



WELFARE, HEALTH AND RESPECT FOR FARM ANIMALS

POLICY

July 2020

The LDC Group's overall project is based on 3 fundamental principles:

- ⇒ feeding consumers well with quality, accessible, healthy and environmentally-friendly products from responsible sectors that contribute to the development of the regions;
- ⇒ satisfying our customers' needs by providing them with quality, service, proximity and innovation on a long-term basis;
- ⇒ ensuring that men and women, whether employees, farmers or partners in the industry, feel comfortable with the contact they have with the company adopting an approach based on kindness, respect, listening and performance sharing.

To develop this project, its "Acting with our regions" strategy is based on 4 commitments and 20 performance criteria:

- ⇒ Sustainable farming; through local quality and controlled chains
- ⇒ Living and working together; via the quality of life at work for employees, a responsible supply chain, and action against food waste
- ⇒ Respecting the nature; through actions to reduce the footprint of activities and packaging on the environment and biodiversity
- ⇒ Providing healthy food; through healthy and safe products that meet the needs of customers and consumers

Animal welfare is a priority for LDC Group at the center of its action.

1. THE L.D.C. GROUP'S APPROACH TO ANIMAL WELFARE

The LDC Group's activities in France and Europe are hatching, cereal storage, the manufacture of feed for farm animals, production organisation, egg packaging, poultry slaughtering and cutting, the manufacture of poultry products and delicatessen products, and the marketing of products.

Livestock farming in France is an activity carried out by independent farmers who are contractually committed to the Group or to partner organizations (cooperatives, groups).

A leader in poultry reared under official quality labels (more than 12 Labels in France accompanied by LDC, organic poultry, the AOP Volaille de Bresse...), the LDC Group meets the needs of its customers and consumers by promoting the different methods of rearing both traditional poultry reared in the open air and poultry reared in hen-houses.

As such, animal welfare is a priority for LDC. From birth to the slaughter of poultry, the Group ensures that

regulations are properly applied and implements specifications that go beyond legislative or regulatory requirements alone. In addition to the specifications on which production under official quality labels is based (Label Rouge technical notices, organic regulations, etc.) and the deployment of inter-professional charters for other poultry, in 2017 LDC launched the *Nature d'Éleveurs (Nature of Farmers)* program for all other poultry farms. *Nature d'Éleveurs* is an ethical program that commits the industry to respecting animals (comfort, health, expression of species-specific behaviour) and to assessing animal welfare.

Respect for animals is thus the basis of our animal welfare ethics: suitable living conditions, daily care of animals provided by the breeder to ensure their comfort, that they stay healthy and are able to express the natural behaviours specific to the various species. Animal welfare is also essential to obtaining quality products and satisfactory technical and economic results. This is a major challenge for the image and future of our industry.

2. L.D.C. GROUP ANIMAL WELFARE POLICY

The relationship between humans and animals, as well as the condition of the animals, is at the heart of the Group's concerns throughout its value chain. The LDC Group is therefore very attentive to the health and welfare of animals throughout their lives.

Conformity is assessed throughout the sector via internal controls carried out by quality teams and personnel trained in animal protection, but also, depending on the quality approaches in which the parties are involved, via controls carried out by independent bodies.

The Group adheres to the World Organisation for Animal Health (OIE) definition of animal health, which is now the reference. This definition refers to the 5 main principles set out by the Farm Animal Welfare Council (FAWC). LDC's actions therefore focus on:

- Free access to fresh water and a diet that maintains health and vigour;
- an appropriate environment with shelters and comfortable rest areas;
- Prevention or early diagnosis and treatment;
- adequate space and equipment for the animals, and contact between animals of the same species;
- breeding conditions and treatment that prevent fear and stress.

The Group applies regulations in force and implements other innovative practices to meet both the societal expectations of the wider population and the expectations of consumers.

Specifications and our Nature d'Éleveurs program

For all activities concerning poultry under official quality labels (red label, organic, PDO), the Group ensures strict application of the specifications relevant to each production. The commitments laid out in these specifications, which are officially recognised by the French public authorities in favour of animal welfare and health, are recognised to be among the most demanding in the world. They guarantee poultry of excellent quality and meet the most demanding societal expectations. This activity concerns nearly half of the Group's 6,000 partner farms.

