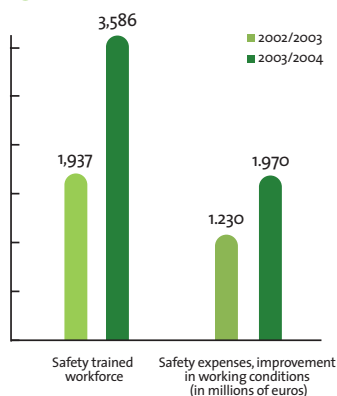
Measures are put in place across all sites to provide safety training. At the start of each production campaign, specific training is given to the seasonal workforce as soon as they are hired. It comprises two phases: theoretical (explanation and prevention of risks) and practical (a systematic visit to the factory and a complete presentation of work stations). Similarly, permanent employees receive annual safety training.

PROGRESS AREAS

- Ensuring the safety of employees
- Developing skills
- Listening to employees
- Promoting and sharing values
- Possessing social indicators to make it possible to measure progress

At the same time, there are regular simple and effective safety reminders, with information panels and visual displays to remind everyone of the safety rules: suitable clothing (gloves, safety shoes, protective goggles, helmets) must be worn and identified risky behaviour is not allowed.

INDICATOR



Scope: group

GOOD PRACTICE:

A pilot safety management initiative was set up in Spain within the context of a Total Productive Maintenance (TPM) approach. This experience meant that an analysis table could be constructed for the 11 key safety criteria to assess progress levels. This table is now supplied to all group sites and will be used as a common reference system for analysing strengths and points for improvement.

DEVELOPING SKILLS



Some training is provided by an in-house university: The Institut Pierre et Benoît Bonduelle (IPB). IPB was created two years ago and is aimed at all employees, in all countries and subsidiaries.

Its task is to support the subsidiaries in their measures to develop skills through three broad areas of intervention:

- sharing Bonduelle's values and culture,
- improving specific job skills,
- developing managerial skills.

In order to perform this task, IPB designs and organises training modules. Ten modules are on offer so far and seven supplementary ones are planned for 2004/2005. Beyond this, IPB plays an active role in promoting various internal networks and good practices.

In 2003/2004, IPB's activities consisted of promoting the values approach, integrating sustainable development in the training modules, carrying out background work on performance improvement methods, intervening in setting up progress initiatives and organising networks for exchanging good practices.

LISTENING TO EMPLOYEES

The Bonduelle Group set itself the target of listening to employees and achieving management proximity in 2001-2005. This involves gaining a better awareness of everyone's expectations, taking them into account and so moving forward together more effectively.

In 2002/2003, Ifop was commissioned to carry out a survey on the internal mood. The results were transmitted to the entire group and, this year, served as the basis for a proper adaptation of staff policies in response to the expectations expressed by employees.

2003/2004 was the group's 150th anniversary. To mark this, the Board of Directors went to meet all the employees by going to every site and country at a total of 46 events. These visits presented special opportunities for listening, exchanging memories of the highlights of recent years, outlining group strategy and mentioning prospects. These meetings were very much appreciated in all the countries and presented an opportunity to remind people about the company's ethos. Sharing the same objectives and values helps us to prepare for the future together.

INDICATOR

6,770 training sessions in 2003/2004

2.12% of the payroll

Scope: group



PEOPLE

P e o p l e

A g r i c u l t u r a l p r o d u c t i o n

Progress initiatives are in place everywhere throughout the group. They are intended to involve all employees and create opportunities for dialogue with the management while ensuring that everyone participates in striving for performance.

GOOD PRACTICE:

At the Renescure, Rosporden and Estrées sites, the progress initiatives are called Vision, Taran and Food Progress.

For example, the Vision project, started in December 2002, is structured in successive waves. In each of these waves (six since the launch), employees are involved on a daily basis in ongoing improvement projects affecting the whole of the industrial process. Employees are responsible for their project, which is managed by one of them, and they receive support from a sponsor, often their closest supervisor. A substantial amount of regular information is provided concerning the initiative. The best management of a project, as well as the best idea within the waves, are given internal awards.

INTERNAL COMMUNICATION

Internal communication relies on a network of subsidiary communication managers and correspondents across all the sites.

Highly complementary methods have been set up, ranging from permanent displays in all sites to personalised e-mails and publications in ten languages sent to employees' homes.

Their content helps employees to access the information they need for their daily work, either locally or through the computer network. It also gives them a complete overview of the company, how it is organised, its work and its customers,

and enables them to get involved in internal and external events which punctuate the life of the group.

