

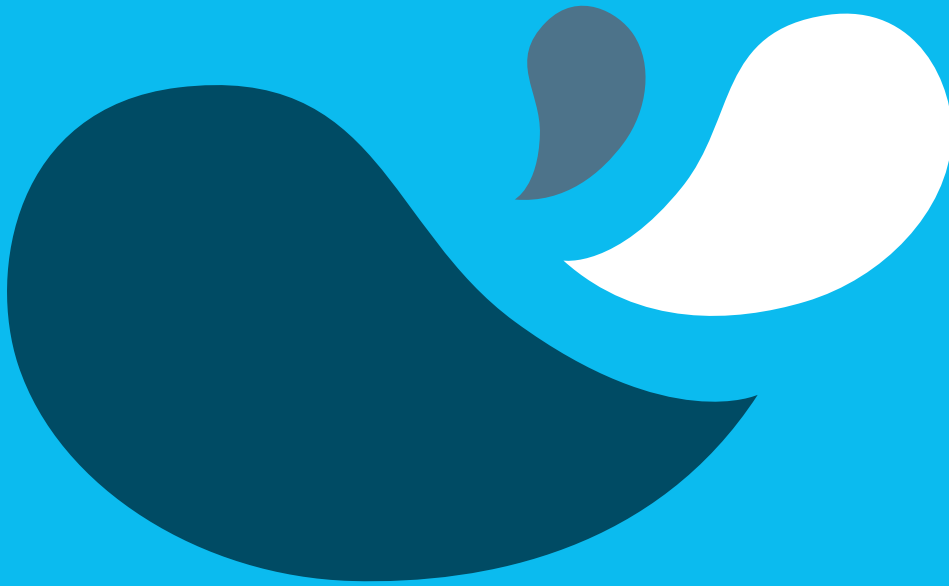


SAVENCIA
FROMAGE & DAIRY



COMMUNICATION ON PROGRESS
2018





Contents

p. 3

A word from the President

P. 4

Presentation of main issues

P. 5

Healthy pleasure & responsibility

P. 7

A sustainable agriculture

P. 8

Environmental footprint

P. 11

Employee wellbeing

P. 14

Society at large

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A word from the President

August 1, 2019,

Each year since 2003, Savencia Fromage & Dairy renews its commitment to respect and promote, throughout all its activities, the 10 principles of the United Nations Global Compact.

Corporate Social Responsibility (CSR) is an integral part of the mission and culture of our Group. For many years, the subsidiaries have been engaged in a sustainable progress oriented approach. To further together our objectives, in 2018 we structured and prioritized this process at Group level under the name OXYGEN.

Built after consultation with our stakeholders, OXYGEN embodies our ambition of allying both social and economic performance, acting with our partners and innovating for a more sustainable world. We have set ambitious goals for combining pleasure and health, promoting sustainable farming practices, reducing our environmental footprint and encouraging our employees' wellbeing and personal development.

Committed all together to our vocation « Leading the way to better food », Savencia creates better food and serves the common good, by developing quality, healthy and sustainable food that respects human rights and fundamental liberties in all countries where we are present.

Through this new Communication focusing on Progress, we invite you to learn more about the Group and its subsidiaries' actions, fully dedicated to our OXYGEN approach committed and in total alignment with the United Nations Global Compact.

Alex Bongrain
President

Presentation of main issues

SELECTION OF MAIN ISSUES

Approach

The selection of the main issues with which Groupe SAVENCIA is confronted has been made on the basis of:

REGULATORY ISSUES:

- The topics included in the European directive dated 22 October 2014 on the disclosure of non-financial and diversity information, as transposed into French law and modifying articles L. 225-102-1 and R. 225-104 to R225-105-2 of the French code of commercial law;
- Decree n°2017-1265 dated 9 August 2017: list of topics.

ADDITIONAL ELEMENTS SUCH AS:

- The Group's business plan, business relationships and products;
- Materiality analysis performed in the framework of the Group's Corporate Social Responsibility (CSR) workgroup.

The multidisciplinary workgroup included all the key enterprise functions. Its participants were supported by an outside advisor specializing in CSR. An analysis and initial diagnosis of the current situation were prepared and a list of CSR issues was prepared.

185 stakeholders worldwide were consulted: employees, milk producers, customers, consumers, suppliers, top management, investors and society at large.

Based on that work, materiality analysis was performed in 2017 and selection was made of the issues identified as of priority both for the Group and for its stakeholders as a whole.

- Groupe SAVENCIA's Corporate Social Responsibility (CSR) approach.

Our OXYGEN plan, the name of Groupe SAVENCIA's CSR approach, ambitions to combine social and economic performance, to act in concert with our partners and of innovating for a sustainable world.

Four major focuses of progress have been identified for between now and 2025:



Methodology

Our analysis revealed 15 issues for which we verified the Group's regulatory compliance taking into account the following points:

- Specific regulatory areas such as: Social – Societal – the Environment – Human Rights – Fighting Corruption and Tax Evasion;
- Other subjects such as: Consequences for Climate Change – the Circular Economy and Food Waste - Precariousness – Healthy and Sustainable Food – Animal Wellbeing – Collective Bargaining Agreements and Initiatives Favoring Diversity – Handicaps.

For each major focus identified, a commitment and quantitative or qualitative objectives were defined.

To ensure the overall consistency of our CSR approach, the 15 issues were related to the 4 major focuses and were associated with performance indicators relevant to our operating segments.

