



DANONE
ONE PLANET. ONE HEALTH

UK Modern Slavery Statement - 2019-2020

Foreword

Welcome to Danone's annual UK Modern Slavery Statement where we outline the continued actions of our business in contributing to the eradication of modern slavery and trafficking in all its forms.

With the many challenges the world is currently facing, protecting human rights is essential. Our responsibility as an actor in the food chain - and as a company committed to protecting the health of the planet and the health of the people - is more fundamental than ever.

The COVID-19 crisis and its effects have increased the risk of forced labour and other human rights violations worldwide. At Danone we continue to pursue our efforts in tackling these issues within our operations and supply chain.

Building on our Sustainability Principles and Statement on Forced Labour, we have been progressing on the implementation of our due diligence approach, which helps us focus our efforts on where the risk is highest. However, collaboration is essential to driving real progress towards eradicating modern slavery, human trafficking and child labour.

This is why I am proud to serve as Co-Chair of the Consumer Goods Forum (CGF) Board and CEO Sponsor for the 'Human Rights - Working to End Forced Labour' coalition, which aims to accelerate action to reduce forced labour in global supply chains. During the G7 in 2019 Danone also spearheaded the creation of the 'Business for Inclusive Growth' (B4IG) coalition, in partnership with the Organisation for Economic Co-operation and Development (OECD), aiming to advance human rights and promote inclusion in workplaces and business value chains. To date, more than 40 companies have joined this initiative. In the current context, I believe

we need to go even further, strengthening collaboration with industry peers as well as labour unions, who can play a key role in alerting companies to risks upstream in their supply chains.

This report outlines our continued efforts, progress and achievements in 2019-20. For further detail on our approach, we invite you to read our **Integrated Report** as well as our **2018 UK Modern Slavery Statement**.



Emmanuel Faber, CEO
July 2020

PROGRESS SINCE 2018-19 STATEMENT



Completion of our two year audit plan of the 200 identified highest risk suppliers



Initiated phased deployment of our Global External Workforce Policy by providing guidance including an assessment tool to our teams (see page 7)



Developed a human rights e-learning module for HR and Procurement teams (see page 8)



Danone Globally at a Glance

**OUR MISSION: BRINGING HEALTH THROUGH FOOD
TO AS MANY PEOPLE AS POSSIBLE**

LEADING POSITIONS⁽¹⁾

**#1
WORLDWIDE**

in Fresh Dairy products
in Plant-Based products

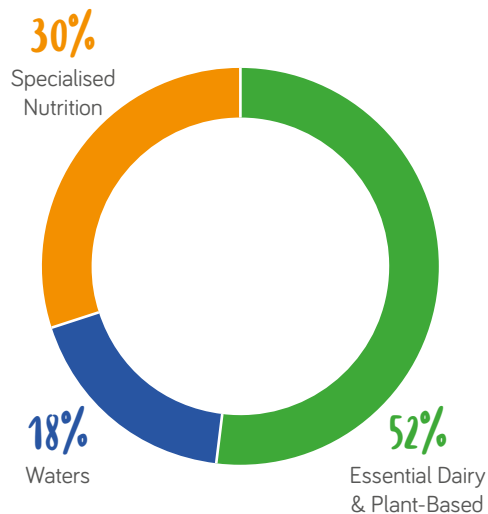
**#1
EUROPE**

in Advanced Medical Nutrition

**#1
WORLDWIDE**

in Early Life Nutrition
in Packaged Waters (by volume)

SALES BY REPORTING ENTITY



A GLOBAL PRESENCE

120+

countries where Danone products
are available around the globe

100,000+

employees in over 55 countries

67%

of sales outside Europe

TOP 3 BRANDS

in % of 2019 sales

ACTIVIA



#2

APTAMIL



#1

DANONE



#3

TOP 3 COUNTRIES

in % of 2019 sales



#2

CHINA



#1

U.S.A.



#3

FRANCE

**A GLOBAL LEADER WITH A UNIQUE HEALTH-
FOCUSED PORTFOLIO IN FOOD AND BEVERAGES**

¹ Only in the subcategories and countries where Danone operates.

Our Supply Chain

Danone has a broad supply chain, built on decades of strong collaboration and partnership. We believe in promoting inclusive growth to create opportunities for all segments of our supply chain to share in increased prosperity. This commitment is reinforced through initiatives such as Business for Inclusive Growth (B4IG), which was launched in August 2019 (see more page 6).

OUR SUPPLY CHAIN STRUCTURE

We apply stringent measures to address and prevent risks relating to human rights issues, working conditions and forced labour in our supply chain.