In 2003/2004, the profit-sharing policy, the desire to involve employees and the constant concern for people were conveyed through targeted information about the Group Savings Plan, raising awareness about health insurance (additional health insurance for French employees and their families, insurance for business trips, benefits for expatriates), as well as inviting employees to come with their families to launch the new monohull.

Priorities are transparency, simplicity, internationalism and responsiveness. The internal mood survey enables employee satisfaction to be measured as regards internal communication, progress areas to be defined and our exchange methods to be adapted. Today, 78% of employees are satisfied with the internal information methods.

GROUP SAVINGS PLAN

The terms of the Group Savings Plan were changed following a survey of employees in 2003. Three kinds of investment were proposed with different levels of risk. It should be noted that 3.5% of the company's capital is held by 3,474 people, i.e. almost 60% of employees. This system was set up in 1987.

INDICATOR

NUMBER OF PERMANENT STAFF ON 30 JUNE 2004:
5,884

NUMBER OF PERMANENT, FIXED-TERM AND SEASONAL CONTRACTS AS FULL-TIME EQUIVALENT: 7,469

SENIORITY:
0 to 3 years: 1,122
3 to 9 years: 1,787
> 9 years: 2,975

APPOINTMENTS IN NUMBER OF CONTRACTS:
Permanent: 411
Fixed term: 914
Seasonal: 5,027

TURNOVER (INCLUDING RETIREMENT):
Managers: 7.13%
Clerical, technical and supervisory staff: 8.43%
Semi-skilled: 10.45%

Scope: group

PROMOTING AND SHARING VALUES

The value formalisation process is now complete. Today, it is about making them live by showing what part they play every day in each employee's professional life.

As a result, a training seminar aimed at taking on values has been developed by the Institut Pierre et Benoît Bonduelle. A lot of time is spent on real enactments so that participants can best grasp the concepts underlying the values and be aware of their importance in the situations they have to face regularly.

So far, 85% of employees have received this training, the aim being for all employees, particularly new arrivals, to have received this training by 2004/2005.

In the same way, the values have also been included this year in annual development interviews. They are also a central part of the managerial relationship. During this interview, the supervisor, with the help of a value action plan from the "Work and live with the values" manual (which is available to supervisory staff), identifies with the employee which behaviour could be improved and suggests concrete development strategies.

INDICATOR

PERCENTAGE PARTICIPATION

Meetings with the Board of Directors: **95 %**

Values initiative: **85 %**

Scope: group

SUPPORTING INDUSTRIAL OPTIMISATIONS

The Bonduelle Group is not exempt from the rule of competition and, to meet its continuity objective, has closed two factories in France and converted a third one into a logistics site.

Everything has been done, so as to respect our values, to help relocate all the employees concerned. Several months after the closures, the outcome is satisfactory overall. As of 30 June 2004, only a very few people have not found work.

Job transfers to other nearby factories have been organised for the seasonal workers affected by these developments.

PROFESSIONAL SITUATION AS OF 30 JUNE 2004 OF THE WORKFORCE AFFECTED BY THE RESTRUCTURING AND WHO BENEFITED FROM HELP WITH RELOCATION:

Permanent	99
On a fixed term contract	43
Unemployed and actively seeking work	16
Total	158

POSSESSING SOCIAL INDICATORS TO MEASURE PROGRESS

Setting staff policy targets requires reliable indicators to measure the progress that has been made. The group now has two accurate tools. The first is the Group Social Audit, carried out every six months using the management charts common to all the subsidiaries. These include major indicators for monitoring workforces, safety and training. The second tool is the internal mood survey table, which monitors the expectations and perceptions of employees over the long term.

AGRICULTURAL PRODUCTION

The Bonduelle Group's priority is to provide the best that nature has to offer, both now and in the future. The group does not cultivate vegetables itself (except in Russia). It is by maintaining a close relationship with farmers on a daily basis, wherever it is based, that the group intends to ensure the quality and diversity of the vegetables produced by promoting agricultural methods that respect the environment.

Pe o p l e

A g r i c u l t u r a l p r o d u c t i o n

MAKING THE SUPPLY CHARTER THE REFERENCE DOCUMENT

Bonduelle's commitment to the sort of farming which provides the best vegetables, while respecting the natural environment, was formalised in a contract stipulating the criteria for selecting farming land and monitoring crops, which farmers working with the group must respect.

The Supply Charter was initiated in 1996 and is a key part of Bonduelle's relationship with farmers. A synthesis of the most exacting standards at European level and, in particular, picking up on those from the French "rational agriculture" reference system, this Charter has evolved over the years. The third version was launched in February 2003 and contained something new: an audit guide, which enables the farmer to comply more easily with the requirements of the Charter and to assess the progress actions he needs to take.