For activities related to broiler poultry in hen-houses, the Group firstly deploys the COFRAC-accredited inter-professional charters with its partner breeders and ensures their correct application. These French collective reference systems ensure a first level of compliance with good animal husbandry practices.

In addition, the Group has defined a new Upstream Progress Contract with additional commitments, entitled "*Nature d'Éleveurs en Terres de France*" (*Nature of Farmers on French Land*). This ambitious approach to sustainable poultry farming aims to ensure continuous improvement in poultry farming. It commits livestock farmers, hatcheries, feed manufacturers, production organisations and slaughterhouses to meet high standards in terms of respect for animals, but also in terms of product quality, respect for the environment and the economic protection of livestock farmers and the industry. This approach is adapted to reflect the evolving knowledge and understanding of the field and societal expectations. Its objectives are therefore reviewed regularly. The aim is that by the end of 2020, 100% of the farmers concerned will have signed up to

a detailed action plan that commits them to the Nature d'Éleveurs program, with a view to achieving listing by 2025 at the latest (i.e. with a compliant result following an audit by an independent body). Launched in September 2017, the approach has been presented to all of LDC's partner organizations and groups and is currently being deployed. It contractually commits those who are active in the sector to respect its requirements. Each party undergoes annual internal controls carried out by our quality departments and external controls performed by independent bodies via a dedicated audit grid.

The farms are approved on the basis of a specific audit grid with 40 points to be checked, some of which, such as natural light, are mandatory (KO). The absence of a KO is a prerequisite. The assessment must demonstrate a minimum of 80 % compliance in order to be approved, and if this threshold is not reached, the assessment may be approved subject to the various points becoming compliant within 3 months.

For farms that have not achieved the 90% rating, the continuous improvement approach requires a minimum annual audits to renew the approval, with the requirement of an improvement in the score compared to the initial audit and an increase in the number of compliant points.

Across the entire sector, 70 points are checked by independent bodies, 40 of which are in breeding. Out of all the points checked, 29 relate to the control of animal welfare and health.

In the field of animal welfare and health, the focus is on the following areas:

- Available space and barn facilities (10% reduction in density compared to previously-practised densities, perching and substrates changed regularly, availability of feed and water distribution equipment, equipment and settings to ensure air quality)
- Natural light, minimum resting time for all species, control of ambient parameters and litter (dry and crumbly)
- Health preservation and monitoring: biosecurity, animal care, antibiotic reduction plan, plan to phase out critically important antibiotics with the development of alternative natural solutions (plant extracts, probiotics, etc.). Antibiotics can only be used as a last resort as a curative treatment to restore the health and well-being of a sick flock, after diagnosis and under veterinary prescription.
- Feeding adapted to each species and age in accordance with the requirements of Nature d'Éleveurs: 100 % plant-based with minerals and vitamins made with 100 % whole French cereals, made in France.
- Compliance with good practices for the catching of poultry at the end of rearing, transport and slaughter
- Evaluation of animal welfare on the farm (monitoring of mortality and health, deployment of the EBENE application to monitor health and behaviour indicators) and at slaughter (condition of legs and wings, homogeneity of batches).

The Nature d'Éleveurs approach is being developed this year within the table egg industry. It is also being adapted for hatching activities and the rabbit industry.

Our general practices

Genetics and Biodiversity:

The Group firmly prohibits, for any species, the practices of genetic modification of animals and cloning, for its production and within its supply chain.

From its inception, the Group has been committed to the protection and diversity of species, with the high-quality farm poultry of Loué, and then, with its gradual establishment in all French production basins, to the red label and regional poultry, notably with poultry from the Landes area, high-quality poultry from the Ardèche (IGP) and Bresse AOC poultry. In addition other ongoing contributions to the preservation of ancient breeds are being made.