Milk products

- Sourced locally, directly or indirectly, from 58,000 farms across 20 countries
- Collaboration with farmers through initiatives such as the 'Farming for Generations' and the Sustainable Dairy Partnership

Primary food categories

- Human rights compliance monitored through traceability and certification

Fruit

- 100% of fruit supplies are traceable to Tier 2 suppliers

Cocoa

- 70% country-level traceability
- UTZ certification

Cane sugar

- 86% traceability (36% mill-level; 50% plantation-level)
- Working with ProForest to ensure traceability

Palm oil

- 99% traceable
- (48% RSPO Segregated; 51% RSPO Mass balance)
- Working with the Earthworm Foundation to ensure traceability. In 2019, we also published the grievance mechanism, developed with Earthworm Foundation's support, to handle allegations of non-compliance with our palm oil policy

- Raw materials transformation
- Packaging
- Other services such as labour agencies, subcontractors, logistics etc.
- More than 4,000 supplier sites are monitored through Sedex (Supplier Ethical Data Exchange)
- Human rights compliance monitored through the RESPECT programme (see page 5)



- 190 production sites in principal markets
- Compliance with HR processes
- Danone's Global External Workforce Policy (see page 7) covers labour agencies and temporary workers



Distribution aimed at:

- retail chains;
- traditional market outlets;
- e-commerce; and
- on-the-go and convenience stores.

These networks then distribute under their own supply chain before going to the consumer.



● Relates to specific actions to combat/address human rights issues.

Our Supply Chain *continued*

VIGILANCE PLAN

Our supply chain activities, including our relationships with sub-contractors and suppliers, are governed through the Danone Vigilance Plan. Launched in 2017, in line with France's Duty of Vigilance Law, the plan seeks to manage company risks as well as those in the supply chain, including responsible sourcing and human rights.

To identify prominent risks, an integrated materiality and risk-mapping exercise was undertaken across the 20 purchasing categories with highest exposure. These cover our direct activities and those of our suppliers, and we provided the following tools and procedures across each of these areas:

Own Operation (Employees)

- Providing guidelines and self-assessment tools for risks relating to temporary/agency workers
- The Danone Way self-assessment includes a human rights guidance component (see page 8)

Supply Chain (Supplier and sub-contractors)

- Two-year audit plan for most at-risk Tier 1 supplier sites (excluding raw milk)
- Traceability initiatives targeting our four high-priority agricultural categories (see page 4)

RESPECT PROGRAMME

Danone's responsible procurement and due diligence programme 'RESPECT' applies to Tier 1 suppliers (excluding raw milk) and some Tier 2 suppliers (when traders). Since 2017, additional emphasis has been put on human rights requirements and monitoring within the supply chain.

As part of this process, Danone requires suppliers to join the Sedex platform and complete a self-assessment questionnaire which includes human rights criteria. At the end of 2019, over 4,000 supplier sites were registered on the platform, and 200 of the highest risk suppliers identified were audited by a third party using the Sedex Members Ethical Trade Audit protocol (SMETA) over a two-year plan.

4,000+

suppliers registered on the
Sedex platform in 2019

573

SMETA audits carried out
on Danone suppliers

In addition, Danone also has access to audits performed on our suppliers by peers. As a result, a total of 573 SMETA audits were carried out on Danone suppliers in 2019, either by the company itself or by our peers.

We improved our monitoring of supplier remediation, in 2019, by introducing an indicator dedicated to tracking on-time closure of audits (conducted by Danone or by peers) that identified critical non-conformities. The percentage of such closure was 64% for the two-year period concluding at the end of 2019. Audits that have not been closed continue to be monitored and Danone is working with the suppliers towards remediation. The breakdown of the critical non-conformities identified in 2019 indicates the most common issues were 51% related to health and safety and 27% to working hours and compensation. We continue to engage with suppliers on remediation steps.



Partnerships, Memberships, Commitments & Policies

The global supply chains that power the food and beverage sector carry higher risk of human rights and environmental violations, both at farm or plantation level upstream and at direct suppliers. To mitigate these risks, Danone is working with partners towards more responsible practices and we have made specific public commitments and established a set of fundamental principles and policies.



PARTNERSHIPS, MEMBERSHIP & COMMITMENTS

At Danone, collaboration and partnerships are key to our success. In 2019, we continued to partner with leading agencies, non-governmental and industry organisations, as well as business partners to enhance our reach and impact.

COMMITMENT TO THE UNITED NATIONS GLOBAL COMPACT (UNGC)



In 2003, Danone became a member of the United Nations Global Compact. We reconfirmed our commitment in 2009 and our public commitment can be found on the [UN Global Compact website](#).