In 2003/2004, important work was done to impose the Supply Charter as the only reference document for all the agricultural zones where Bonduelle operates. This standardisation of the relationships between the different

PROGRESS AREAS 2004

- **Supply charter: 100% of signatories in all countries**
- **Training of field managers**
- **Reduction of vegetable losses in the fields**
- **Optimisation of factory acceptance procedures for vegetables**

production sites and farmers, is the best guarantee that the requirements which the group has set itself will be uniformly respected, now that Bonduelle has recently expanded into other farming zones.

This third version of the Charter has been translated into all the languages of the different countries where the group has a presence in the food processing industry. The document is disseminated in the different countries by the agronomic services at the same time as the annual



INDICATOR

SUPPLY CHARTER:
100% of French, Portuguese, Polish and Italian farmers have signed it

production contracts are being drawn up, and a special effort is made to explain the objectives. To date, 100% of French, Portuguese, Polish and Italian farmers have signed the Supply Charter. The average, taking all countries into account, is 73%. Although three-quarters of supplies fully respect the Charter, the remaining 25% are subject to local specifications which contain most of the recommendations of the Charter, and in the process of total convergence with it.

Focus

RATIONAL AGRICULTURE

Over 70 surveillance networks throughout the cultivation areas ensure rational disease and pest control, enabling appropriate treatments to be put in place.

MAINTAINING A CLOSE RELATIONSHIP WITH THE AGRICULTURAL WORLD AND SUPPORTING FARMERS

INDICATOR

AGRONOMIC SERVICES:
130 people including **79** field managers.
 Number of farmers working with the group: **3,715**
CONTINUITY OF THE RELATIONSHIP WITH THE FARMERS:
 - Turnover 2003: **6%**
 - **9** out of **10** farmers have been supplying Bonduelle for over 3 years

Scope: group excluding Germany and Russia

Involving the farmer is one of the hallmarks of the Bonduelle Group. Throughout its history, this is reflected in the establishment and spread of a relationship aimed at creating continuity in the link with farmers. This link is based, in particular, on a close partnership with groups of producers in all the agricultural zones. Through these groups, prices are

negotiated annually, production programmes are developed and various initiatives to improve farming practices through technical support are set up.

After the first phase, consisting of establishing a production programme, the relationship between Bonduelle and the farmer continues over time, from the selection of farming land to the harvest, through the intervention of a key person: the field manager. The work of this agronomist starts with visiting each farmer to establish a production contract for each kind of vegetable which will eventually be delivered. During this visit, the field manager, with the help of the Supply Charter, outlines the specifications, particularly the various changes arising in the context of plant-care legislation (substance, dose, timescale, etc.). He also checks the nature of the land, its position and presents the producer's evaluation results from the previous harvest.

The field manager then oversees the start of cultivation (sowing, drawing up a cultivation schedule), then supports and advises the farmer. He also checks that the specifications are respected throughout the growing process. By sampling the plots, it is he who sets an optimal harvest date before putting them into practice. It is during this final phase that plot sheets are collected. These are documents which trace the cultivation schedule in its entirety.

INDICATOR

SOIL ANALYSIS:
80% of nitrogenous manures have been calculated using the remainder method, which ensures proper use of supplies

Scope: group excluding Germany and Russia



AGRICULTURAL PRODUCTION

People

Agricultural production



The Institut Pierre et Benoît Bonduelle has set up a training course to consolidate agronomists' skills. Currently tested on a target group of field managers, this training course will be extended to all group agronomists in 2004/2005. This training course is intended, in particular, to develop knowledge in terms of dialogue with the farming world, support farmers, develop regulatory structures, promote sustainable development and take into account the new expectations of consumers.

GUARANTEEING TRACEABILITY

Bonduelle intends to guarantee complete traceability by maintaining a close link with upstream farming and monitoring cultivation. This consists of being aware of and being able to trace all the stages leading to the development of products with certainty, by tracing the packaging to the field where the vegetables were grown. This is both a measure of quality and safety.

Two elements are at the heart of this total traceability: identifying all the plots and monitoring cultivation operations, and verifying the seeds used.

GOOD PRACTICE:

In France, the gradual use of the Global Positioning System (GPS) is ensuring that all the plots are accurately located. This improves the reliability of the data monitoring carried out over several years (rotation, cultivation schedule, etc.) for a given plot.

SELECTING THE SEEDS AND PROMOTING BIODIVERSITY

Bonduelle works in partnership with about thirty specialists in vegetable varieties in order to establish a selection of seeds which, for each variety of vegetable, enables continued improvement in terms of agricultural production, yield and organoleptic qualities (taste, colour, appearance and texture).