Breeding methods:

Through exchanges with stakeholders (customers, farmers, suppliers, partners, associations, public authorities, etc.), the Group adapts its practices and recommendations and always aims to achieve the right balance for everyone. LDC therefore develops outdoor production (red label and organic poultry, free-range

laying hens, certified poultry with outdoor access, etc.) and hen-house production (everyday poultry and certified poultry) according to the needs of all markets and consumer trends.

By preserving and developing, with its partners in the sector, farms under official quality signs, in particular Label Rouge and Organic, the LDC Group has actively contributed since its inception to the deployment of an exceptional French range of traditional free-range poultry. Label Rouge and Organic breeding conditions already meet or exceed most animal welfare requirements at the global level (density, strain, access to the outdoors, etc.). The Nature d'Éleveurs en France approach allows, to the farming in poultry-houses of chickens, turkeys, guinea fowl and ducks to meet commitments that go beyond compliance with regulations: reduction of densities by 10%, natural light, perches and substrates to peck for the expression of natural behaviors, air quality, absence of cages and floors, reduction of antibiotic treatments, and audit by independent control bodies.

In the table egg sector, we are strengthening our historic position as a specialist and leader in eggs from hen farms adopting alternatives to the battery hen approach (label, organic and free-range). The LDC Group has always had a policy in favour of alternative farming methods and is recognised for this action by its customers and partners. In particular, it continues to contribute to the development of red label and organic farm eggs. Today its egg sector works in partnership with precisely 372 farmers in total, 370 of whom (99%) already exclusively practice alternatives to cage farming. The 2 farms concerned are in the process of converting to alternative farming methods and will cease cage farming by 2025 at the latest.

The LDC Group, a leader in eggs produced using alternative methods, confirms that by 2025 at the latest, all the eggs produced, as well as the eggs and egg products marketed or used for all its own brands, will come exclusively from hens reared on free-run, free-range, label rouge or organic farms.

Biosecurity

In addition to the strict rules applied to breeding and which controlled as part of the quality procedures relating to the various productions, the Group is setting up crisis management tools and has a detailed action plan with:

- simulation exercises, with the assistance of an independent third party firm and the services of the Departmental Directorates for the Protection of Populations;
- specific biosecurity training for the teams concerned (drivers, dock operators, quality teams, production managers, slaughterhouse managers, etc.);
- the distribution of a guide, intended for all Group subsidiaries, requiring, and adapting to changes in avian zoonotic diseases, in addition to results indicators, resource indicators;
- regular on-site checks as part of internal audits by the Quality team.

Also, during loading, farmers and transporters collaborate and visually check that the containers are clean and in good condition, so as not to injure the animals. Control plans are in place to ensure that cleaning and disinfection of sensitive equipment is carried out in accordance with regulations.

Food

In addition to the commitments linked to the specifications for each sector, all feed production sites of the upstream pole comply with the OQUALIM control and monitoring plan for the quality of raw materials and finished products. To meet the needs of its poultry, LDC favours the use of sustainable supplies. For vegetable proteins, LDC preferentially favours local raw materials such as rapeseed oil cake, sunflower or pea and is also developing French soya production, or by default imports with the most guarantees of sustainability. Thus in 2019, more than 40% of the vegetable proteins used were of French or continental European origin, and 100% of whole grains were French. The upstream pole is also a member of the DURALIM collective approach, committed before 2025 at the latest for 100% sustainable supplies. For some of its product ranges, LDC adapts the composition of poultry feed (e.g., flaxseed-based feed) to fulfil certain nutritional and health expectations.

The Group imposes a diet that does not contain antibiotics, growth promoters or hormones, for its entire scope (all countries of operation and species).

Through its contractual relations with the farmers and the farming specifications, LDC also monitors the

quality of the water distributed to the animals, in particular through the control of the drinkability of the drinking water given to poultry and the control and regular maintenance of the equipment and water pipes.

Animal Health

The Group is based on an animal health preservation plan that focuses on:

- biosecurity procedures;
- strict hygiene measures;
- reducing the use of antibiotics by developing natural alternative solutions, in conjunction with independent veterinarians who work with livestock farmers.