This year, SAVENCIA Fromage & Dairy is making voluntary publication of a Non-Financial Performance Statement in the framework of the application of the European directive. For this first year of transition from the previous reporting format, additional data in the Grenelle II format are available in a specific document which may be consulted on our savencia-fromagedairy.com website.

Our main issues:

ISSUES	RISKS
HEALTHY PLEASURE & RESPONSIBILITY <ul style="list-style-type: none"> Improve the nutritional quality and conception of our products Promote responsible consumption 	<ul style="list-style-type: none"> Product risk Reputational risk
A SUSTAINABLE AGRICULTURE <ul style="list-style-type: none"> Co-develop more sustainable sourcing with our suppliers of agricultural raw materials Promote responsible purchasing 	<ul style="list-style-type: none"> Raw material price volatility Climate risk
ENVIRONMENTAL FOOTPRINT <ul style="list-style-type: none"> Reduce our greenhouse gas emissions Control our water resources Optimize our waste management 	<ul style="list-style-type: none"> Climate risk Environmental risk
EMPLOYEE WELLBEING <ul style="list-style-type: none"> Ensure our employees' safety Improve quality of life at work Develop competencies Commit to diversity and inclusion Encourage solidary commitment 	<ul style="list-style-type: none"> Human safety risk Regulatory risk Risk of lack of competencies and attractiveness
SOCIETY AT LARGE <ul style="list-style-type: none"> Respect for human rights Combating corruption Combating tax evasion 	<ul style="list-style-type: none"> Regulatory risk Reputational risk Financial risks

Healthy pleasure & responsibility

1. IMPROVE THE NUTRITIONAL QUALITY AND CONCEPTION OF OUR PRODUCTS

Improve the nutritional quality of our products

ISSUES AND POLICY

SAVENCIA Fromage & Dairy manufactures natural products using carefully selected quality raw materials.

In harmony with our vocation of "Leading the way to better food", the Group is determined to contribute to public health objectives on the basis of its conviction that food and diet are a key factor in people's health and wellbeing. Our teams design and put together concrete and targeted plans for progress with the aim of continuously improving products' nutritional quality and conception and promoting responsible consumption. With this purpose, our actions focus on two major levers, namely our product offering and consumer habits, aiming to contribute positively to the evolution of dietary practices.

Between now and 2025, we will have extended per portion nutritional labeling to all our branded retail products together with, whenever possible, added visual per portion marks (on the product and/or its pack) designed to encourage thoughtful consumption. That commitment goes beyond the regulatory requirements of certain countries. The objective is to provide consumers with useful information for developing balanced and diversified diets.

The Group undertakes to implement clear nutritional information in the form of per portion nutritional labeling for 100% of our branded retail products.

ACTIONS IN PLACE AND RESULTS

With the actions undertaken since, in 2017, En Cas de Caprice won the Nudging for Good award for health and welfare excellence, the Caprice des Dieux brand has taken a stance on the concept of the appropriate portion. In addition to the per portion nutritional labeling for most (and soon all) of its packs, the Caprice des Dieux 300g product now includes visual portion marks at the bottom of the pack with the aiming to provide a simple and fun aid to reasoned consumption.

KEY PERFORMANCE INDICATORS

In 2018, about 35% of our retail products include per portion nutritional labeling.

Responsible design and redesign of our products

ISSUES AND POLICY

The Group has undertaken an approach of responsible design and redesign of its products, aiming to improve its products' nutritional profile (notably by reducing the salt and fat content of its cheese specialties), of developing additive-free recipes and of improving the eco-design of its packaging.

A charter for responsible design is in the process of preparation and will be made available to all Group subsidiaries. It will offer guidelines enabling them to develop product and packaging progress plans internationally.

ACTIONS IN PLACE AND RESULTS

- In 2018, several brands have optimized their products' nutritional profile as follows:
 - Tolle Rolle, produced by Milkana Germany and also sold in France under the P'tit Louis Escargolo brand, is a 100% natural and additive-free cheese whose salt content has been reduced by 13% and which now meets the requirements of the World Health Organization's marketing guide to products destined for children;
 - New additive-free recipes have been developed for St Morêt Léger and for Elle & Vire's light cream from Condé-sur-Vire;
 - The nutritional profile of the products sold under the Polenguinho brand, the market leader for processed cheese in Brazil, has been improved with the reduction of saturated fatty acids (-13% for standard Polenguinho, -14% for Polenguinho Light) and of salt (-19% for standard Polenguinho, -29% for Polenguinho Light);
 - The Santa Rosa brand in Chile has undertaken to reduce salt content by 12% for its Queso de Cabra range and by 39% for Crémambert.
- Several subsidiaries have engaged in packaging eco-design initiatives as follows:
 - Reduction of package weight or use of more easily recyclable materials: the Fol Epi tray includes 30% of recycled plastic and Chaumes LS has chosen a vegetable-based tray and a recyclable lid.

2. PROMOTE RESPONSIBLE CONSUMPTION

ISSUES AND POLICY

Supporting consumers and our employees in adopting more reasoned habits of consumption is a Group objective.

The Group has adopted the Nudge methodology since 2016. It is a behavioral approach to creating the conditions apt to encourage persons, without coercion, to adopt behavior beneficial for themselves, for society at large and/or for the planet.

The Group also develops initiatives designed to limit food waste, e.g. by developing formats (individual portions, re-closable packs etc.) adapted to consumers' needs or by gifting to food banks.

