

Biotechnologies

Animal genetic selection

Multiplication



Providing everyone with  
the strengths they need



**GROUPE GRIMAUD®**  
*Giving life to Performance*

# Groupe Grimaud Report to the United Nations Global Compact:

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# The Chairman's undertaking to support Global Compact:

Roussay, February 2009.

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

## Mission of Group Grimaud:

“The development of high value activities upstream within the animal and human health industries, worldwide.”





# The 3 Businesses of Groupe Grimaud:

## 1. *Our Core business,*

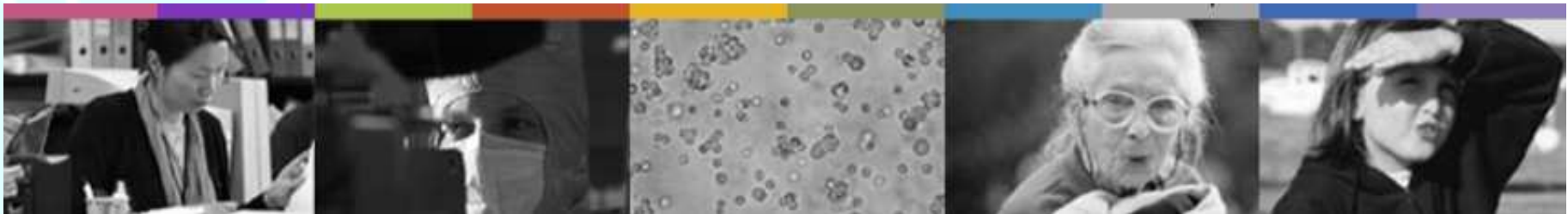
Genetic selection and marketing  
of high quality animal breeders:  
broilers, layers,  
ducks, geese,  
guinea fowl, pigeons,  
rabbits and pigs.



## ... The 3 businesses of the Group:

### *2. Upstream of our core business,*

- Biotechnologies serving human and animal health:
  - development of Ebx® avian stem cells lines for vaccines and pharmaceutical recombinant proteins production,
  - serum production on SPF rabbits for pharmaceutical uses,
  - autogenous vaccines for poultry, pig and fish,
  - bacterial flora.
- New technological applications in animal genetic selection ; genomics