This selection excludes genetically modified organisms. The selection also enables seeds to be obtained which are suited to the nature of the soils and the climatic conditions specific to the different countries and cultivation zones.

Research programmes guide the choice of seed, in partnership with the seed companies. These programmes are intended to improve some varieties and revive others that have disappeared, by setting up variety trials.

The Bonduelle Group continued optimising its food industry processes during 2003/2004. These efforts related, in particular, to reducing the loss of vegetables in the fields and optimising vegetable acceptance procedures in the factories.

REDUCTION OF VEGETABLE LOSSES IN THE FIELDS

A study on green beans carried out in French factories during the 2002 and 2003 harvests, was able to quantify the losses generated during harvests, identify critical points and test the implementation of corrective actions relating, in particular, to improving harvest materials and raising the awareness of the harvesters.

These tests have led to positive results in terms of agricultural yield and have highlighted specific areas for improvement. They have brought about recommendations to optimise harvest processes and these are set to spread throughout the group.

OPTIMISATION OF VEGETABLE ACCEPTANCE PROCEDURES IN THE FACTORIES

Over 2003/2004, analyses have been carried out to find out exactly what impact the passing of time has between harvesting vegetables and putting them in production. In particular, they have enabled the parameters of an optimal “time/organoleptic and nutritional qualities” pair to be determined. The conclusions of these

analyses will be included in the measures to optimise food industry processes in the factories.

As part of improving the characteristics of plants and respecting the environment, Bonduelle is participating in numerous research programmes and institutional initiatives.

Participation in research programmes, in particular with:

- the French Interprofessional association for canned and frozen vegetables (UNILET),
- the Universities of Pamplona and Valencia (Spain).

The areas of research are very diversified and relate, in particular, to reducing manuring and to the integrated fight against parasitic diseases.

Bonduelle is also helping to promote rational agriculture by being a member of the National Commission for Rational Agriculture (CNAR) in France, and assuming the presidency of the working group on rational agriculture within the French National Food Industry Association (ANIA).

INDICATOR

FIELD SURFACE AREA CULTIVATED:

68,603 hectares

Biodiversity:

- nearly **500** varieties through the product ranges
- Bonduelle is working on developing other varieties.
- In 2003, **144** variety collections enabled **863** varieties of vegetables to be observed and large-scale cultivation of some of them to be tested.

Scope: group excluding Germany and Russia



NATURAL RESOURCES

Optimising the use of natural resources and protecting the environment are areas for ongoing improvement incorporated in every subsidiary's progress plans.

Set up in 2000, the sharing networks are working towards sharing experiences and promoting good practices and are expanding the initiatives throughout the group.

P e o p l e

A g r i c u l t u r a l p r o d u c t i o n

WATER

Water is vital for all stages of production, from washing the vegetables after harvesting to cleaning production lines. It guarantees the quality of the finished products. Bonduelle uses a lot of water, and intends to rationalise its use and ensure its perfect restitution to the natural environment.



PROGRESS AREAS

- Controlling water and energy consumption
- Improving water treatment equipment
- Pursuing industrial waste and vegetable compound management policy
- Improving the good practice sharing network



INDICATOR

**WATER CONSUMPTION
2003/2004:**

13,250,207 m³

**i.e. 19.8 m³/tonne
of products made**

*Scope: group
excluding Germany and Russia*

CONTROLLING WATER CONSUMPTION

Controlling water consumption is a major issue for the industrial sites. As a result, three-quarters of the factories have set a three-year water consumption target and, during the year, throughout the group, measures were taken to:

- combat excessive water consumption, particularly during cleaning operations (reduction of water pressure made available, use of high-pressure cleaning tools with voluntary triggering, etc.),
- incorporate water consumption into participatory progress initiatives implemented in the factories,
- define consumption monitoring indicators for each vegetable processed,
- raise awareness among the production teams with a view to the 2004/2005 harvest.

In addition, this year's equipment replacement programmes, or those being studied, systematically, include reducing water consumption.

In 2003/2004, our policy was able to stabilise overall water consumption per tonne of product made (19.8 m³). This is slightly higher than the previous year (+2%) but can be explained, in particular, by two factors:

- a calculation carried out on a wider scope including, in particular, the Italian factories of the Bonduelle Frais subsidiary, which use a technology that has a higher water requirement,
- unfavourable climatic conditions during the 2003 production campaign, which caused interruptions in production and, therefore, lowered the efficiency of natural resources.

GOOD PRACTICE:

The factory in Gniewkowo (Poland) has decreased its water consumption per tonne of products produced by 10% in relation to the previous year, at the same time as increasing production by 13%. This performance comes from regularly monitoring water consumption by each work station.