A healthy diet and nutrition e-learning training module will also be deployed between now and 2025 and made available to all Group subsidiaries.

ACTIONS IN PLACE AND RESULTS

- Preparation of balanced recipes, meeting the latest criteria for sound and sustainable food. They will be diffused via our quiveutdufromage.com digital platform with the aim of providing readymade solutions to as many people as possible. Content will include infantile nutrition, the concept of the portion, food diversity and the natural nutritional benefits associated with cheese. The specifications for these recipes have been developed with dietary specialists and meet the requirements for a varied diet based on the use of appropriate food portions and of culinary ingredients not subjected to excessive processing. The website offers balanced recipes designed to help appreciate cheese, as an alternative source of protein to meat, at the heart of a meal and consumed in association with recommended food such as vegetables.
- In the framework of the election of "France's favorite marketplace", St Morêt distributes anti-waste recipes designed to pep up fruit and vegetables past their best.
- In 2018, 68.8% of the gifts made by our production facilities were gifts of products.
- Training in nutrition: starting in 2019, more than 4,500 employees will be able to use this training module via the Group's digital platform. It has been designed with the help of recognized experts with the aim of providing the knowledge required to develop a balanced diet in association with appropriate physical exercise.

KEY PERFORMANCE INDICATORS

The Key Performance Indicator is in the process of development.

A sustainable agriculture

1. CO-DEVELOP MORE SUSTAINABLE SOURCING WITH OUR SUPPLIERS OF AGRICULTURAL RAW MATERIALS

ISSUES AND POLICY

SAVENCIA Fromage & Dairy wishes to co-develop, with its suppliers of agricultural raw materials, sourcing more sustainable and creative of value.

The Group focuses on strong and recognized brands which require irreplaceable raw material from suppliers. It engages in long-term partnerships with its suppliers. To meet our consumers' new societal expectations, our subsidiaries are attentive to promoting the development of quality farm practices respecting animal wellbeing and the environment and recognizing the value of the work performed by farmers.

Our commitments relate to one of our main strategic raw materials, milk, with:

- The extension of our Charter for Best Farming Practices to all our milk collection worldwide by 2025;
- The deployment of our Sustainable Milk Production diagnosis with 50% of our milk producers by 2025;
- The co-development of milk produced by herds fed with a GMO-free diet and by organic agriculture.

ACTIONS IN PLACE AND RESULTS

SAVENCIA Fromage & Dairy purchases 4.2 billion liters of milk worldwide from 12,000 farms. France represents 75% of that volume and all the milk we process in France is of French origin. Our milk is processed locally, with 97% of our total milk collection from within 70km of our dairies and 70% from within 30km.

We develop lasting relationships with our milk suppliers all of whom are members of producer organizations or cooperatives. In 2018 and in the spirit of France's EGalim law, a new formula for the evolution of the price of milk has been co-designed with our suppliers. It is based on market indicators reflecting SAVENCIA Fromage & Dairy's product mix, the principle of inversion of the basis of price construction for the French market and milk production costs.

In terms of quality, animal well-being and milk production, we require all our French farmers to comply with our Charter of Best Farming Practices which will progressively be extended to all our milk collection worldwide. In 2018, 73% of our global volumes already complied with the charter.

SAVENCIA Fromage & Dairy is also engaged in risk prevention. In France and since 2012, the Group has deployed a transport security protocol at all its dairy farms, the purpose of which is to analyze the risks associated with the maneuvers of our milk collection tankers. By improving traffic flows and milk tank access, milk security collection is thus enhanced.

To better respond to its customers' question about as to the prevailing conditions for milk production, the Group offers producers its Responsible Dairy Sourcing diagnosis including 10 indicators measuring farming practices in economic, social and environmental terms as well as in terms of breeding conditions: farm profitability, sustainable management of resources, carbon footprint, animal wellbeing, the herd's food autonomy, biodiversity, soil fertility, the producer's quality of life, access to the open air and health of the herd.

After performing this diagnosis, the farmer may choose a focus for progress for which the Group provides help in particular with the offer of training in appropriate subjects such as cows' health and nutrition, soil fertilization or protein autonomy. In 2018, 550 days of training were dispensed to our milk suppliers in France.

To help farmers in evolving their practices, our Milk Collection Technicians are in daily contact with them.

In addition to technical support, financial measures are implemented to facilitate the installation of young farmers, encourage conversion to organic agriculture or develop goat milk production.

KEY PERFORMANCE INDICATORS

	2017	2018	2025 objective
Extend worldwide use of our Charter for Best Farming Practices (% milk volume collected)	75.2%	73.0%	100%
Deploy our diagnosis of sustainable milk production (% milk volume collected)	14.8%	16.4%	50.0%

To stimulate value creation, 24% of milk collected is sourced from differential origin, such as goat or ewe, organic agriculture, GMO-free herds of cows or DPO (Designation of Protected Origin) farms.

2. PROMOTE RESPONSIBLE PURCHASING

ISSUES AND POLICY

SAVENCIA develops long-term partnerships with its main suppliers and fosters shared progress with the aim of promoting responsible purchasing.

The Group selects its suppliers on the basis of criteria of quality, security, service and competitiveness and of their capacity to accompany the Group long-term.