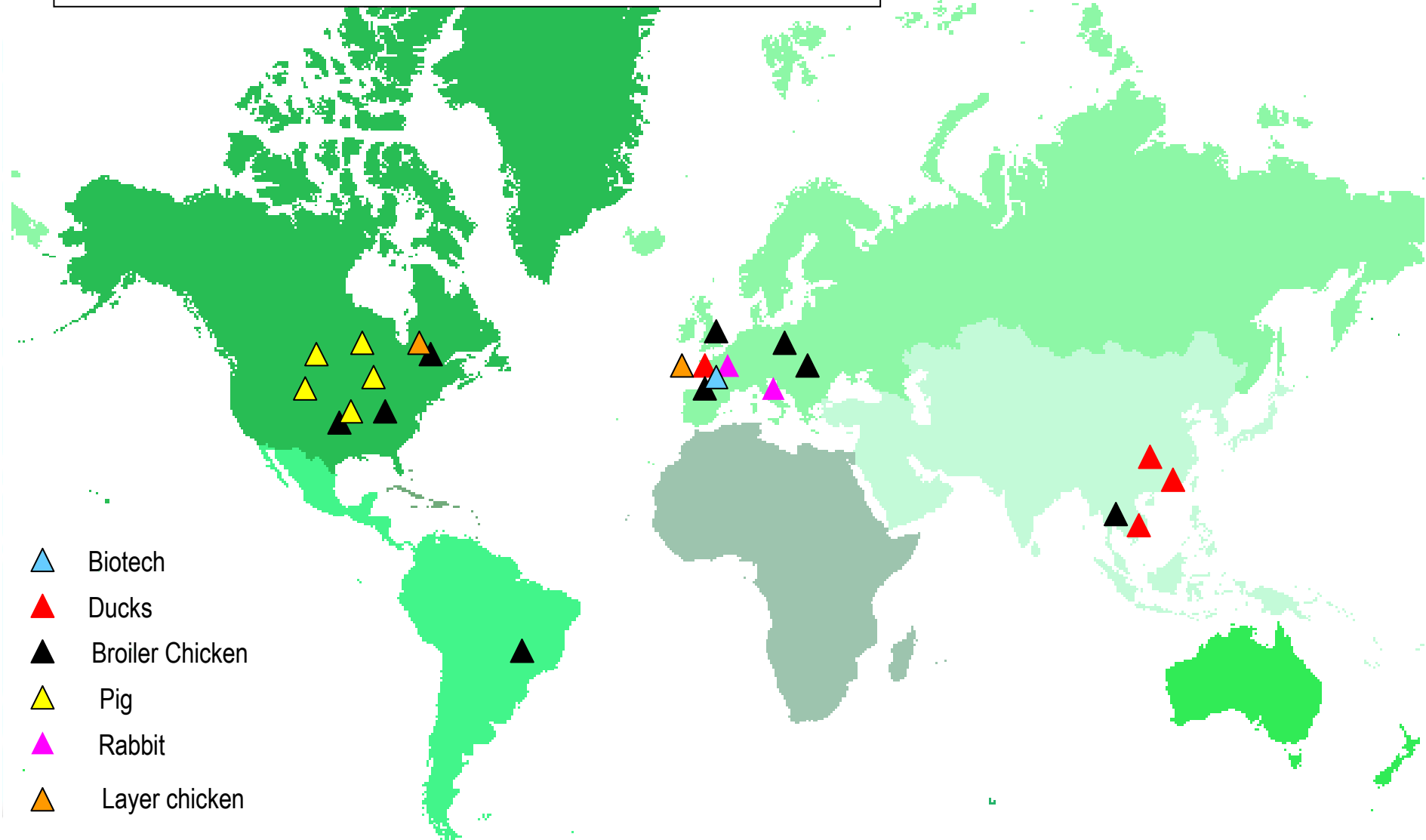
... The 3 businesses of the Group:

*3. Downstream of our core business,*

Multiplication, hatching and sales of commercial day-old ducklings.



## Groupe Grimaud global organization: main R&D and production centers worldwide





# Our facilities:

- Headquarters in Roussay (West of France), close to Nantes,
  - 8 subsidiaries in France,
  - R&D facilities in Europe and in the US,
  - Subsidiaries for local breeder production in the UK, Italy, Poland, Hungary, USA, China, Thailand & Brazil,
  - Subcontractors in many countries around the world:
    - America's: Argentina, Brazil, Colombia, Mexico, Peru, Venezuela
    - Asia: Bangladesh, China, India, Indonesia, Philippines, Taiwan, Thailand
    - EMEA: Algeria, Egypt, Italy, Jordan, Libya, Mauritius, Nigeria, Pakistan, Russia, South Africa, Syria, Zimbabwe
- + sales offices in Central Europe, Spain, Netherlands, China.



