

FILENI GROUP

Fileni Group was founded in Jesi by Giovanni Fileni in 1978. Today the company is based in Cingoli, in the province of Macerata. The company has grown steadily over the years and is now confirmed as the Italian leading producer of organic white meat.

The company makes innovation and quality, animal welfare and environmental sustainability its distinctive features. Bound to tradition while attentive to the present and projected into the future by means of its creative attitude, Fileni has won over consumers with its genuine and quality products.

Transparency, respect and courage are the values that yesterday, as today, drive the Group's daily mission: to supply tasty and natural meat and bring you back to the good old flavours. Inspired by tradition and quality, Fileni gives consumers the daily pleasure of tasting high-quality products based on animal welfare-complying farming. As tradition has it.

OUR WAY TO SUSTAINABILITY

Fileni actively contributes in generating a positive change at a global level, aware of the significance of its business impact on the Sustainable Development Goals defined by the United Nations General Assembly in 2015:



SDG 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture

We are committed to offering our customers high-quality and high-nutritional value products, thus giving our contribution to a balanced diet.

To this end, our farms and crops follow the organic method almost totally avoiding the use of antibiotics, GMOs, colorants and palm oil.



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Fileni is committed to ensuring fair and inclusive employment by offering properly remunerated working conditions and ensuring continuous improvement of its workplace safety standards.

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SDG 7 -Ensure access to affordable, reliable, sustainable, and modern energy for all.

Fileni is committed to contributing to this goal by increasing the importance of renewable sources among its energy inputs over the years. In 2019, 100% of the electricity purchased by all the Group's plants came from renewable sources.

In coming years, projects are being developed to exploit the sludge resulting from water purification process to obtain biogas.



SDG 12 - Ensure sustainable consumption and production patterns.

Fileni is committed to applying circular economy principles throughout its supply chain: in farms, chicken manure is reused as fertilizer or saved for energy recovery. During production, processing waste is given to a company dedicated to the production of animal feed or fertilizers. Fileni has been the first Italian company to implement cutting-edge, recyclable and compostable packaging solutions to its products, thus significantly reducing plastic consumption.



SDG 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Fileni aims at building a profitable cooperation with local schools and universities and promoting the educational path of deserving students, also through the contribution of the Marco Fileni Foundation.

WELL-BEING, HEALTH AND RESPECT IN OUR FARMS

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1. Fileni's Project and Approach

Fileni Alimentare is the parent company in which the Carnj corporate structure includes, among its members, both the agricultural companies of the Fileni Group and the cooperative members external to the Group. Fileni Alimentare S.p.A. is a cooperative's financing member. In 2020 the Group started the new company Fattorie Venete, through which it acquired a share of Fattoria San Bellino, thus undertaking a diversification strategy on organic animal proteins and expanding its red meat supply chain. Fileni Group's governance model is a traditional one: the company is managed by a Board of Directors (BoD) which is led by Chairman Giovanni Fileni, who acts as legal representative and is supported by relevant directors 4. The parent company (Fileni Alimentare S.p.A.) hosts the Board of Statutory Auditors, consisting of a chairman and relevant auditors.

Fileni Group's activities taking place in Italy are hatching, cereal storage, livestock feed production, poultry production, slaughter and cutting organization, poultry product and deli specialty manufacturing and product marketing.

In Italy, poultry farming is an activity carried out both through company-owned farms and by means of agisters contractually engaged in the Group.

As the leader of the Italian organic poultry market (and among the main European producers), Fileni Group meets the needs of customers and consumers by promoting different methods of breeding both traditional (from conventional and free-range farming) and organic poultry.

From poultry birth to slaughter, the Group ensures that regulations are correctly applied and, to this purpose, it implements specific standards that go beyond mandatory legislation or regulation.

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Respect for animals is the basis of our animal welfare ethic: adequate living conditions and daily care of the animals being supplied to our breeders so as to ensure their well-being. We want our chickens to remain healthy and able to express the natural behaviour typical of their own species.

Animal welfare is also essential for final product quality, both at the organoleptic and hygienic-sanitary level.

2. Our Animal Welfare Policy

a. Comprehensive Animal Welfare Policy

Fileni aims to be recognized by its customers for achieving high standards in animal health and welfare and for complying with the industry best practices in its farming and slaughter processes. Fileni is committed to cooperating with universities, research institutes and industry partners in order to use the best state-of-the-art knowledge in science, ethics and legislation on animal health and welfare.

