



### **COMMUNICATION ON PROGRESS**

SEPTEMBER 2018



# contents

- STATEMENT OF ALEX BONGRAIN PRESIDENT OF SAVENCIA FROMAGE & DAIRY
- THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT
- APPLICATION OF THE PRINCIPLES OF THE GLOBAL COMPACT WITHIN SAVENCIA FROMAGE & DAIRY



Human Rights **p.6** 



Labour **p.12** 



Environment p.14



Anti-Corruption p.17

# 0.18 VERIFICATIONS AND CONCORDANCE

#### CONTACT

For any further information about this communication, please contact: Fabienne Boroni – Director of Corporate Communication – fabienne.boroni@lalliance.com

# statement by the President

Social and environmental responsibility is at the heart of the Group's major concerns. Every year since 2003, we renew our commitment to the United Nations Global Compact.

Committed to sustainable progress throughout the value chain, we work daily with all our stakeholders, to offer quality, healthy and responsible products, while reducing the carbon footprint of our activities.

Day by day, alongside our employees, we are committed to building an approach of constant improvement to continually improve our practices and create the conditions for sustainable growth.

In accordance with the provisions of the French law of December 2016 (the so-called "Sapin II law") about transparency, fighting corruption and modernization of the economy, we established a Surveillance Program to identify and prevent breaches of human rights and fundamental liberties.

In the countries and regions in which we are present, we foster on close relationships with the local community, by participating in economic and social development and by promoting the professional fulfilment of employees.

Strongly committed to our vocation "Leading the way to better food", we come together to sustainably develop high-quality food.

By this new Communication focusing on Progress, we invite you to learn more about the actions of the Group and its subsidiaries, fully devoted to our commitment to the United Nations Global Compact.

Alex Bongrain
President

# the 10 principes of the United Nations Global Compact.



#### **PRINCIPLE 1**

Businesses should support and respect the protection of internationally proclaimed human rights.

#### PRINCIPLE 2

Make sure that they are not complicit in human rights abuses.



#### PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

#### **PRINCIPLE 4**

The elimination of all forms of forced and compulsory labour.

#### **PRINCIPLE 5**

The effective abolition of child labour.

#### PRINCIPLE 6

The elimination of discrimination in respect of employment and occupation.



#### **PRINCIPLE 7**

Businesses should support a precautionary approach to environmental challenges.

#### **PRINCIPLE 8**

Undertake initiatives to promote greater environmental responsibility.

#### **PRINCIPLE 9**

Encourage the development and diffusion of environmentally friendly technologies.



#### PRINCIPLE 10

Businesses should work against all forms of corruption, including extortion and bribery.

# application of the principles of the United Nations Global Compact



## PRINCIPLES OF THE GLOBAL COMPACT

- **1.** Businesses should support and respect the protection of internationally proclaimed human rights.
- **2.** Make sure that they are not complicit in human rights abuses.

# CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS











#### TERMS OF APPLICATION AND PROGRESS IN 2017

### VALUES AND GOALS OF THE GROUP

Our Group is made up of companies of a human scale, united by a humanist, family and entrepreneurial culture.

#### **OUR VALUES**

- ▶ Tolerance: accepting and understanding others.
- Courage: exercising one's responsibilities fully and recognising one's errors.
- Honesty: respecting the truth and not masking it.
- ▶ Loyalty: being true to the Group which, in turn, supports its members.

Leading the way to better food, securing quality and respecting nature, developing and promoting our employees, investing to ensure profitable growth and permanence of the Group, contributing to the common good: our Group has always thrived to respect and apply these values deploying its responsible and sustainable strategy.

This commitment, shared by all our employees, aims at favouring balanced performance combining economic and social development while respecting people and the environment. Similarly, the satisfaction of our customers and attentive listening to the stakeholders are the major themes of our excellence-oriented management approach.

#### **ETHICAL CHARTER**

The Ethical Charter **"The Group and its Culture"** is given to each employee joining the Group. It states the principles and the rules of conduct that apply within all Group companies.