*Vivalis GMP lab - Nantes (Fr)*



*Grimaud Frères hatching center - Roussay (Fr)*

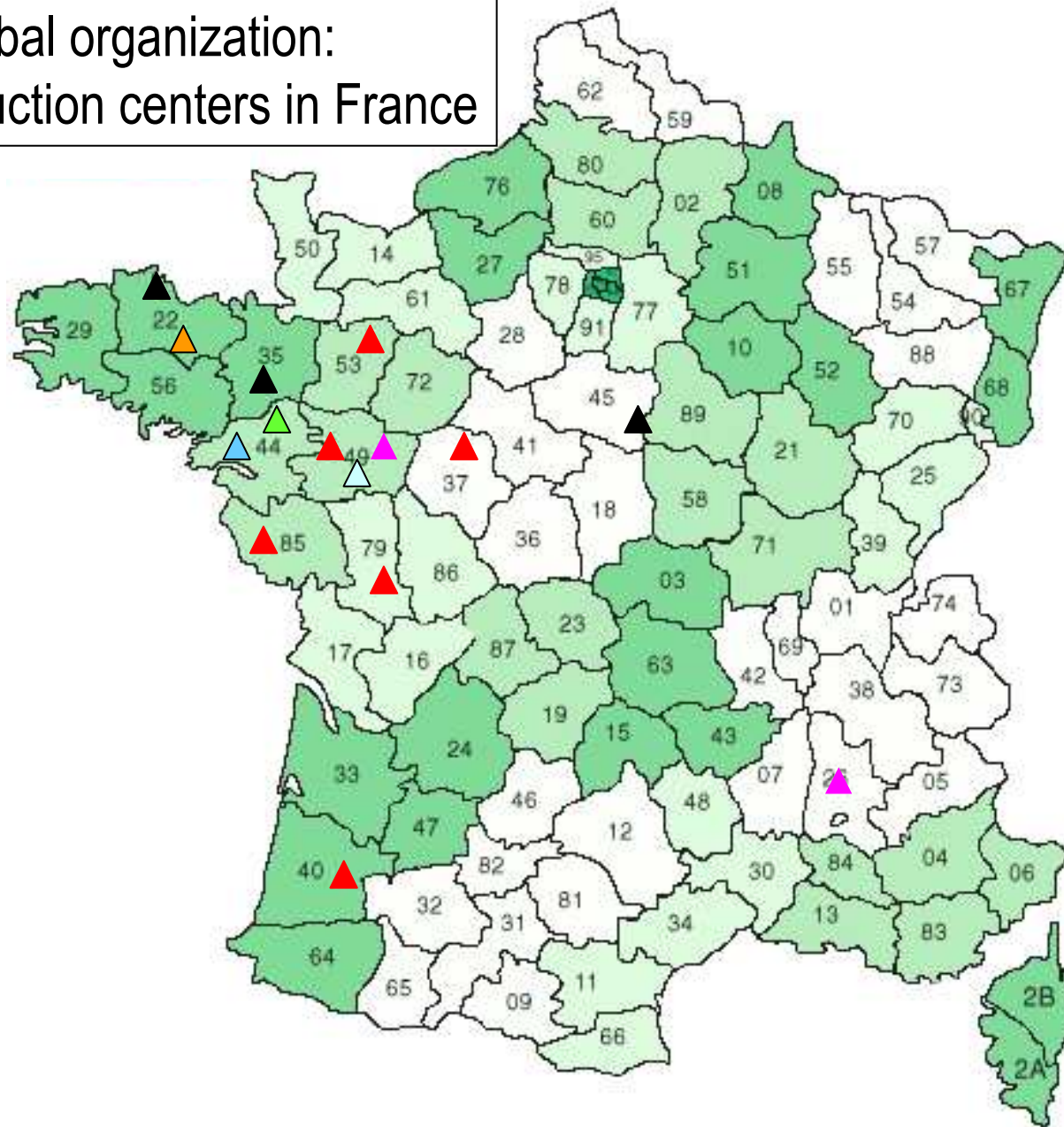


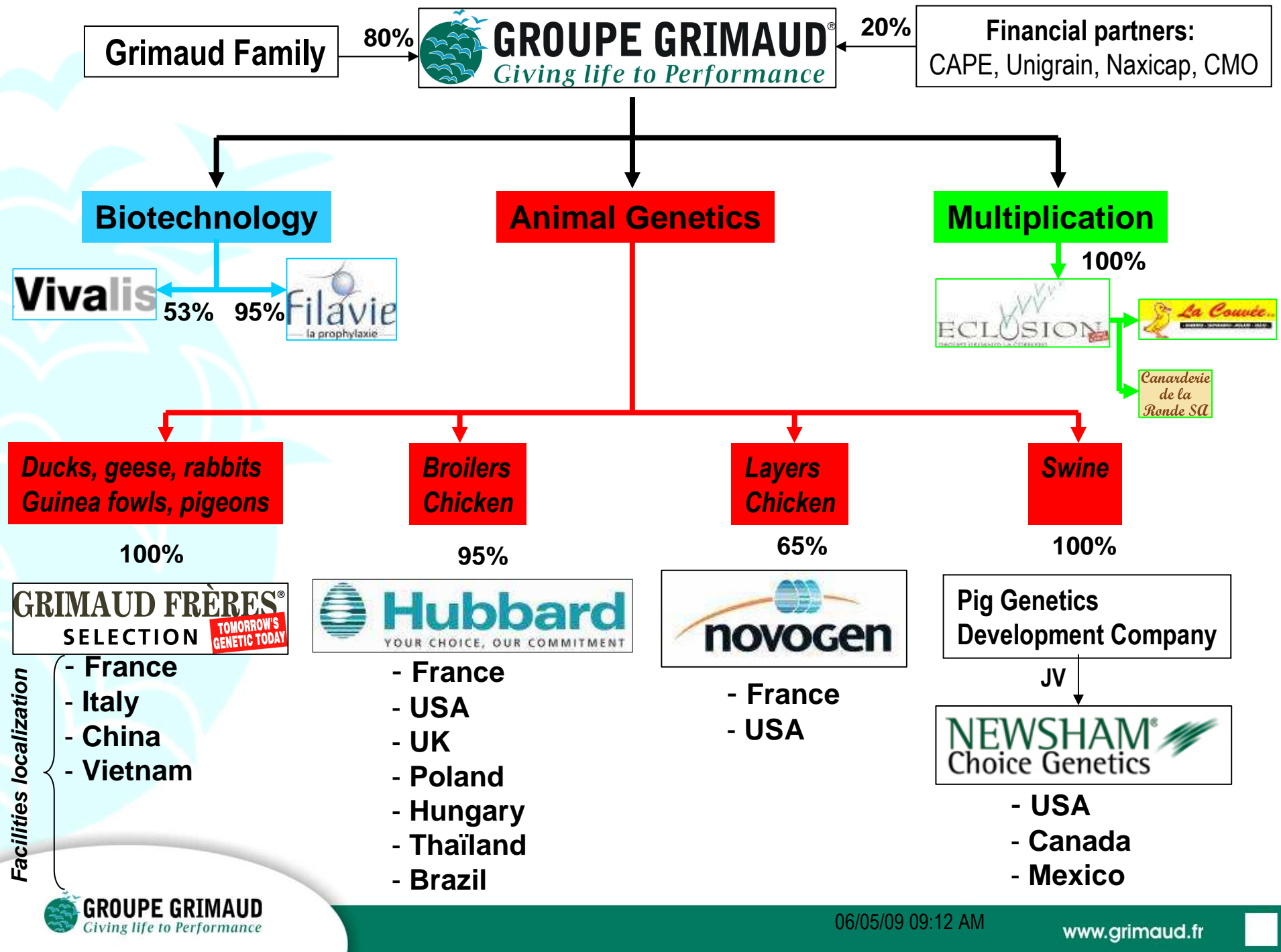
*Hubbard GP hatchery - Pikeville (Tn . USA)*



## Groupe Grimaud global organization: main R&D and production centers in France

- ▲ Biotech
- ▲ Ducks
- ▲ Broiler chicken
- ▲ Rabbit
- ▲ Guinea Fowl
- ▲ Pigeons
- ▲ Layer chicken







## 2008 key figures:

- 2<sup>nd</sup> largest multi-species animal genetic company in the world,
- About 185 M€ of turnover realized in about 100 countries,
- Share holders equity: 77 M€,
- Debts: 42 M€,
- 1500 employees.