Since 2010, a Charter for Sustainable & Solidary Purchasing has been submitted to our major suppliers for their signature. The charter has been developed on a basis consistent with the Group's Ethical Charter and with the Charter for Best Purchasing Practices prepared under the supervision of France's Ministry for the Economy, Finance, Industry, Competition and National Mediation of which the Group has been a signatory since January 10, 2012.

The Group undertakes to develop responsible purchasing with all its suppliers other than for dairy raw materials via its Group Charter for Responsible Purchasing deployed in successive waves and subject to monitoring of its level of coverage. CSR risks are assessed using the assessment process developed by EcoVadis.

Ultimately, 80% of the Group's third-party purchases (other than for dairy raw materials) will be covered in the framework of established commercial relationships.

ACTIONS IN PLACE AND RESULTS

- The Charter covering Groupe SAVENCIA's commitments against corruption and influence peddling in its relationships with commercial partners was communicated to its French partners, and to Sales Departments worldwide, respectively on November 17, 2017 and April 16, 2018 with an explanatory note in French and in English.

- With effect from January 1, 2018 the newly denominated Charter for Responsible Purchasing was reinforced for the aforementioned commitments against corruption and influence peddling in the Group's relationships with commercial partners as well as for new content of the Group's internal code of conduct.

- The CSR risk assessment process developed by EcoVadis and engaged within the Group since 2010 includes the four following areas of assessment:
 - The environment,
 - Social issues,
 - Ethics & corruption,
 - Supplier relationships and supply chain.

- In 2018, the Group Purchasing Department engaged in two EcoVadis assessment campaigns focused on the results of the risk mapping by EcoVadis and on a worldwide basis.

KEY PERFORMANCE INDICATORS

Indicators for the level of coverage of the Group's Charter for Responsible Purchasing and EcoVadis assessments have been defined but the process of consolidation of the required data has yet to be finalized.

As of December 31, 2018, the CSR risk assessment via EcoVadis had been performed for 466 suppliers for Groupe Savencia as a whole.

The average score obtained amounted to 49.6/100 as compared to an average of 42.2/100 for the complete EcoVadis Food & Beverage panel.

Environmental footprint

1. REDUCE OUR GREENHOUSE GAS EMISSIONS

ISSUES AND POLICY

For many years, the Group has striven to reduce the environmental footprint of its operations. Programs have been engaged and continue in particular in the areas of energy, water, waste and emissions.

Internal Guides to Best Practices have also been developed to help production sites optimize their processes and render their installations ever more efficient. Successful experience is shared in order to capitalize on it as widely as possible within all the Group sites.

Local environmental correspondents are responsible for orchestrating and piloting initiatives within their scope of action, in line with the Group's overall policy.

Savencia commits to reducing the environmental impact of its activities by achieving, by 2025, a 25% reduction:

- In the energy consumption and greenhouse gas emissions associated with its production and transport activities, by reducing its consumption of fossil fuels by 25% and by increasing the share of renewable energies;
- In its use of water sourced from the natural environment;

as well as a reduction in the carbon footprint of its milk collection activities of 300,000 tons of CO₂ equivalent by 2025 (in comparison with 2010).

ACTIONS IN PLACE AND RESULTS

Reduction of energy consumption

- Centrally, dedicated teams monitor and support our sites in accordance with the global policy implemented via our Oxygen plan. Specific bodies are responsible for the transversal management of projects and results:
 - “CSR – energies and materials” meetings are organized between industrial management and enterprise correspondents; they enable monitoring of actions and results, as well as any appropriate adjustment of current or forthcoming projects;
 - “G’ENVI” meetings are organized with the Group’s environmental correspondents, for particular topics, in order to help those concerned share their best practices. Every other such meeting is organized at a manufacturing site in order to stay closely attuned to sites’ preoccupations and to the solutions deployed. Third parties are regularly invited on the basis of the subjects at issue. Regulatory watch is also covered as a means of keeping everyone informed of current or future developments and adjusting the Group’s action plans as necessary.
- Academy SAVENCIA is a three-year training program for managers, worldwide, which includes:
 - An initial theoretical module enriched with developments on the major CSR issues related to production: nutrition, sustainable development, energy, waste, the environment, the treatment of effluents etc.;
 - A second module, focusing on methods and best practices, which has been totally renewed and updated. Its sessions now take place at several sites in Europe and outside of Europe;
 - A third module, focusing on the major technologies of SAVENCIA Fromage & Dairy, based on the knowledge and know-how continuously collected by the Group’s dedicated experts.

In 2018, the program was deployed in several countries.

- Significant capital expenditure has been undertaken at a French manufacturing site for the purpose of replacing 3 heavy fuel oil boilers by 3 new gas boilers, thereby significantly reducing fuel consumption, green-house gas emissions and other atmospheric pollution, as well as noise.

Development of renewable energies

- Use of wood-fired boilers in France and in South America.
- Increase of the share of photovoltaic energy to 4.1% of the electricity consumed in 2018 at one of our international sites following the installation of solar panels at the end of 2017.
- Methanization of organic waste: our Fro’ subsidiary recycles 100% of its organic waste using its milk producers’ methanization equipment and the Azé cheese plant has organized a local partnership for methanization of its organic waste.