This Charter underlines the ten fundamental principles of the Global Compact and states that each employee has a duty to alert whenever the employee believes that a violation of the Group's ethics has been committed.

#### **GOVERNANCE OF THE COMPANY**

The Board of Directors decides on the objectives and chooses the Strategy of the Group, in keeping with its culture and its values. The Board is assisted by two specialised committees.

- ▶ The Audit and Risks Committee, which carries out its task in the fields of external statutory audit, internal control and the Group's half-yearly and annual financial statements and financial announcements.
- → The Committee for Management, Remunerations and Social and Environmental Responsibility: with regard to the various aspects of the policies for Social and Environmental Responsibility and Sustainable Development defined by the Group, it advises the Board.

#### **GROUP'S MEMBERS**

SAVENCIA Fromage & Dairy has developed a responsible Human Resources policy respecting the International Human Rights Conventions. It is anchored in its humanistic culture designed to ensure the Group's growth and sustainability with the support of its employees and to develop their talents by providing each and every-one the opportunity to grow and achieve his/her full potential within the Group.

To that end, the Group seeks constantly to offer its employees a professional environment propitious to their wellbeing.

**Trust** and respect, associated with the importance of treating everyone with dignity, are essential bases for relations between employees. Similarly, Tolerance, illustrated by accepting and understanding others, is one of the four founding values of the Group, along with Courage, Honesty and Loyalty.



Since 2009, the "Great Place to Work" employee surveys have been performed periodically at all subsidiaries. They measure the social climate by allowing all staff members to say what they think anonymously and express their

expectations. Employees are informed of the results, which are used by each subsidiary to identify areas for progress and implement action plans. It allows subsidiaries to fine-tune their human resource practices and results.



#### Our progress

According to the 2017 Great Place to Work survey,

76% of the staff of SAVENCIA Ressources Laitières declared that it is "a great place to work".

Certain subsidiaries have signed additional **profit-sharing agreements** designed to promote greater commitment by employees to their companies' performance or to the achievement of goals of quality, productivity or safety at work etc.

Similarly, agreements the prevention of particularly painful working conditions have also been reached by certain subsidiaries. They may, for example, provide for special pre-retirement working arrangements for employees subject to harsh working conditions.

#### TRAINING AND DEVELOPMENT

The recognition of the personal and collective contributions of our workforce enables us to **celebrate their individual and collective commitment**, thus favoring their skills and their employability.

More than 50% of the permanent workforce has been with us for more than ten years. SAVENCIA Fromage & Dairy encourages internal mobility both within and between its subsidiaries and at all levels. Every year, each subsidiary conducts a careers review, making it possible to prepare the possible career development of their staff and facilitate internal itineraries between subsidiaries, jobs and countries.

**The training offered by the Group** draws on recognized internal and external expertise. To accompany changing trends in working practices, new skills are developed. SAVENCIA Fromage & Dairy supports its employees in following those trends by strengthening their expertise and commitment, respecting the Group's values.

- ▶ Training for all has also been put in place. In 2017, 222 189 hours of practical training were undertaken. Some specific programs, of:
  - training for new managers;
  - "Management Excellence" seminars for managers;
  - support for Group policies in the areas of safety, risk prevention etc.;
  - personal skills training such as in the techniques of communication, project management or negotiation;

- functional seminars such as in "Marketing Excellence", "Sales Excellence", "HR Excellence" or our "SAVENCIA Academy" which offers industrial managers courses focusing on cheese and dairy knowhow with the emphasis on manufacturing, quality and research.
- ◆ SAVENCIA Fromage & Dairy encourages training and the recognition of experience sanctioned by diplomas such as France's Certificats de Qualification Professionnelle.
- ▶ The Group has also decided to promote the transmission of skills by conferring on Great Masters and Experts the mission of passing on and preserving the dairy know-how specific to the Group.



The Group commits to all its workforce in all countries, and sets up internal mobility, support or regrading systems so as to "never leave an employee confront a problem of employment alone".