Compliance is assessed across the industry through internal audits carried out by quality teams and animal welfare trained staff and - based on each party's quality approach - also through audits carried out by independent bodies. Fileni is committed to implementing the highest levels of animal health and welfare standards within the company based on the Farm Animal Welfare Council's 5 freedoms:

- 1. Freedom from hunger, thirst and malnutrition** – by ensuring the availability of fresh water and a healthy diet
- 2. Freedom from environmental discomfort** – by providing the animal with an appropriate space that offers shelter and a comfortable resting area
- 3. Freedom from pain, injury and disease** – by preventing them or diagnosing and treating them quickly

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4. Freedom to express species-specific behavioural characteristics – by providing sufficient space, adequate facilities and the company of animals of the same species

5. Freedom from fear and stress – by ensuring conditions and care that avoid psychological suffering

6. Freedom to experience positive emotions – by ensuring appropriate conditions that allow for positive emotions to be experienced.

Likewise, we require all our suppliers to support our position by ensuring that all meat is produced in a way that meets all relevant Italian and EU regulations, including farm animal welfare. We also require that our products meet the requirements and standards demanded by our customers.

Meat production with a high respect for animal welfare can only be achieved through the implementation of strict standards, staff training and awareness-raising which are recognized as a key factor in achieving this goal. The Fileni Group is committed to ensuring that all its farms and suppliers have well-trained staff complying with legislative requirements.

The Fileni Group will monitor the latest developments and trends in science, technology and standards and, as they develop, will review and integrate them where possible with the aim of further improving the goal of a sustainable, high-welfare poultry production. The Fileni group will also support animal welfare standards that are more advanced than current legislation by increasingly expanding the product types complying with the European Chicken Commitment guidelines: organic, free-range, indoor with standards higher than the law.

For all activities involving poultry with official quality labels (*Club dei Galli* 5%, organic 10%, Unitalia, DTP126 35.79%, DTP30 49.58%), the Group guarantees strict application of the specifications relating to each production. These activities concern approximately 25% of all the Group's partner agricultural companies.

b. Specific Animal Welfare Policy

All farms are checked at least twice a year using a dedicated checklist where all the parameters necessary for compliance with the standards required by our customers, by the ECC and by the voluntary standards we adhere to are verified.

The checklist consists of 71 points that are verified by our qualified technicians and Quality Assurance department.

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

- Respect for **available spaces and stocking densities**;
- **Natural light**, minimum rest time for all species, control of environmental parameters and litter (dry and crumbly)

Health preservation and monitoring: biosecurity, animal care, antibiotic reduction plan, critical antibiotic plan with the development of alternative natural solutions (plant extracts, probiotics, etc.). **Antibiotics** should be used as a last resort and only as a treatment to restore the health and well-being of a sick flock, following diagnosis and veterinary prescription. Fileni monitors and keeps constant track of its usage of antibiotics. Our commitment to the responsible use of antibiotics has led us to have 97% of our organic **antibiotic-free** farms.

- **Compliance with good practices for end-of-breeding poultry capture**, transport and slaughter
- **Evaluation of animal welfare** on the farm (mortality and health monitoring) and at the slaughterhouse (condition of legs and breasts, batch homogeneity, health pathologies).
- **Animal transport**: This phase is also crucial for animal welfare. Distance (and therefore transport) times and slaughter conditions and immediately preceding conditions.

Our distance classes are currently broken down as follows:

- 50km from production plant: 36.86% of slaughtered animals (< 45 min)
- 100km from production plant: 5.66% of slaughtered animals (< 1.5h)
- 200km from production plant: 32.36% of slaughtered animals (< 2h)
- more than 200km from production plant: 25.12% of slaughtered animals (< 5h)
- **Slaughter:** Stunning is currently electric but Fileni is committed to installing a gas stunning system by 2022.

3 Corporate Animal Welfare Strategy

a. Management

The following indicators are used to measure progress in terms of animal welfare:

→ **animal environment:** availability of feeders and waterers, density and mortality, atmosphere and air quality, litter quality; (verification through checklist and data recording)

→ **health information:** animal weight, wounds and lesions (foot pad dermatitis, breast blisters, feather cleaning), use of health products, including careful 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. The gaps (basic parameters are defined at the beginning of the year based on the results obtained in the previous year) are analysed and cross-referenced with the technical-economic results and then communicated to the farmers and the production organization teams (technicians, quality, planning). Action plans and progress plans are then put in place in a concerted manner so as to eliminate non-conformities.

Technical and quality teams are also evaluated on the basis of these goals. Animal welfare targets are defined at the beginning of the year based on the results achieved in the previous year. Moreover, the Group implements training programs at all levels to support performance and continuous improvement for farmers and employees throughout the supply chain, both at the farm and at production sites.