Reduction of greenhouse gases generated by transport

Implementation in 2018 of the following initiatives to reduce the greenhouse gas emissions associated with the Group’s own fleet of delivery vehicles:

- Deployment of a navigation aid enabling remote extraction of technical vehicle parameters in order to improve drivers’ eco-driving and reduce fuel consumption. For a precise analysis of the data, an “eco-driving trainer of reference” has been appointed. Drivers are trained in eco-driving using the data collected. Since the deployment

of the software and the appointment of the trainer, a fall in average vehicle consumption has been observed;

- Optimization of delivery rounds by use of simulation/optimization software: in 2018, reduction of 4% of mileage in comparison with 2017;
- In France, our supply chain platform has engaged a voluntary program for reduction of the CO₂ emissions associated with its road transport activities and has signed the “CO₂, carriers commit” charter to that effect. The modernization of our fleet of vehicles continues with the acquisition of new vehicles meeting the Euro 6 anti-pollution standard, thereby in particular reducing the emission of particles and of nitrogen oxides and also ensuring greater comfort for drivers;

Results for the supply chain platform of Messageries Laitières	2017	2018
Average own fleet consumption (l/100km)	36.3	35.5
Own fleet CO ₂ emissions (CO ₂ equivalent tons)	3,242	3,217

- The new supply chain platform built near Honfleur is certified High Environmental Quality (HQE). Measures have also been taken to encourage less polluting travel: parking lots reserved for electric vehicles, bicycle sheds and other parking for cyclists.

Reduction of the carbon footprint of our milk collection

Reduction of the carbon footprint of our milk collection from the Group’s suppliers in France is calculated on the basis of two factors of reduction:

- The so-called “natural” reduction applicable to all French dairy farms;
- The reduction associated with the action plans engaged in the framework of the Group’s Responsible Milk Sourcing program.

In 2018, the various actions undertaken enabled the saving of 191,000 tons of CO₂ equivalent compared to 2010.

	2017	2018	Obj. 2025
Reduce the carbon footprint of our milk collection (cumulative tons of CO ₂ equivalent vs 2010 in France)	-164,000	-191,000	-300,000

KEY PERFORMANCE INDICATORS

As a % of change since 2015

	2016	2017	2018
Reduction of energy consumption (GWh/ton manufactured)	-1.1%	-3.1%	-4.4%
Reduction of greenhouse gases scopes 1 & 2 (CO ₂ equivalent tons/ton manufactured)	1.8%	-0.5%	-1.0%
Reduction of fuel consumption (liters)	0.3%	-5.3%	-8.0%

2. CONTROL OUR WATER RESOURCES

ISSUES AND POLICY

Water plays an important role in our processes, in particular to ensure the perfect hygiene and safety of our products through the cleaning operations. It can also be used for heating or cooling and also for our fire prevention and firefighting equipment.

Within the face of climate change, hydric stress is expected to be accentuated in particular in certain countries. Particular attention must be paid to such phenomena in order to identify and prevent any risk and reinforce, if necessary, our actions aimed at limiting as much as possible the sourcing of water from the natural environment.

The objective is to reduce the sourcing of water from the natural environment by 25% by 2025.

ACTIONS IN PLACE AND RESULTS

- Optimization and renovation of existing cleaning facilities and in some cases their complete renewal at certain sites in particular in France, the Czech Republic, the USA and China.
- Personnel training and awareness-raising in order to implement or extend best practices for manual cleaning.
- Recuperation of part of the water contained in milk or whey, by evaporation or inverse osmosis, which is then treated before use for external cleaning thus of reducing overall water consumption.
- In France, dairy industry collaboration in order to identify the most effective practices and technologies for water use in the context of dairy and cheese-making operations.

KEY PERFORMANCE INDICATORS

As a % of change since 2015

	2016	2017	2018
Reduction of water consumption (m ³ /ton manufactured)	-0.02%	-0.2%	+2.0%

In 2018, we reinforced our hygiene and food safety procedures at our industrial sites and thereby increased water consumption.

3. OPTIMIZE OUR WASTE MANAGEMENT

ISSUES AND POLICY

Processing generates waste inherent to the manufacturing and packaging processes, mainly non-dangerous industrial waste most of which (cardboard, paper, steel or aluminum) can be reused or recycled.

The Group's commitment is to reinforce its sorting and recycling of industrial waste by contributing to so-called circular solutions.

ACTIONS IN PLACE AND RESULTS

- Optimization of on-site sorting and storage. In France, optimization and rationalization have been engaged in with national service-providers in order to improve the treatment of our waste flows and find better local outlets for reuse and recycling. For example, in 2018 one of our French subsidiaries has started giving used big bags to its local waste collection site for reuse.
- Reduction at source of the weight of packaging and use of more easily recyclable materials.

KEY PERFORMANCE INDICATORS

As a % of change since 2015

	2016	2017	2018
Industrial waste (tons/ton manufactured)	+8.8%	-2.8%	+4.0%

In 2018, 71.6% of waste is sent to reuse or recycling.

Employee wellbeing

1. ENSURE OUR EMPLOYEES' SAFETY

ISSUES AND POLICY



Groupe SAVENCIA brings together enterprises of human scale united by a strong business culture guiding our behavior and action. The wellbeing, preservation of the physical integrity and health of the women and men who work in and for the Group are the preoccupation of all and at every level of the organization.

In this way the Group engaged an initiative, almost 10 years ago, on the theme of "SAFETY is OUR business". The program is supported by the charter for Health and Safety at Work cosigned by the Group's CEO and deputy CEO and its objective is to aim for zero workplace accidents.

As each individual's behavior is key to improving day-to-day safety at our locations, the Group aims to foster exemplary behavior in all situations and in all environments involving industrial, logistic or administrative work.