#### **HEALTH AND SAFETY AT WORK**

Health and safety at work are major priorities of our Group. For this, we are orchestrating **a worldwide mobilization and training program** in order to improve health and safety at work on a sustainable basis.

In 2017, SAVENCIA Fromage & Dairy has pursued the actions engaged in Health and Safety at Work with its awareness-raising "Safety is OUR business!" program, with a zero accident objective.



- The Group's approach requires commitment and exemplary behaviour by all, in all the applicable working environments, whether industrial, logistical or administrative. The approach also relies on the specific methods and tools available to employees, to help in their progress.
- The World Health and Safety Week mobilizes each year the Group's employees on a specific theme. In 2017, the 5<sup>th</sup> World Health and Safety Week highlighted musculoskeletal problems and healthy living by organizing workshops around muscle stimulation. A safety challenge was also organised to design a pedagogic video.
- The Charter for Health & Safety at Work prevails all as a genuine Group culture. It states that wellbeing, protection of physical integrity and the health of the people working in the Group must be everybody's concern. To prevent safety risks for temporary employees, specific training is organized to raise their awareness of health and safety issues. Similarly, this year the Group put in place since 2016 an indicator including safety in the workplace of temporary workers: the TFi (rate of frequency of accidents in the workplace, including temporary workers): 11.3 in 2017.
- ▶ A Worldwide Safety Framework including the essential best practices to be implemented, reminds all production units of the 10 golden rules of safety and circulates prevention messages. It has been deployed and its enforcement is audited by our in-house teams. The Group's monthly monitoring, including the Flash info Accident Groupe, helps raise awareness at subsidiaries.
- ▶ Each entity defines its specific rules and formalizes an action plan with defined and controlled objectives. To optimize the benefits, an accident monitoring and analysis tool and regular reporting contribute to progress for these actions.
- ▶ Behavioral Safety Inspections rally top management, line managers and operatives with the goal of identifying and eliminating situations conducive to risk, and enable employees to share their thoughts on safety as a means of providing a better understanding of exposure to risk.

Safety prevention plans are also developed for the benefit of suppliers and subcontractors working on our sites.

In France, SAVENCIA Fromage & Dairy provides assistance and psychological help. Managers have also been made more aware of the forms psycho-social risks can take.

#### MILK PRODUCERS

SAVENCIA Fromage & Dairy collects over 4 billion liters of cow, goat and ewe milk, from **12,000 producers** all over the world. It is essential for our Group to promote this partnership which develops long-term relations with our producers, in a context of shared progress.

In France, which represents three quarters of our global milk collection, the Savencia Ressources Laitières teams are the preferred contacts for the Producers' Organisations (POs) and the Cooperatives that supply them with milk. The 15 POs represent 2,700 producers of the dairy areas close to our dairies and cheese plants.



- SAVENCIA Fromage & Dairy is strongly involved in assuring the permanence of the sector. Dairy Resources Coordinators are in daily contact with the producers in order to evolve the milk production practices. Milk producers also carry nomadic devices to input all the information that is then available on the dedicated milk producers' website www.terroirs-de-lait.com.
- At the heart of our relations with the producers, the Group endeavours to also offer advice, assistance and training in order to improve breeding practices and milk quality, and thus ensure the sustainable performance of the farms.
- ▶ The Group is dynamically involved in the modernization of farms and their management. Always looking to link the improvement of economic performance with the reduction in the environmental impact, 1,200 French farms have committed to our approach of Sustainable Milk Production. Other countries, such as Germany, Spain, Poland and Slovakia, are mobilizing for sustainable farming practices combining naturalness and profitability

- SAVENCIA Fromage & Dairy facilitates the establishment of young producers through allocation of volumes, financial support, fixing of their margin for 3 years and continuing training. In 2017, within a particularly difficult context for milk producers, the Group maintained its 2016 offer of support for young producers in the form a specific bonus which was taken up by all those concerned. Young farmers represent about 15% of all milk producers.
- ▶ After having helped cow milk producers group themselves within Producer Organizations, we have renewed with goat and ewe milk producers. In 2017, 100% of the ewe's milk producers delivering to the Group have grouped themselves into two Producer Organizations with contractual relationships enabling us to work together for the long term.