NATURAL RESOURCES

People

Agricultural production

IMPROVE WATER TREATMENT EQUIPMENT

In order to guarantee perfect restitution of water to the natural environment, Bonduelle has 21 treatment plants:

- 7 biological treatment plants,
- 2 controlled land application systems,
- 12 pre-treatment systems before it is discharged into external structures.

The improvement measures carried out over the year have resulted in:

- the launch of the new purification plant at the Estrées factory in spring 2004,
- the improvement of the performance of existing water treatment plants through the addition of extra treatment stages or the improved purification capacities of water holding structures,
- actions to reduce organic pollution at source by optimisation upstream of industrial processes.



Focus

INAUGURATION OF THE NEW PURIFICATION PLANT IN ESTRÉES (FRANCE)

The new Estrées purification plant was opened in Sustainable Development Week, organised in France by the Ministry of Ecology and Sustainable Development, in the presence of Tokia Saïfi, Member of the European Parliament and former Secretary of State for Sustainable Development. This certification is a recognition of the initiatives that the group has taken.

CONTROLLING ENERGY CONSUMPTION

In two years, the consumption of fuel with a low sulphur content has fallen from 11,300 tonnes to 6,152 tonnes, i.e. a reduction of over 45%. This has been replaced by less polluting energy, i.e. electricity (+5.7%) and natural gas (+33%).

During 2003/2004, industrial sites set up action plans to reduce energy consumption through technology:

- Chilled technology: improvement in the performance of iced water production refrigeration units,
- Delicatessen technology: setting up performance plans to improve the efficiency of production lines,
- Freezing technology: installation of precooling facilities at the entrance to the freezing tunnels,
- Canning technology: setting up research programmes on pilot production lines (blanching and sterilisation).



In 2003/2004, the subsidiaries and factories implemented appropriate assessment tools and energy performance indicators. Equipment replacement programmes systematically included criteria for reducing energy consumption. This year, Bonduelle set up the first profile of its greenhouse gas emissions linked to its industrial and commercial activity as a whole, by applying the Carbon Balance® method developed by the French Agency for Environment and Energy Management (ADEME).

The results for 2003/2004 made it possible to evaluate a global emission of 300 kilograms carbon equivalent per tonne of products made:

- 25% of emissions are from industrial sites through their energy consumption, refrigerated storage installations and industrial waste treatment,
- 63% of total emissions correspond to activities upstream of the industrial process (transport and manufacture of primary agricultural materials, packaging and other products purchased). Journeys made by personnel to and from work are taken into account in this part.

Testimony:

“The Carbon Balance® Method has been available to industrial or service companies since the end of 2003. As well as being an accounting tool, it is part of a voluntary environmental management initiative: it raises the awareness of all employees.”

Elisabeth Gaillarde

Head of Carbon Balance® Project
ADEME



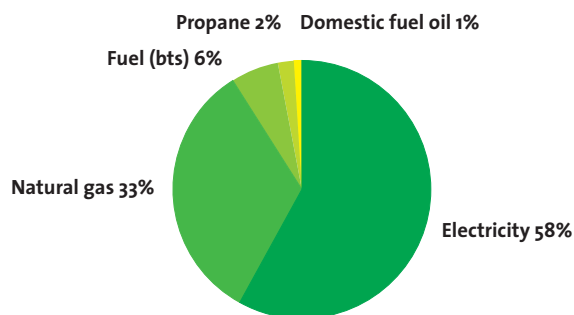
- 12% of total emissions are linked to activities down stream of the processes: transport of finished products between sites or to customer depots, impact of packaging disposal.

INDICATOR

Total energy consumption 2003/2004:

- electricity: **258 gwh**
- natural gas: **397 gwh**
- fuel oil (low sulphur content): **6,152 tonnes**
- propane: **650 tonnes**
- domestic fuel oil: **1,072,408 litres**

Breakdown according to energy source in value:



Scope: group excluding Germany and Russia

NATURAL RESOURCES

People

Agricultural production

PURSuing INDUSTRIAL WASTE AND VEGETABLE COMPOUND MANAGEMENT POLICY

The group generates three categories of waste:

- Common Industrial Waste resulting from industrial activity, and which is not hazardous to people or the environment (wood, cardboard, glass, etc.),
- Special Industrial Waste, which can be dangerous for the environment and which requires special precautions for collection and storage, transport and treatment (waste oils, soiled materials, etc.)
- Vegetable compounds or “green waste” from washing, sorting and preparing vegetables harvested in the fields.

Common industrial waste and vegetable compounds are mostly recycled through other channels:

- energy recovery,
- recycling,
- animal feed.
- application.