Interventions on animals

The Group and its upstream partners, particularly in hatching, have been researching for several years and developing alternative solutions to the elimination of day-old chicks in all types of poultry by rearing all the animals or by sexing in ovo. In the laying and duck sectors in particular, significant progress has already been made by the Group and its hatching partners in recent months.

The Group limits interventions on animals to what is strictly necessary, and tests alternative solutions to the treatment of beaks and claws within the sectors concerned (hens, turkeys, ducks). Working groups have been set up to identify possible areas for progress and trials are in progress. The chaplaincy is carried out by specialized teams trained in biosecurity and animal welfare, and the Group is currently working on veterinary supervision of this practice. More than 80% of the poultry slaughtered by the Poultry France division in 2019 did not receive any intervention.

The removals of poultry for their transfer to the slaughterhouse are carried out with good conditions. When the transport arrives on the farm, the breeders organize and direct the operations, from preparation for loading, to collection with their removal teams. Through his know-how, his training and the technical partnership with LDC, the breeder guarantees the proper application of procedures to respect the animals.

Support for farmers

In addition to the specific support for farmers linked to the quality approaches to which they adhere, the Group supports future farmers by offering them specific training entitled *Génération Nature d'Éleveurs*, (*Nature d'Éleveurs Generation*) including animal welfare (AW). Training and information meetings are also regularly organized for all farmers, during which issues concerning AW can be addressed. Farming advisers within the producer groups advise and support farmers on a day-to-day individual basis. The quality managers of each upstream production organisation (UPO) also audit the farmers in order to ensure that the quality of the farms is controlled and to check compliance with specifications, including the AW which is an integral part of said specifications.

A production contract guarantees prices and protects farmers' income, product quality premiums based on animal health and welfare indicators are put in place, and investment aid is paid to farmers for support them in their work to adapt farms.

Allowing farmers and the sector to be supported technically and financially is a prerequisite to ensure respect for animal welfare on all links.

Transport

The Group's slaughter sites are located close to the clusters of farms, thereby avoiding long-distance transport and limiting travel time for the animals. In practice this means that travel time is therefore limited to less than 3 hours on average, and does not exceed 6 hours. Farmers and slaughterhouses work together to apply animal-friendly loading procedures. Weather conditions are also taken into account in order to adapt transport conditions.

Slaughter

Each slaughter site is specifically trained in animal protection by an independent body. Also, all staff in contact with live animals must follow a mandatory and regular training course to become either an Animal Protection Manager (APM) or Animal Protection Operator (APO).

The Group has implemented an extensive layout plan for its reception bays in order to improve the comfort

conditions for animals in the waiting areas and in the stunning access area by limiting human contact, controlling light, ventilation and nebulization, if necessary. Comfort ramps are installed for the poultry prior to electronarcosis.

For all its production, the Group systematically practises prior stunning, even in the case of ritual slaughter. The stunning techniques used are either electronarcosis or controlled atmosphere stunning. The effectiveness of stunning is monitored on the lines by regularly trained operators.

The Group is constantly seeking to improve its techniques and facilities, and invests regularly in this framework.

Convenience Food:

The policy of the activity is oriented towards the French origin of meat in particular. Marie brand products use 100% French beef, pork and poultry.

The Marie brand also uses eggs laid by free-range hens to make 100% of its fresh and frozen quiches and pies. For all recipes, Marie already chooses exclusively eggs and egg products, all from free-range hens.

Consumers:

LDC Group has always responded to the needs of consumers. Each year, LDC Group assesses the needs and level of consumer satisfaction of its branded products using a dedicated indicator, and is committed to continuous improvement. In response, the LDC Group chooses quality products, accessible to all, which guarantee local origin and respect for animals. In 2019, Loué label rouge and organic chickens posted an A rating from animal welfare labeling, making it the first national brand to display an A rating on 100% of chickens.