We also collect more than 125 million liters of goat milk from our producers and in the framework of a partnership with the Terra Lacta cooperative. SAVENCIA Fromage & Dairy also help young goat farmers via the installation support pack developed with Terra Lacta.

- ▶ We are also working in partnership with dairy cooperatives, some of which are directly associated with optimizing value of milk:
  - In France, Agrial is a shareholder of our subsidiary Compagnie Laitière Européenne. Union Bressor is a partner in the production of Bleu de Bresse, and the Terra Lacta cooperative is a shareholder in Fromageries Lescure.
  - In Argentina, the cooperative AUT is a shareholder in our subsidiary Milkaut, one of the leaders in the country's dairy processing.

#### **SUPPLIERS**

We have always given preference to **sustainable cooperation** with our suppliers and have put everything in place for a dynamic partnership towards mutual progress.

▶ We evaluate our suppliers according to several criteria: product quality, quality of the partnership, and competitiveness, including the ability to offer more economical or more sustainable solutions. To enable suppliers to present their new products and processes, we organize Innovation Forums. These meetings emphasize a collaborative approach and the importance of developing innovative solutions.

- ◆ All incoming managers and buyers are trained in the Group's responsible procurement policy.
- ▶ A **Procurement Code of Conduct** governs our buyers' commitments in their relationship with suppliers. It applies to four main areas: ethics and integrity, communication and collaboration, performance and progress, and responsible and sustainable procurement.
- Similarly, a Charter for Responsible Purchasing sets the Group policy pertaining to responsible purchases. Widely distributed to suppliers, who are invited to confirm their adherence, it is also systematically communicated in all requests for tender. Buyers are required to identify the appropriate companies of the sector and the social enterprises able to offer the products and services they are seeking.
- In France, the Group is a signatory of the "Charte Relations Fournisseur Responsable de la Médiation des Entreprises et du Conseil National des Achats". It promotes responsible purchasing and long-term partnerships between large and small companies of the same industry, and to support the competitiveness and financial equilibrium of large and small SME suppliers.
- ◆ The social and environmental performance of our main suppliers is assessed by EcoVadis using a consistent methodology. Areas for progress identified are shared with the vendors concerned.

#### **CONSUMERS**

#### PRODUCT QUALITY AND SAFETY

In all the countries where we are present, we offer consumers products that fit them, **signed by well-known brands** which most often belong to the heritage of those countries.

Each product is designed, manufactured and marketed with a flawless **quality requirement** upon which is built the unwavering trust of the consumers.

- We work from common references and use tools that have proved themselves:
  - a **quality** policy founded on the principles of ISO 9001 and a **food safety** policy applying ISO 22000 and, depending on the markets, BRC or IFS Food certifications;
  - high quality of raw materials with, for France, the adhesion of all our producers to the Good Farming Practices Charter:
  - local establishments enabling in-depth knowledge of local usages and tastes;

- consumers consultation through consumer panels which evaluate all aspects of product quality on an ongoing basis;
- natural and nutritionally balanced recipes;
- full and accurate information about each product.
- Milk contains nutritional benefits essential at every stage of life: protecting the immune system and regulating functions such as growth for the young, intake of calcium for all, combating osteoporosis for the elderly.
- Our Ingredients division endeavours to improve our knowledge of these mechanisms by optimising the exclusive extraction processes and highly effective formulations in order to enhance the active ingredients of the milk for nutrition and health.
- ✓ In response to the issue of respect for the cold chain, we produce and market dairy desserts in aseptic packaging: they benefit from long shelf life at ambient temperature technology. These products make it possible to supply consumers in Africa, the Middle East and Asia through circuits that do not require a cold chain.

#### NUTRITION

SAVENCIA Fromage & Dairy is committed to continuous improvement and attaches great importance to **optimizing the nutritional quality of the products** it offers its customers and **promoting a balanced diet** to consumers.