Good waste management measures in factories involve:

- raising awareness of seasonal and permanent staff with regard to selective sorting,
- reorganising internal waste collection centres and optimising logistical flows between production and collection points,
- choosing approved channels,
- reducing volumes by compacting using plastic and cardboard compactors,
- setting up working groups to improve selective sorting and reduce Common Industrial Waste.

INDICATOR

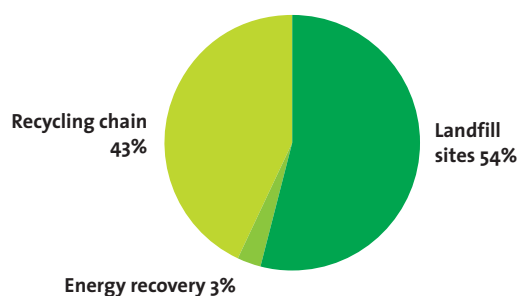
WASTE

- Common Industrial Waste in 2003/2004:

24,387 tonnes

i.e. **36.5 kg/tonnes of products made**

Breakdown by recycling channel:



- Common Industrial Waste in 2003/2004:

136 tonnes

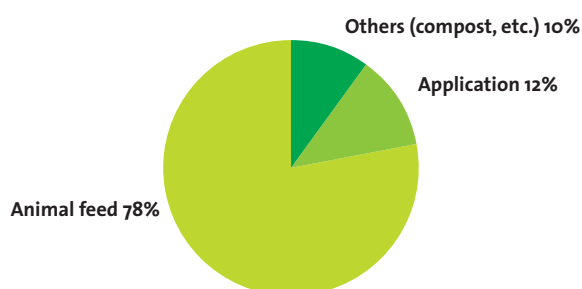
i.e. **0.20 kg/tonnes of products made**

- Vegetable compounds in 2003/2004:

245,952 tonnes

i.e. **365 kg/tonnes of products made**

Breakdown by recycling channel:



Scope: group excluding Germany and Russia

IMPROVING THE GOOD PRACTICE SHARING NETWORK

Five “exchange days” devoted to one or more of the four processing technologies were organised in 2003/2004. These days brought together employees from different technical areas, enabled action priorities to be set and promoted experience feedback on the pilot projects relating, in particular, to process developments.

The multi-subsidiary environment network carried out exchange operations on common technical problems. Five sessions were held during the year, two of which were open to the outside with talks from administration experts, equipment suppliers and research laboratories.

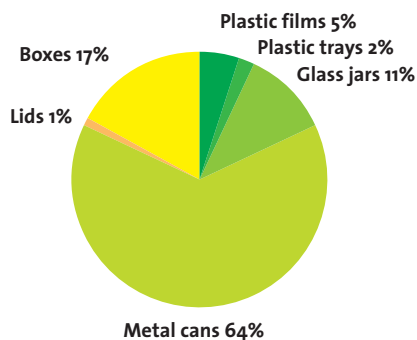
These sharing networks must now revitalise their exchanges on monitoring and understanding regulations, become more open to external experts and strengthen their international nature.

INDICATOR

PACKAGING

Total weight: **102,666 tonnes**

Breakdown of packaging by material/weight:



Scope: group

Metal packaging (steel/aluminium) remains the material Bonduelle uses most. Since 1990, this item has been subject to continual improvements in order to reduce the weight of metal in each can.

During the 2003 production campaign, **73%** of industrial trials carried out were on optimising packaging.

QUALITY/NUTRITION

The Bonduelle Group implements appropriate structures and methods in order to guarantee the quality and food safety of its products. Bonduelle makes quality and safety a common priority by involving its employees in continued improvement initiatives to give them a sense of responsibility. This lies at the heart of its role as an operator in the field of nutrition.

People

Agricultural production

FORMALISATION AND DEPLOYMENT OF A QUALITY POLICY THROUGHOUT THE GROUP

The subsidiaries share common objectives which, today, form the basis of the Bonduelle Group's quality policy. From design to delivery, this policy is intended to guarantee customer satisfaction and food safety of products, while instilling a dynamic of continual improvement.

This policy relies on a quality organisation which gives all employees a sense of responsibility. So far, 379 people are dedicated to quality at different levels of the organisation.

- 6% work in the management structures of the different subsidiaries and in the purchasing department. They co-ordinate quality initiatives and verify that quality policies are understood and applied at the production sites and at purchase level.

PROGRESS AREAS

- Formalisation and deployment of a quality policy throughout the group
- Consolidation of the exchange and supervision network
- Improved listening and consumer satisfaction
- Implementation of a nutritional policy

- 20% work at production sites on carrying out vegetable acceptance controls and checks.