The Group is attached to preventing risks for the safety of both its permanent and temporary employees. The health and safety of its temporary employees are monitored and attended to on the same basis as for permanent employees. Workplace accidents for temporary employees resulting in time off are thus included in the Group's accident frequency rate (TFi⁽¹⁾) with those of permanent employees.

At Group level, health and safety are jointly supervised by our HR and Operations departments. At subsidiary level, such oversight is assumed by a local body headed by top management and generally supported by an OH&S correspondent designated for each site.

ACTIONS IN PLACE AND RESULTS

- A Global Safety Guide including the essential best practices to be deployed has been diffused. Its implementation is regularly checked by internal audit.
- A Governance Committee meets several times per year and enables the definition of priorities, strategy and new resources required in line with the achieved results.
- The network of OH&S correspondents ensures proper program application at each site and meets regularly to share the results of initiatives implemented and continue to evolve the tools and best practices.
- Training in occupational health and safety is provided at subsidiaries. In 2018, it represented 45.8% of the total training provided within the Group.
- The Behavioral Safety Visits engaged Group-wide mobilize top management, line managers and operatives to discuss safety as close as possible to workstations in order to identify and correct any risky behavior.
- Action is taken to reduce arduousness at work and prevent musculoskeletal disorders and other occupational illness: movement and posture training, the intervention of ergonomics experts, warm-up exercises on assuming workstations, the modification of workflows or machines and processing line design or redesign.

- Safety performance is consolidated and reported each month, accompanied by key messages for encouragement or warning in respect of particular risks.

- A Global Week for Health and Safety at Work is organized each year as an opportunity to share safety rules and best practices at the level of all the Group's sites and subsidiaries worldwide. In 2018, for the 6th edition, a safety challenge gathered 239 teams registered in 22 countries.

- In 2018, the Group's accident frequency rate (TFi⁽¹⁾) amounted to 11.80 reflecting a total of 419 workplace accidents resulting in time off for permanent and temporary employees.

KEY PERFORMANCE INDICATORS

	2016	2017	2018
% of subsidiaries free of any accident resulting in time off	43.4%	36.1%	39.8%

To prevent risks for the safety of temporary employees, specific training in health and safety is undertaken in on recruitment, in partnership with the temporary employment agencies.

Safety protocols are also applied to suppliers and subcontractors working on site. A specific safety drive was engaged in 2018 for the most accident-prone locations.

2. IMPROVE QUALITY OF LIFE AT WORK

ISSUES AND POLICY

The Group attaches great importance to the quality of life at work and to interpersonal relationships as a source of personal fulfilment and of lasting performance.

To that end, the Group undertakes to promote and maintain social dialogue, internal communication and attentiveness to employees' concerns. It develops solutions for improving working conditions and quality of life and regularly measures their effectiveness with a view to continuous improvement.

Social dialogue is placed as close as possible to the field so as to adapt to each business and to the specifics of each entity in accordance with the Group's principle of subsidiarity.

In that framework, the Group undertakes to perform opinion surveys and plans for progress at 100% of its subsidiaries in order to improve the quality of life in the workplace.

(1) Number of workplace accidents for permanent and temporary employees resulting in time off x 1,000,000/number of hours worked by permanent and temporary employees.

ACTIONS IN PLACE AND RESULTS

- Social dialogue is encouraged via employee representation. Employee representative bodies exist at all levels: locally at subsidiary level, the Group Committee at Group level in France, the European Works Committee at the European level. In the case of France, joint committees oversee the applicable contractual arrangements for benefits, healthcare and savings plans.
- In 2018, a pooled profit-sharing agreement for part of the Group's French entities was signed with all the representative trade unions.
- Internal communication within the Group is encouraged at subsidiaries by in-house magazines, general and specialized intranet databases, posters, travelling exhibitions etc.
 - An internal Group magazine, available in four languages, is distributed to all employees in a paper version or in a digital version with enriched content.
 - In 2018, the launch of a Workplace corporate social network in the framework of the Savencia Connect project has enabled the use within the Group of a new, more open and instant information sharing which has stimulated dialogue between employees, functions and subsidiaries at all levels.
- Great Place To Work (GPTW) surveys are periodically performed at Group subsidiaries since 2009 to measure the social climate and give each employee the possibility of anonymous by express of his or her feelings.

KEY PERFORMANCE INDICATORS

Internal opinion surveys are performed about every three years with the last campaign mainly performed in 2016. In 2019, a GPTW survey is planned at 100% of the Group's subsidiaries.

	2014-2016	2015-2017	2016-2018
% of subsidiaries having performed an internal opinion survey during the last three years*	43%	47%	46%

* The percentages calculated for SAVENCIA as a whole cover the last three years.

3. DEVELOP SKILLS

ISSUES AND POLICY

The Group has always strived to implement a responsible and sustainable strategy based in particular on the development and promotion of its employees and on a humanistic and entrepreneurial culture.

It favors the professional and social fulfilment of the men and women who work in the Group. Driven by its culture, it facilitates their development within a professional environment propitious to their fulfilment.

Employee training and career management play a leading role in enabling each employee to enrich his or her skills in order to achieve personal development, contribute to collective success and maintain their employability.

The training policy for the Group's employees focuses on performance management, accompanying change and preserving know-how with the objective of providing each employee the opportunity of progressing in professional and behavioral terms, consistent with the Group's values.