- In order to answer the nutritional priorities of each consumer, we also offer low-fat, reduced-salt, lactosefree and calcium-and vitamin-enriched products or milk-free for babies allergic to cow milk proteins. In 2017, Brazil has improved its totemic Polenguinho cheese, in order to offer a version with reduced levels of salt, fat and calories.
- We also offer organic products, as the Modilac Bio, and additives-free products. In 2017, Elle & Vire has launched its light cream, which contains no additives.
- Since 2016, the Group has been working on use of the Nudge methodology with the concept of behavioral economics and that consists in encouraging individuals, without forcing them, to adopt habits that are beneficial for themselves, their communities and/or the planet.
  - In 2017, an initial Nudge project, involving the Caprice des Dieux brand and its En Cas de Caprice product, won the Nudging for Good Award for Health and Sustainability, with an innovative product format and packaging combination. The concept

- the product is in cylindrical form and easy to slice with its strips visualizing 15 g portions helps the consumer simultaneously improve control over his or her consumption and reap the product's natural nutritional benefits.
- In an approach combining nutritional balance and gustative pleasure, we offer sound and natural products integrating nutritional criteria.

We help and encourage the consumer to adopt responsible consumption habits by the provision of clear and transparent information on our products' nutritional composition as well as serving-size information for our major brands.

#### CITIZENSHIP, SOLIDARITY

SAVENCIA Fromage & Dairy attaches great importance to its subsidiaries and workers encouraging initiatives which promote solidarity, health, education, training and social insertion.

- ▶ The French subsidiaries of the Group have participated for 7 years already in "l'Arrondi sur salaire". The principle consists of volunteer workers offering from a few cents up to 3 euros of their net salary each month. The Group undertakes to match this gift and redistribute the total sum in the form of microcredits via four associations: Adie, PlaNet Finance, Planet Urgence and Vaincre Noma. In Germany, a similar programme called Restcent-Aktion finances solidarity initiatives in the health and food sectors.
- "Bien Nourrir l'Homme": it's the name of the Group's Endowment Fund, which supports volunteer workers in socially responsible initiatives in France and all over the world. In 2017, the Endowment Fund has decided to support the YARA association to drill a well in Niger and install a pump, thereby enabling the pupils of a boarding school in Zinder to access water throughout the year and to create a vegetable garden.
- The establishment of the "Socially Inclusive Vacation" has also enabled four French workers to undertake missions to provide a real contribution to the local populations in Madagascar, Ecuador and Cameroon while sharing their culture and enthusiasm.



## PRINCIPLES OF THE GLOBAL COMPACT

- **3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- **4.** The elimination of all forms of forced and compulsory labour.
- **5.** The effective abolition of child labour.
- **6.** The elimination of discrimination in respect of employment and occupation

# CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS









#### TERMS OF APPLICATION AND PROGRESS IN 2017

Communication and discussions between the different staff representatives take place with listening and **mutual respect**.

Concerning the fundamental topic of the abolition of child labour and the elimination of all forms of discrimination in the workplace, all Group entities apply the conventions of the **International Labour Organization (ILO)** relative to the fundamental rights and principles in the workplace.

# ENSURE NON-DISCRIMINATION AND EQUAL OPPORTUNITY AT WORK

Concerning access to employment, pay, skills development, professional mobility and personal development, the Group endeavours to support each person and **equal treatment** for all. Wishing to train managers in diversity, the Group gives particular attention to equal opportunity and non-discrimination. The Group's Ethical Charter restates that **respect for persons**, and equal opportunity, are pillars of our corporate culture.

- The Group takes heart in conducting an active policy concerning the integration of young people, the maintenance of seniors in work, and the professional insertion of disabled persons. This firm desire is illustrated by specific training, mentoring, and dedicated positions and missions.
- In France, appropriate measures complement and reinforce past initiatives in favor of **non-discrimination on the basis of age**: mentoring, lifelong training, improved working conditions and prevention of job stress or duress in particular for personnel nearing retirement. The measures supporting the integration of young employees have been continued: mentors, induction courses such as the Graduate Program, etc.