GROUP QUALITY POLICY

Objectives	Commitments
Listening to and satisfying consumers' needs and expectations	<ul style="list-style-type: none"> • Making sure that all the commercial, marketing, consumer, customer, logistical and quality departments work together and listen to user customers, distributors and consumers. • Supplying products of constant quality, which match consumers' expectations. • Guaranteeing that products do not contain any genetically modified organisms. • Setting up initiatives to improve the nutritional qualities of our products and informing consumers about them.
Ensuring food safety and consumer health	<ul style="list-style-type: none"> • Guaranteeing microbiological, physical and chemical safety of products. • Implementing risk analysis and critical control point initiatives and verifying their efficacy. • Setting up measures to guarantee the absence of foreign bodies. • Controlling the cold chain from manufacture to distribution. • Controlling the traceability of each of our products from sowing to the first delivery point.
In keeping with a dynamic of continual improvement	<ul style="list-style-type: none"> • Giving a sense of responsibility to, inspiring and involving all personnel involved in quality. • Setting up an exchange and supervision network between the subsidiaries of the group. • Adapting our information systems to consumers' expectations and relaying these expectations to the production sites.

Natural resources

- 45% carry out controls and verifications on the production lines at the various stages of the processing processes.
- 29% make up the quality control departments of the production sites. They ensure that the quality control policy is implemented on site, that quality initiatives are monitored, that control laboratories are operating and that control plans and methods are formalised.



These two items (on-line and acceptance control) remained constant in terms of workforce. Implementing progress initiatives at each site is, in fact, intended to make all of the operators feel responsible for quality and to develop self-assessment.

Optimising the quality control organisation involves maintaining a dynamic of permanent progress. Today, initiatives are carried out in industrial sites to involve employees on a daily basis, share skills and put in place a range of promotional and improvement tools on the ground.

Quality / nutrition

The so-called “5S” initiative, targeting cleanliness and tidiness to improve the workplace environment, safety and reduce the risk of error, is one of the tools used on the ground.

The use of visual communication tools, such as management charts used by the teams, enables simple, frequent promotion, geared towards immediate action.

Problem solving methods that directly involve all staff can provide rapid and effective answers to a specific problem and solve front line problems on the ground.

INDICATOR

- 19 sites are ISO 9000 and/or 9002 certified
- 8 sites are EFSIS certified
- 8 sites produce certified “organic” products

IN 2003/2004, OVER 24 FOOD PROCESSING SITES, 1,320 AUDITS AND LINE CONTROLS WERE CARRIED OUT ACCORDING TO DIFFERENT STANDARDS:

- ISO 9000 and/or 9002 (quality management)
- EFSIS (quality and safety management)
- Organic production
- HACCP (hazard analysis of critical control points)
- Health and safety
- Contaminants, traceability

28% of these audits were performed by external auditors and on behalf of customers.

72% of audits and process controls were carried out by voluntary in-house auditors. This high percentage contributes to the continual development of our quality control systems and the improvement of products and services.

Scope: group excluding Germany and Russia

QUALITY/NUTRITION

People

Agricultural production

CONSOLIDATING THE EXCHANGE AND SUPERVISION NETWORK

An exchange and supervision network at group level incorporates subsidiaries' quality control departments, the buying group, research and development and experts identified according to the themes tackled.

This exchange network's activities relate to regulation control (meetings are planned on a quarterly basis with the participation of professionals from the French Technical Center of Foodstuffs Preservation – CTCPA), the microbiology applied to the different vegetable processing technologies in order to improve control plans and methods, and safety of supplies.

IMPROVED LISTENING AND CONSUMER SATISFACTION

The consumer service departments in all the countries where Bonduelle is based can quickly offer consumers information about the composition of products and their nutritional aspects. Consumers can also make suggestions, comments and complaints.

As well as the group's web site (www.bonduelle.com), the specific web sites in five countries can provide extra information on products and make contact.

Offering a permanent point of contact 24 hours a day, 365 days a year, is a major progress target. This is already available in France, Poland and Portugal. The other countries are currently working on implementing a similar system.

ENSURING FOOD SAFETY

Food safety is one of the priorities of the quality control policy. Methods are therefore being put in place to control the risks identified during the different stages of product elaboration.

Food safety and traceability

The mechanisms introduced throughout the group enable product traceability to be checked from the seed to our customers' initial points of delivery. Depending on the activities, the different information tools enable us to obtain traceability results within a given time: upstream traceability to the cultivation plot, and downstream traceability to the products made and delivery points from a cultivation plot or a raw material.

By way of example, the eight production sites dedicated to chilled and delicatessen activities (industries selling products with a short life) can trace downstream in less than four hours.