## 2008 Sales:

- More than 30 million broiler breeders: GGP's, GP's & PS (17-18% of the world market),
- About 50 million ducklings including more than 1.6 M breeders GP + PS sold (43-45% of the world market),
- Genetics supplies to over 1,1 M sows (~ 20% of the North American market),
- 320,000 rabbit breeders sold including more than 50,000 GP's and 2.1 M semen doses for AI (60% of the world market),
- About 230,000 guinea fowl breeders (~ 60% of the world market),
- About 30,000 pigeon breeder couples...

**Giving you the choice  
for each different market.**





## 2009-2013 Group driving priorities...



- Develop our worldwide positions in multi-species animal genetics to get the co-leadership of this business,
- Support the development of our Biotech activities,
- Be our customers' partner of choice,
- Be profitable enough to finance our R&D, our growth, and ensure long-term sustainability of our industrial project.



... priorities supported by a management and development strategy following 7 fundamental values:

1. **« Customers first ! »**, *listening, service, strength of proposal and innovation,*
2. **The Women and the Men:** *choosing the best, training, empowerment, learning atmosphere, valuing success,*
3. **Investments:** *systematic reinvestments of profits,*
4. **R & D:** *20 M€ / year to develop the products,*
5. **Global:** *sales in more than 100 countries,*
6. **Commitment to Quality,**
7. **Continuous improvement** attitude: *“today’s records are tomorrow’s standard performances !”*





# **The development of Global Compact principles within Groupe Grimaud**

## The development of Global Compact principles within Groupe Grimaud

### 1. In customer relationships:

*“No customers, no business!”*

*The integration of this maxim on an everyday basis puts customers at the heart of the business.*

- **Listening:**

- Speaking more than 15 different languages, our sales teams travel the world, always attentive to customer expectations, and our group strategy is guided by the demands, proposals and criticisms of these people.
- The systematic recording of satisfaction rates and statistical processing of data allows us to correct problems with service, and also – because it is on display at all our sites - to make all employees aware of their responsibilities.

- **Service:**

- We have about 30 technicians of diverse origins who accompany clients in the field, on an everyday basis, to allow them to express the best economic potential of our products and services.

- **Proactivity and innovation:**

- At the front end of the industry - in fact at the very outset - our group is behind numerous innovative proposals made to customers.
- All our commercial offers are fully respectful of the ethical rules governing honest and transparent transactions, whichever country they concern.

## 2. 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 2008 the Group acquired almost 60 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 2008, more than 30 employees were thus able to develop their responsibilities within the Group.



## 2. 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 (24 sessions in 2008), numerous personal development sessions were also organised, such as:
  - Management and Communication (4 sessions in 2008)
  - Organisation and Time Management (3 sessions in 2008)
  - Personal Organisation, assisted by the latest tools: specialist built-in software in computers and PDAs (3 sessions in 2008)
  - Stress Management
  - Foreign Languages (29 sessions in 2008)
  - Creativity / Personal Development (8 sessions in 2008)
  - Information Technology (30 sessions in 2008)
- Each training course is part of an overall plan, and the subject of a specific evaluation.

## 2. 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.
  - 'Progress Proposal Sheets' are also available to all employees.

## 2. 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. 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 the Chairman of the Group, usually followed by a light meal. Each person is then able to express themselves, free of hierarchical barriers.
- A 'Newsletter' is published quarterly 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 some production sites, it displays charts monitoring, for example, accidents at work and customer satisfaction levels.
- The fact that the Group has signed up to Global Compact has been broadly relayed in the companies, both through the Group magazine 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.
- Lastly, we are currently initiating an 'internal social satisfaction barometer', in the form of an annual survey, which is anonymously completed by all employees, to assess their perception of the company and its management.

## 2. 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.

## 2. 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,
- 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.



### 3. Through investments:

*Quite simply - using profits to support the sustainable development project.*

- **Systematic reinvestment of profits in the service of the Group's sustainable development:**
  - Ever since the Group was founded in the late 60s, all profits have been systematically ploughed back into development.
  - In practical terms, this translates to an absence of significant distribution of dividends to individual shareholders.
  - This policy is clearly stated, and shared internally with all employees as one of the basic principles of our Group.
- **The 3 Thirds Rule:**
  - Profits are systematically reinvested in the project - almost always in accordance with the 3 Thirds Rule:
    - 1/3 for internal investment,
    - 1/3 for cash-flow reserve,
    - 1/3 for the development of new projects and/or external growth.