- ▶ A look at age shows that the over-55s represent 17% of the permanent workforce of the Group. The youngest, those under 24, 3,5%. Seniors, in the second part of their career, thus have a genuine role in transferring skills, which also makes it possible to emphasize their knowledge and talents.
- ▶ With 39% of the total workforce and almost 39,8% of the management, women are well represented within the Group. The Group takes pride, through a good conduct guide sent to recruitment firms, in offering mixed lists of candidates in order to guarantee professional equality between men and women within the social development of the Group.
- In 2017, for the 9th consecutive year, France received the "Top Employer France" award, rewarding the quality of its managerial practices and human



resources management tools at people's service. Germany, Belgium, Spain and Poland also received once again the "Top Employer" award.



The **"Top Employer Europe"** award was also awarded for the 5<sup>th</sup> consecutive time at the Group.

## MOBILIZATION IN FAVOR OF THE DISABLED

SAVENCIA Fromage & Dairy facilitates **the access to and continuing employment of disabled people** via appropriate recruitment, support and training processes, individualized welcome and integration and adaptation of premises, workstations and working hours.

- Certain subsidiaries have signed agreements to help their staff obtain Recognition of Handicapped Worker Status.
- ▶ The Handicap Week provides the opportunity for events and workshops designed to raise employees' awareness and perception of handicaps, fight stereotypes and promote the recruitment and maintained employment of handicapped persons.
- Collaboration is also developed with sheltered workshops and similar entities. In France, a site has implemented a new system of selective sorting and recycling of its office waste in partnership with a company which employs handicapped persons or facing difficulties of professional insertion.



## PRINCIPLES OF THE GLOBAL COMPACT

- **7.** Businesses should support a precautionary approach to environmental challenges.
- **8.** Undertake initiatives to promote greater environmental responsibility.
- **9.** Encourage the development and diffusion of environmentally friendly technologies.

# CONTRIBUTING TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS









#### TERMS OF APPLICATION AND PROGRESS IN 2017

**Environmental protection** forms an integral part of the Group's industrial policy. We are committed to lasting improvement all along the value chain from raw materials management to delivery of the finished product.

## ENCOURAGE ENVIRONMENTAL MANAGEMENT

All the Group's subsidiaries are required to respect the same commitments and each production unit is committed to an approach of progress in which the stakeholders participate.

- Upstream, the Group's approach is based on promoting reasoned farming practices designed to reduce farms' carbon footprints and other environmental impacts, and optimizing milk collection.
- ◆ A manager or technical department is responsible for the operational deployment of environmental protection measures at every site.

The operational units implement appropriate prevention and protection policies thanks to an **evaluation system** of the safety of industrial sites and their respect for the rules.

- At the head office, the Group's industrial department supports subsidiaries in the operational implementation of environmental protection measures, supervises their improvement plans, promotes sharing of best practices and monitors changes in their environmental indicators. It also helps them obtain their ISO 14001 certification, by checking the improvement program put in place and their results.
- A monitoring and expertise department has the mission of identifying and transmitting on innovations and best internal and external practices in environmental protection and life cycle management within the subsidiaries

## SUSTAINABLE USE OF RESOURCES

The Group's commitment to **limiting its environmental impact** involves every level of management and all processes with potential impacts.

- The Group engages in continuous review of manufacturing processes in order to maximize milk transformation and enhance byproducts value. The standardization of processes and operating methods, the generalization of high performance equipment, as well as loss reduction plans, all help reduce consumptions.
- All employees are actively engaged and trained in environmental protection, and each site undertakes to control its consumption, with targets updated each year. In 2017 several sites engaged in environmental protection training and information of employees including.
- We deploy all available resources to reduce the impact of our activities:
  - we measure the value of every drop of milk and try to reduce loss and waste;
  - 74,9% of non-dangerous industrial waste is recycled by category. In 2017, its tonnage fell by 4.6% like-forlike:
  - we save energy and reduce emissions;
  - we optimize transports;
  - we save water, we reduce and process waste;
  - we favor eco-designed packaging.