To encourage its employees' development, the Group's career management policy encourages internal mobility and has it systematically in mind at every level. In the case of executives, line managers and supervisors, the aim is visibility for their career, to identify attractive opportunities in line with their expectations and to succeed in developing their skills.

For many years, a policy of dual vocational training has been favored for the integration, within the regulatory context, of apprentices or other trainees. The Group believes that such an approach is particularly adapted to accompanying in the first steps in the company future young graduates and to offering them subsequent lasting employment within SAVENCIA. The Group intends to double the number of apprentices by 2025.

ACTIONS IN PLACE AND RESULTS

- Development of our employer brand via Top Employer certification (in five European countries), the online posting of job and internship offers via LinkedIn/Jobteaser and participation in school forums. The Group's products are shared with the culinary associations of the main schools targeted.
- Diversification of recruitment sources and digital development: online solutions, job interviews using deferred video techniques.
- Systematic annual employee assessment at all subsidiaries, individual career monitoring and forward planning of jobs and skills via annual career reviews by all subsidiaries.
- The annual employee training plan prepared annually by each subsidiary is based on both the Group's Delta Competencies internal training and on external training.
- Savencia Digital Learning, launched in February 2018 in support of the Group's Compliance program, centralizes all the Group's digital training contents and is thus the sole e-learning platform in use within the Group. In 2018, all Group managers were given access to the platform.
- The Group had 242 ongoing apprenticeship contracts* in 2018.

	2016	2017	2018
% of employees receiving training**	64.0%	75.3%	74.8%

**Number of employees trained compared with total headcount at December 31.

The number of apprenticeship contracts increased by 5.2% between 2015 and 2018.

On average, in 2018, employees had been with the Group for 13.8 years.

* Apprenticeship and similar contracts.

4. COMMITTED TO DIVERSITY AND INCLUSION

ISSUES AND POLICY

SAVENCIA promotes equal opportunity for all with particular attention to respect and non-discrimination. The Group's Ethical Charter recalls that "respect for people" and "equal opportunity" are cornerstones of our corporate culture. In that state of mind, agreements are signed and initiatives taken to facilitate the insertion of young people, the employment and continued employment of handicapped persons and gender equality.

The Group strive to promote gender equality in terms of qualification, training, remuneration and career development. In the framework of its Oxygen plan, SAVENCIA has committed to achieving gender parity in managerial positions by 2025.

In order to change how employees view of handicaps, maintain jobs for handicapped persons and promote their recruitment, the Group has committed to its Action Handicap policy with four focuses on employment and continued employment of handicapped persons:

- **Awareness-raising** to combat stereotypes,
- **Continued** employment,
- **Recruitment** of handicapped persons,
- **Development** of partnerships with the sheltered/adapted sector.

ACTIONS IN PLACE AND RESULTS

- The hiring agencies with which the Group works must respect a best practice guide and in particular offer mixed lists of candidates.
- The organization of work and services facilitating the mix of professional and personal life.
- Development of partnerships with sheltered workshops.
- Insertion of handicapped persons: recruitment processes, support and training, individualized welcoming and integration, adapting workstations and working hours. Certain subsidiaries have signed agreements helping employees obtain formal recognition of their quality of disabled worker.
- In France, appropriate measures are taken to ensure and reinforce non-discrimination on the basis of age. They include tutoring, lifelong training, improvement of working conditions and prevention of arduous work in particular in the latter years of employment.
- The Group's continuing measures for the support and integration of young people include mentors, integration processes such as the Graduate Program, etc.

KEY PERFORMANCE INDICATORS

	2015	2016	2017	2018
% of women managers	38.7%	39.6%	39.8%	40.9%
% of employees recognized as disabled	2.8%	2.8%	2.7%	3.0%

5. ENCOURAGE SOLIDARY

ISSUES AND POLICY

The Group encourages subsidiaries and their employees to support local initiatives. The Group's subsidiaries, often established in rural areas, play an active role for employment and economic and social development within their territory.

Numerous actions are undertaken, in collaboration with local and regional authorities, in particular in the areas of:

- **Employment:** partnership with national employment agencies, integration of apprentices and other trainees, communication of job offers to schools;
- **Training:** cooperation with schools and universities, allocation of training taxes, sponsoring, intervention of employees in schools;
- **The insertion of populations in need:** reading out to sheltered workshops and disabled workers' associations.

The Group undertakes that each of its subsidiaries will perform at least one act of solidarity in line with our mission of "Leading the way to better food".

ACTIONS IN PLACE AND RESULTS

- Since 2011, the Arrondi sur salaire program enables volunteer employees to gift the cents of their monthly compensation. Groupe SAVENCIA matches the amount of their gift. The sums collected are distributed to four partner associations.
- In 2018, the Group renewed its sponsorship agreement with *Planète Urgence* which allows volunteer employees to engage for two weeks in a humanitarian mission, in the framework of solidary leave, in order to contribute their skills to a local NGO in Africa, in Asia or in South America. This year, four employees under-took missions in Africa or South America.
- Locally, subsidiaries work together with cultural or solidary associations such as *Restos du Cœur* or other food banks. They give money or make gifts in kind of their products or those collected by employees. One-off operations are mounted to help the victims of natural catastrophes.
- At Group level, our *Bien Nourrir l'Homme* endowment fund supports employees playing active roles in associations and finances projects designed to enable all, and in particular children, all year round access to healthy, balanced and sustainable food (e.g. via school canteens, solidary grocery stores, market gardening, animal husbandry, dietary education etc.).
- In 2018, 20% of the Group's subsidiaries made employees available for acts of solidarity*.