## 4. Through R&D:

*Invent tomorrow by investing today!*

- **More than 12% of Turnover is invested in R&D each year:**
  - This rather unusual figure speaks of our determination to develop new solutions that are both profitable for customers and generators of value for the Group.
  - International, multi-disciplinary, multi-cultural and multi-generational, our R&D teams have access to cutting-edge techniques as well as a managerial environment which encourages innovation – in particular the ‘right to make mistakes’ - an indispensable pre-condition for the evaluation of new solutions.
  - Interdisciplinary working groups regularly work together, cross-referencing their experiences in the search for new, and a priori ‘unexpected’ solutions.
- **Innovation is not confined to technological advances:**
  - Special attention is paid to innovations also affecting the Group’s non-technological sectors. This can equally apply to positive initiatives concerning, for example, improvements in our administrative, or managerial effectiveness.
- **Recognising and rewarding innovation:**
  - Every year, the most innovative teams are acknowledged and rewarded.

## 5. 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.

## 6. Within the context of internationalization:

*'We are local worldwide!' (ITT)*

- **Selling to a hundred countries...**
  - Our Group's international development takes place in 4 successive, repeated stages in the different areas:
    - Prospecting from France and the USA, using globe-trotter teams
    - Appointment of agents who are experts in local culture
    - Opening of commercial offices supervised by a person who is a native of the country,
    - Creation of localized production subsidiaries.
  - This process of integration and gradual installation facilitates good understanding of local conditions, so as to appropriate them - and eventually to blend into the landscape. This is a long term process whose objective – that of durability - rules out any sudden or illegal approach.
- **... from industrial facilities in nine countries.**
  - The ultimate stage of internationalization, this is localization of production for local procurement.
  - All our local subsidiaries are managed by a native of the country - never by expatriates. Under the direct responsibility of the Group Chairman, the local General Manager is autonomous in terms of their choice of teams. He or she works in tune with the culture of the country as well as within the fundamental Group operational framework, whose essential principles are stated in this report.

The development of Global Compact principles within Groupe Grimaud

## **7. 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.



The development of Global Compact principles within Groupe Grimaud

## 7. 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 2 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 is in the process of official recognition) uses an original procedure with bacteria to facilitate and accelerate the process. The compost ultimately obtained has been validated as an agricultural soil conditioner.
  - In 2008, the Groupe Grimaud invested in solar panel roofing for its head office, thus contributing to the production of renewable source electricity.
  - We have also recently equipped our pilot buildings with a heat recovery system.
  - For the past 2 years we have also been working hard on reducing the use of chemical disinfection products, preferring biological procedures. Original bio-film solutions (post-cleaning application of 'positive' bacteria colonizing the environment and forming a barrier to pathogens) are currently in the evaluation process, and seem promising.
  - In 2009 a new waste water treatment plant, using a natural plant filtration process, will be brought into service.
- **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.
  - In 2008 – 2009, a number of specific investments were made in this direction:
    - 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
    - development of a means of chip-based pedigree identification through enablement of individual performance monitoring in on-the-ground conditions (previously caged)
- **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 2008 - 2009:

- Human Rights:
  - Promotion to all employees of the fact that the Group has signed up to 'Global Compact'
  - Establishment of the internal social satisfaction barometer
- Working Standards:
  - On this point we've already made a lot of progress
- 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
- Anti-corruption:
  - Promotion of the fact that we have signed up to 'Global Compact' and its principles within our customer-supplier economic environment

... with pragmatism and reactivity

*“A series of small  
steps leads to a big result”*

Charles Baudelaire



**Groupe Grimaud supports the United Nations Global Compact**