Thus, Fromageries Perreault transformed the Fol Épi pack in order to reduce the use of plastic. With a quite adequate replacement material entirely suitable for contact with food, the Fol Épi pack reduced in thickness by 20%.

- ▶ The implementation and monitoring of action plans are carried out by specialized cross functional committees (for water, energy, raw materials etc.) which help to identify and disseminate sites' best practices.
- The Group launched an industrial performance improvement program based on fighting waste with the objective of reducing raw materials and packaging losses, overconsumption of energy, water and cleaning products, unnecessary travel, etc.
- ▶ Water consumption in 2017 was 15.8 16 million cubic meters. Numerous measures are deployed onsite in order to control consumption: installation of closed circuits for cooling water, optimization of cleaning

processes, adjustment of cleaning frequencies and rinsing times, and the use of filtered whey water for washing. In 2017, our Spanish Arias subsidiary has thus reduced its Vegalencia plant's water consumption by 15% since 2016

- The plants are also assessed according to their **energy efficiency**. In 2017, the Group's energy consumption amounted to 7,945 GJ, a fall of 0.9% compared with 2016. The performance reflects the effectiveness of best energy practices deployed at sites. A steering committee engages in periodic monitoring in order to accelerate the momentum of progress in three main areas: energy production and transformation, energy distribution and energy consumption.
- In order to reduce energy consumption, some of our production facilities use renewable energies. Thus, five sites are equipped with wood boilers. Local supply is preferred and in France, the wood consumed is sourced from renewable forests managed by the "Office National des Forêts". The biomass boilers replace fossil energy and have increased to 3.9% the proportion of renewable energy used for steam production.

In India, a site now covers 5% of its daily electricity consumption by means of the installation of photovoltaic panels on its roof.

▶ The processing and recycling of our manufacturing facilities effluents are naturally in line with the Group's CSR process. Methanization is a natural biological process of micro-organic degradation of matter and is a solution for the recycling of organic matter into energy production, in place in several of our subsidiaries. Fro' thus recycles 100% of its organic waste using its milk producers' methanization plants. The waste is recycled both as energy and digestates spread in the fields, to improve fertilization.



Our progress

At our Vegalencia site in Spain,

100% of organic waste is recycled as energy.

#### **COMBATING CLIMATE CHANGE**

The Group prides itself on **improving the carbon footprint of its activity**. All stages of the value chain are improved in order to reduce the environmental impact.

- ▶ The Group's contribution to combating climate change this is organized through the establishment of a "sustainable dairy production" commitment, and an analysis conducted by independent experts according to 10 indicators, including in particular carbon footprint, animal wellbeing, sustainable management of resources, herd food autonomy, etc.
- In France, at yearend 2017 and for the 1,200 farms diagnosed within Savencia Fromage & Dairy, the average net carbon footprint amounted to 0.82 kg of CO₂ per liter of milk compared with a national average of 0.91 kg.



- ▶ Transport, with the fleets of milk collection trucks, is also concerned by the environmental responsibility and energy saving approach. Our drivers are trained in eco-driving and our fleets are equipped with tractors meeting Europe's EEV (Enhanced Environmentally friendly Vehicule) standard, one of the world's strictest with regard to the emission of pollutants.
- In France, transport subsidiaries subscribe to the "CO<sub>2</sub>, Carriers Commit" charter. We optimize our milk collection rounds and use tankers adapted to each zone's dairy density. The optimization of delivery rounds by using energy-efficient trucks and a dedicated system which has produced, like-for-like, a 6.5% saving in kilometers covered in 2017 compared to 2016.
- The Group ensures that new equipment emits lower levels of greenhouse gases, in particular in the case of boilers and cooling equipment within a renewal program.

## PROMOTE A HEALTHY AND SUSTAINABLE FOOD MODEL

In the framework of its vocation of "Leading the way to better food" and with all its stakeholders, the Group is firmly committed to developing eco-responsibility, improved nutrition, food safety and the fight against food waste.