These training courses concern animal welfare, animal health protection, and human behaviour in the presence of animals.

As part of our animal welfare strategy we:

- Incorporate animal welfare standards into supplier contracts: in order to ensure that animal welfare is part of supply requirements and is addressed in supplier contract specifications.
- Assess compliance with established welfare standards: describe the audit process (single checklist).
- Manage non-conformities: these are addressed at an IT level with the Omniaplace Quality System, which allows for the implementation of improvement actions
- Establish a continuous improvement plan through regular reviews of targets and objectives.
- Transfer knowledge and organize training: provide information on any plans to develop the skills and knowledge of internal company staff (buyers, product managers, etc.) and suppliers in relation to farm animal welfare management (e.g., organization of training courses, workshops and provision of on-site technical support).

b. Governance

Within Fileni Group, animal welfare is a hot topic to many parties, from Management to operational teams (especially those working with live animals). More specifically, Quality department is responsible for coordinating these issues.

Animal welfare is a priority issue for the Group's Livestock and Production department, as it is considered a strategic issue.

The Breeding and Quality Management will ensure compliance with all the parameters set forth in this policy.

c. Group's target definition of welfare progress

Below are the targets that Fileni Group has set to achieve by 2026:

→ Application of the European Chicken Commitment standard for all organic and free-range productions by 2022.

The [European Chicken Commitment](#) standards require the achievement of the following criteria for all farms involved in the commitment:

1. Compliance with all animal welfare laws and regulations in force in the European Union, regardless of the country in which the animals are raised.
2. Maximum stocking density of 30 kg/m² or less. Thinning practice is discouraged and, if used, it must be limited to no more than once per production cycle.
3. Use of breeds showing better animal welfare indicators: Hubbard Redbro (for internal production only); Hubbard Norfolk Black/JA757/JACY57/787/957/987, Rambler Ranger, Ranger Classic, Ranger Gold or others meeting the "RSPCA Broiler Breed Welfare Assessment" protocol criteria.
4. Improving environmental standards, including:
 1. At least 50 lux of light, including natural light.
 2. At least 2 meters of perches and two pecking substrates for every 1000 animals.
 3. Compliance with air quality parameters at least in line with the criteria of Annex II.3 of Directive 2007/43/EC regardless of stocking density.
 4. The use of cages or multi-level systems is prohibited.
5. Implementation of the Controlled Atmosphere Stunning (CAS) practice using inert gases or multi-phase systems, or, alternatively, of effective electrical stunning systems without inversion of live animals.
6. Compliance with the above-mentioned standards through third party audits and publication of annual updates on policy implementation progress.

→ By 2023, 100% of organic and free-range supply chains for owned brands and also for all brands sold under private labels or to the catering sector shall comply with ECC parameters.

→ For all conventional supply chains, by 2026 we are committed to ensuring that at least 20% of our farms are in line with ECC standards;

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- For conventional lines, provide all customers who request it with products compliant with ECC standards by 2026 at the latest;
- Working with our customers to develop supply chain solutions that enable ECC standards to be achieved on an ever-increasing number of farms;
- all new sheds to be built from 2022 will be designed with the potential to house chickens according to ECC standards.

Target – company process measurement

- Implementation/strengthening of an animal welfare audit process: Single checklist
- Creation of an animal welfare working group
- Testing new production systems or practices
- Supporting knowledge transfer: Animal welfare training for farmers

Target – performance measurement

- Achieving specific standards: Unitalia (<https://www.unitalia.com/disciplinare-unitalia/>) and DTP126 (<https://www.csqa.it/CSQA/Norme/Valorizzazione-dei-Prodotti/DTP-126-Filiera-avicola-controllata>)
- Introduction of specific standards: COOP Animal Welfare Regulations
- Performance targets: mortality, growth, foot pad dermatitis, breast blisters, feather cleaning, slaughter injuries, group uniformity, pathologies
- Percentage of farms complying with the European Chicken Commitment standards

Performance targets

- Maintaining antibiotic use reduction (target = 95% antibiotic-free farms)
- Quantity of antibiotics used per year by antibiotic class and/or overall
- By 2026, +30% increase in the supply of chickens from animal welfare-complying farms (organic, free-range and ECC parameters compliance)

4. REPORTS AND CONCLUSIONS ON ANIMAL WELFARE PERFORMANCE

It is our suppliers' responsibility to ensure that the requirements of this policy are understood and enforced at all times through the development of appropriate procedures, work instructions and audits.