KEY PERFORMANCE INDICATORS

	2016	2017	2018
% of subsidiaries acting as partners/organizers for solidary actions/events	22%	22%	22%

* Individual or collective solidary initiative undertaken in France or elsewhere in the world.

An additional indicator reflecting the number of subsidiaries performing at least one act of solidarity reflecting our mission of “Leading the way to better food” is being deployed.

In 2018, 68.8% of gifts by manufacturing sites were gifts of products.

Society at large

1. RESPECT FOR HUMAN RIGHTS

ISSUES AND POLICY

The Group is attentive to compliance with human rights and fundamental liberties and to respecting the conventions of the International Labor Organization (ILO) in particular for the following two themes:

- Compliance with local legislations and culture with regard to age:
 - No child labor;
 - No age discrimination.
- Individual employee development and collective cohesion:
 - Progressive worldwide extension of the annual individual review;
 - Promotion of social dialogue via employee representation.

Via its commitment since 2003 to the UN’s Global Compact, Savencia Fromage & Dairy undertakes to respect social requirements and fundamental human rights in all the countries in which the Group is present.

ACTIONS IN PLACE AND RESULTS

- The Group’s Ethical Charter – The Group and its Culture – is given to each employee. It recalls the Compact’s 10 fundamental principles with regard to human rights, to working conditions and to the environment, thereby reinforcing the Group’s commitment.
- The Group’s plan for attention to human rights and fundamental liberties confirms them with all players in the value chain.
- Additional information is provided under “The Duty of vigilance”.

2. FIGHTING CORRUPTION

ISSUES AND POLICY

Fighting all forms of fraud and corruption is a priority of the Group’s enterprise culture.

Our action principles and rules of conduct are included in the ethical charter, The Group and its Culture, given to each new employee joining the Group.

The Group’s ethical charter and internal control help prevent and detect all forms of corruption. The most vulnerable countries are particularly under scrutiny.

Honesty and loyalty are part of the Group’s 4 fundamental values, and trust and mutual interest are at the foundation of the relationships the Group wishes to develop with its partners. Suppliers are therefore selected in particular on the basis of those principles via open and competitive bidding.

The Group’s entities undertake:

- To comply with international anti-terrorism and anti-money laundering requirements and to fight fraud and corruption;
- To comply with the principles of loyal competition, within the applicable legal framework;
- To promote their products and services in an honest and loyal manner.

In the framework of France’s so-called Sapin II law of December 2016, the Group has established a detailed mapping of its exposure to external solicitation for the purposes of corruption. The mapping is designed to identify, assess and rank its exposures to corruption, with a view to ensuring effective and appropriate compliance, but also to inform management and provide it with the necessary visibility for implementing prevention and detection measures proportionate to the issues.

The Group’s Risk Management & Compliance Department monitors those measures and assesses their effectiveness on the basis of identified indicators.

In 2019 a Committee for Ethics and Group Culture will be in charge of the governance of the Group’s “Vigilance Plan”.

ACTIONS IN PLACE AND RESULTS

- A Purchasing Code of Conduct sets out the rules for buyers in their dealings with suppliers in the four major areas of ethics and integrity, communication and collaboration, performance and progress and sustainable and responsible purchasing.
- A whistleblowing procedure has been translated into 19 languages and deployed at all Group subsidiaries (complemented by on-site poster campaigns).
- An anti-corruption code of conduct has been translated into 19 languages and deployed at all Group subsidiaries.
- In 2018, the Group’s e-learning compliance training module has been deployed with the aim of:
 - Raising employees’ awareness of their responsibility as to compliance;
 - Reducing the risks of non-compliant behavior;
 - Supporting our corporate culture and values;
 - Protecting the Group’s reputation.

93.4% of the Group’s executives and line managers have been trained on ethics and fraud.

3. FIGHTING TAX EVASION

ISSUES AND POLICY

The Group's activities and international deployment expose it to risks of tax evasion, to fight which the Group has developed an overall approach involving in particular their review through internal audits.

ACTIONS IN PLACE AND RESULTS

All the Group's tax, legal and treasury functions have received appropriate guidance and make sure that legal, tax or financial structure is developed within the Group for the purpose of tax evasion.

KEY PERFORMANCE INDICATORS

The Group's effective tax rate is 33.16%, significantly higher than its theoretical average rate, taking into account the tax legislation of the countries in which SAVENCIA is present.

Perspectives

The launch of the Group's Oxygen plan in 2018 represents a new step in the Group's commitment to Corporate Social Responsibility, initiated several years ago.

The CSR results for 2018 demonstrate the performance achieved for major challenges such as carbon footprint, quality of life at work or nutritional information.

All the Group's subsidiaries and their employees are mobilized to succeed in translating our Oxygen commitments into reality by implementing lasting initiatives for progress with 4 major focuses:

- A healthy and responsible pleasure,
- A sustainable agriculture,
- Environmental footprint,
- Our employees' wellbeing.

Capitalizing on its strong values, SAVENCIA Fromage & Dairy intends to pursue an active and long-term policy of social, societal and environmental responsibility, and to confirm its position as a partner of trust for its customers, suppliers and present and future employees.

SAVENCIA FROMAGE & DAIRY CONTRIBUTES TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS





SAVENCIA
FROMAGE & DAIRY