- In 2017, Savencia Fromage & Dairy contributed to the "États Généraux de l'Alimentation" via two workshops. The first was entitled "Adapting agricultural production to market needs and processors' requirements". The second was devoted to the "Ecological and solidary transition of French agriculture via the promotion of sustainable food". Directly involved with the various players in the industry, the Group has committed to the development, the implementation and the achievement of the industry plan by subscribing to all the five year commitments proposed in the "France Terre de Lait" plan.
- In order to limit food waste, other actions have been developed in several subsidiaries, such as development of appropriate sizes or donations. In the framework of the election of France's Favorite Marketplace, St Môret distributes anti-waste recipes designed to give new freshness to fruit and vegetables past their best. St Môret also works alongside an association which collects unsold produce on the markets



# **Anti-corruption**

## PRINCIPLES OF THE GLOBAL COMPACT

**10.** Businesses should work against all forms of corruption, including extortion and bribery.

#### TERMS OF APPLICATION AND PROGRESS IN 2017

The fight against all forms of fraud and corruption is a priority of the business culture of the Group. Its ethical charter and its internal control system help with the prevention and detection of all forms of corruption. The most vulnerable countries are the subject of very careful attention on these essential points.

Honesty and loyalty are two of the 4 published values of the Group. Trust and mutual interest are at the very foundation of the relationships that the Group wishes to build with its partners.

For this, suppliers are selected particularly on these principles through open and competitive calls for tenders. A **Procurement Code of Conduct** makes it possible to display the rules that buyers apply with the suppliers in the four major areas: ethics and integrity, communication and collaboration, performance and progress, and lastly responsible and sustainable procurement.

In accordance with the provisions of the French law of December 2016 (the so-called "Sapin II law") on the subject of transparency, fighting corruption and modernization of the economy, the Group is required to map its exposure to external solicitation for the purposes of corruption in terms notably of the geographic zones in which it operates.

- France's law on the Duty of Care has created a legally enforceable requirement for the Group to identify and prevent breaches of human rights, fundamental liberties, health and safety and environmental damage with regard not just to its own activities but to the activities of the companies it controls. The Group's resulting risk-mapping has enabled the preparation of a **Surveillance Program** whose measures will be monitored and assessed for effectiveness, by means of specific indicators, the whole of which will be supervised by the Group's Compliance Director appointed in 2017.
- ▶ Fraud prevention is an important subject which mobilizes all Management Committees around the Group. With the aim of helping the subsidiaries reinforce the anti-fraud systems put in place, a guide to good prevention practice has been published.
- On their part, the entities of the Group undertake to:
  - obey the international provisions against terrorism and money laundering and to combat fraud and corruption;
  - behave in compliance with the principles of fair competition, respecting all applicable laws;
  - promote their products and services honestly and loyally.

# verifications and Concordance

With an ever more assertive wish to work as close as possible to the universal principles on Human Rights, SAVENCIA Fromage & Dairy has chosen indicators capable of reporting transparently and clearly for the non-financial performance of the CSR actions of the Group.

The CSR reporting meets the requirements of the implementing decree of Article 225 of the French "Grenelle II" Law of 10 July 2010 (Articles L. 225-102-1, R. 225-105-1 and R. 225-105-2 of the French Commercial Code).

This approach is now fully integrated into the operational processes of the subsidiaries, themselves revised on a voluntary basis by the Statutory Auditors since 2002. Since 2013, the whole range of the Group's social, environmental and societal indicators has been subject to review by one of the Group's Statutory Auditors designated as an independent third party as defined in the framework of the Grenelle II law.

The 2017 Annual Activity and Sustainable Development Report of SAVENCIA Fromage & Dairy presents the way in which the Group and all its subsidiaries put in place and promote the ten universal principles relative to Human Rights, Labour, Environment and Anti-Corruption. It includes in particular a cross-reference table with the social, environmental and corporate information required in France and that required under the Global Reporting Initiative (p71-72).



#### **SAVENCIA SA**

L'Alliance - 42 rue Rieussec 78220 Viroflay - France Tél.: +33 (0)1 34 58 63 00