3. L.D.C. GROUP ANIMAL WELFARE STRATEGY

LDC Nature d'Éleveurs program indicators

The number of farmers involved in the plan is of course monitored on a daily basis. The following indicators are used to measure progress in terms of animal welfare:

- the animals' environment: availability at feeders and drinking troughs, density and mortality, atmosphere and air quality, bedding quality;
- animal behaviours: distribution of animals in the hen-house, interaction between congeners, exploration of the environment, grooming.
- health information: such as mobility, weight of animals, injuries and lesions, use of health products, including accurate monitoring of the use of antibiotic treatments.

These indicators are identified upstream (at farm level) and downstream (at slaughterhouse level). All these indicators are stored and analysed. Gaps are analysed and cross-checked with the technical-economic results and then communicated to the farmers and production organisation teams (technical, quality, planning). Action plans and progress plans are then put in place in a concerted manner to eliminate non-compliance.

In order to promote and reward continuous improvement and the daily commitment of farmers to the well-being and health of animals, the Group has set up investment grants and premiums for the quality of batches. The technical and quality teams are also evaluated on the basis of these same objectives.

In addition, the Group implements training programs at all levels to support performance and continuous improvement for the farmers and employees working throughout the chain, at both farm and production site levels.

These training courses concern animal welfare, the preservation of animal health, the behaviour of humans in the presence of animals...

Governance

Animal welfare is the subject of much attention and many questions from our customers, consumers, employees and farmers, but also from animal welfare institutions and associations. In September 2018, the Group therefore set up a Sustainable Development support department, whose missions include regular dialogue with stakeholders in order to take into account the challenges and expectations in the Group's strategy. In terms of associations related to animal welfare, the Group is a member of the Humane Slaughter Association and exchanges with several NGOs.

Within the LDC Group itself, animal welfare is a subject that is of interest to many parties, from the General Management to the operational teams, particularly those working with live animals. More specifically, the Quality Department is in charge of coordinating these themes.

Animal Welfare is also a priority topic for the Group's Research and Development department, for which it is one of the strategic themes.

The Group's research projects are conducted in collaboration with external partners such as public research institutes, technical centres, universities, engineering schools and competitive clusters.

Among the research activities, the following themes have been a focus:

- Improving animal welfare and practices: evaluation of the behaviour of animals in breeding, alternatives to the elimination of chicks and to interventions on animals, tests of slow-growing breeds, tests of new substrates to peck, optimization of the quality of bedding, drinking water, natural light, use of the outside spaces by animals ...
- alternatives to the use of antibiotics in order to limit the presence of pathogenic flora in farms, by alternative means such as vaccination, use of probiotics or plant extracts in the feed.

4. REPORTING AND CONCLUSIONS ON ANIMAL WELFARE PERFORMANCE

LDC Group has set up a working group to coordinate and classify the data, and to set up a centralized reporting tool to report on the Group's performance on the subject of the BEA.

LDC Group, the historical leader in Label Rouge, Organic and PDO chickens in France, continues to develop this offer for its customers and consumers. 20% of chickens slaughtered by the Group's France poultry division currently reared outdoors or with outside access under shelter. In addition, the deployment of its "Nature d'Éleveurs en Terres de France" approach is continuing. In addition to complying with regulations, before the end of 2025, it provides for 100% of partner farms in the poultry division of chicken house compatible with the European Chicken Commitment criteria (ECC: natural light, perches and substrates to peck for expression natural behaviour, air quality, absence of cages and floors), and to be audited by an independent control body. The Group already supplies chicken meat that meets all of the ECC's criteria to its customers who request it. In addition, it offers and develops own-brand ranges that meet at least the BCC criteria.

Regarding slaughter, 100% of animals slaughtered by the Group (for all species and countries) are stunned before slaughter. 46% of chickens slaughtered by the LDC Group in France in 2019 were already stunned in a controlled atmosphere, and the Group is continuing to invest in this technique. Tests and the installation of cameras at slaughter sites were also carried out.

In 2019, the share of partner farms in the Group's France poultry division engaged in an Organic, Label Rouge, Free-range, Certified or Nature d'Éleveurs approach was 57% (compared to 53% in 2018).

LDC Group will continue to meet the needs and demands of its customers and consumers, particularly in the area of animal welfare and local origin, and will communicate annually to report on its progress.