Food safety and risk management

In order to improve the safety of our products, initiatives to analyse risks and control critical points are in place in all the production sites. The Hazard Analysis of Critical Control Point (HACCP) method is used in all the factories by trained in-house teams and makes it possible to control the chemical, physical and microbiological hazards of the foodstuffs. First of all, potential dangers affecting product safety have to be identified: microbiological risks and foreign bodies, which mostly come from the agricultural raw material (stones, vegetable matter, insects, etc.). The second stage consists of determining the measures and procedures necessary to handle these hazards before monitoring and controlling the measures implemented.

Focus

The bean sprouts that Bonduelle sells come from *Vigna radiata* or *Phaseolus mungo* and are not related to the protein-rich soya from *Glycine max*, which may be genetically modified.

In April 1999, together with the French fraud prevention unit, Bonduelle agreed to replace the name “bean sprout”, which may cause confusion, with the real name “mung bean sprouts”.



Absence of Genetically Modified Organisms

The products that Bonduelle sells do not contain any GM derivative that should be labelled in compliance with the regulations in force.

With regard to maize, the sweetcorn varieties are not related to cereal maize.

Procedures have been set up throughout the group to ensure traceability throughout:

- seed supplier audit,
- control of all the batches of seed before sowing,
- completely monitoring of cultivation to avoid cross-contamination,
- verification of harvest and processing,
- control of the product before sale.

QUALITY/NUTRITION

People

Agricultural production

Product safety and controlling foreign bodies

Vegetables are first-stage processing products, reliant on climatic conditions and other natural hazards. When Bonduelle uses vegetable matter that has been processed very little, it is naturally exposed to the accidental presence of butterflies, insects, caterpillars, etc. This exposure is growing because of the move towards rational agriculture, which favours more targeted treatments which preserve the growing environment and, in particular, the animal environment.

Beyond strictly applying the regulations, the Bonduelle Group wants to limit the risks of introducing foreign bodies from agriculture upstream to packaging which, of course, includes processing. Bonduelle also continually performs quality controls and audits on its factories and suppliers.



By improving conventional control methods, Bonduelle is making a significant investment in electronic foreign body detection and rejection methods.

Control activities take place at every level: cultivation, in compliance with the Supply Charter, acceptance of the vegetables, the manufacturing process and packaging. These activities also relate to behaviour. This means all staff are made aware of the risks of foreign bodies. Permanent and seasonal employees are trained to respect good manufacturing and packaging practices.

These good practices are listed in a Hygiene Charter. Internal audits ensure that this is applied properly.

IMPLEMENTATION OF A NUTRITIONAL POLICY

During 2003/2004, in-house nutritional skills have been significantly improved within Research and Development.

Measures have also been taken to improve the nutritional qualities of products. Internal research into the effect of processing procedures on nutritional values have been carried out. The results of this will help to optimise processes and establish areas for research. By the same token, a nutritional analysis plan over several years was started this year to monitor

the nutritional benefits of agricultural and technological choices.

Projects for developing products with elaborate nutritional characteristics are now in progress. Measures have also been taken to promote a lasting improvement in eating habits.

The launch of the Louis Bonduelle Foundation was prepared during the year. Scientific research has also been supported through the financing of the Cœur et Artères Foundation. Its aim is to extend and evaluate research into preventing diseases of the heart and arteries and associated pathologies such as diabetes and obesity. Its research programme will mainly concentrate on nutritional and pharmaceutical innovation and on dietary behaviour. This is a research, prevention and education initiative.

In France, a teaching kit for primary school children has been produced with a nutritional dimension built around the theme of the Vendée Globe race.

All these initiatives must go hand in hand with raising the awareness of Bonduelle Group staff, through an information booklet on basic nutrition and creating training programmes.



**LOUIS BONDUELLE FOUNDATION:
PROMOTING THE PUBLIC USEFULNESS
OF VEGETABLES**

The Louis Bonduelle Foundation has been created as a concrete expression of the group's commitment to nutrition. Its mission will be to help to promote the public usefulness of vegetables. In fact, although the need to eat vegetables is a message we are all aware of, the Louis Bonduelle Foundation, in addition to giving information on vegetables, intends to be more active in the field of dietary behaviour, in order to help vegetables become a part of everyone's daily lives. In order to do so, it will base its work on three pillars: support for scientific research, information for a wide public (general public, teachers and medical profession) and activities on the ground. Its ambition is to work throughout Europe. Following its launch in France in October 2004, the Louis Bonduelle Foundation will start work in Italy at the beginning of 2005. Notably, the Foundation's support for research includes the financing given to the Cœur et Artères Foundation. Visit the Louis Bonduelle Foundation at:

www.fondation-louisbonduelle.org



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