MEMBERSHIP OF THE CONSUMER GOODS FORUM (CGF)



Since 2016, Danone has supported the CGF with its objective to eliminate forced labour in global supply chains. In 2018, Danone formalised this commitment in the [Danone Statement on Forced Labour](#) and in our Sustainability Principles for Business Partners (see page 7). In 2020, we joined CGF's 'Human Rights – Working to End Forced Labour' coalition with Emmanuel Faber as Co-Chair and CEO Sponsor and are committed to implementing human rights due diligence systems across all operations by 2025.



BUSINESS FOR INCLUSIVE GROWTH (B4IG) COLLABORATION



In partnership with the OECD, Danone launched the 'B4IG' coalition at the G7 in Biarritz in August 2019. Designed to advance human rights and promote inclusion within business and enterprise, the coalition requires members to sign a pledge to demonstrate their commitment and take action. B4IG members have already earmarked over 50 projects to the platform, mobilising more than one billion USD in private finance and benefiting 100 million people to date. Through B4IG, they will look to build on these projects to strengthen their collective social impact worldwide. Find out more [here](#).

MEMBERSHIP OF AIM-PROGRESS



AIM-PROGRESS is a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices, with a focus on human rights. Danone is taking part in sharing best practice and collaboration between peers to strengthen responsible sourcing.

POLICIES

Effective policies are in place to define the expected behaviour of both our business and our suppliers' employees

ALIGNMENT TO INTERNATIONAL LABOR ORGANIZATION (ILO) CONVENTIONS: SUSTAINABILITY PRINCIPLES (FOR DANONE AND OUR BUSINESS PARTNERS)

Danone Fundamental Social Principles are based on ILO core conventions. Together with our Environmental and Business Ethics Principles, they form the Danone Sustainability Principles, which apply to our own operations and are extended to our supply chain through the **Danone Sustainability Principles for Business Partners.**

CO-OPERATION WITH THE INTERNATIONAL UNION OF FOOD WORKERS (IUF)



In light of our dual economic and social project, Danone has worked closely with the International Union of Food Workers (IUF) since 1989 to support workers and human rights. We have signed 10 worldwide agreements with them. These agreements are deployed in each of our entities and joint assessments are conducted every year by a Danone representative and an IUF representative. A total of 60 joint assessments were conducted between 2009 and 2019.

GLOBAL EXTERNAL WORKFORCE POLICY

Launched in 2018, Danone's Global External Workforce Policy is a set of internal guidelines targeted at staffing agencies to ensure they respect the fundamental rights and freedoms of workers, especially relating to forcing workers to pay recruitment fees. In 2019 to support subsidiaries with implementation, we developed principal guidelines and a risk self-assessment tool and adopted a phased approach starting with Mexico.



Monitoring & Governance

Danone has a long-term commitment to social responsibility, and good governance is an integral part of our corporate structure and operations. A key principle for our governance is that we place social and societal responsibility at the heart of our management and strategy.

GOVERNANCE OF HUMAN RIGHTS

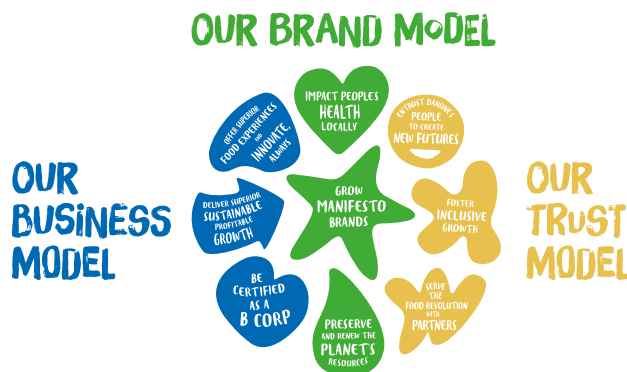
Danone has adopted a governance structure and effective policies and processes to meet the expected standards of human rights and modern slavery compliance.

Compliance with our responsible purchasing and human rights programmes is monitored by the Nature and Water Cycle team, under the responsibility of the Chief Procurement & Cycles Officer. Responsible purchasing and human rights compliance are also followed up at Executive Committee level. The 2019 review was presented in the first half of 2020.

Under the Danone Way programme, all entities are required to conduct annual self-assessments to measure how they are performing against our sustainability commitments and priorities, according to a set of guidelines centred on our 2030 Goals. In relation to human rights, this includes monitoring at-risk suppliers through our RESPECT programme (see page 5) and application of our Global External Workforce Policy via a self-assessment tool (see page 7), training, and supplier engagement.

For more detail on our approach to governance, refer to our [Integrated Report](#) and [2018 UK Modern Slavery Statement](#).

DANONE GOALS BY 2030



WHISTLE-BLOWING

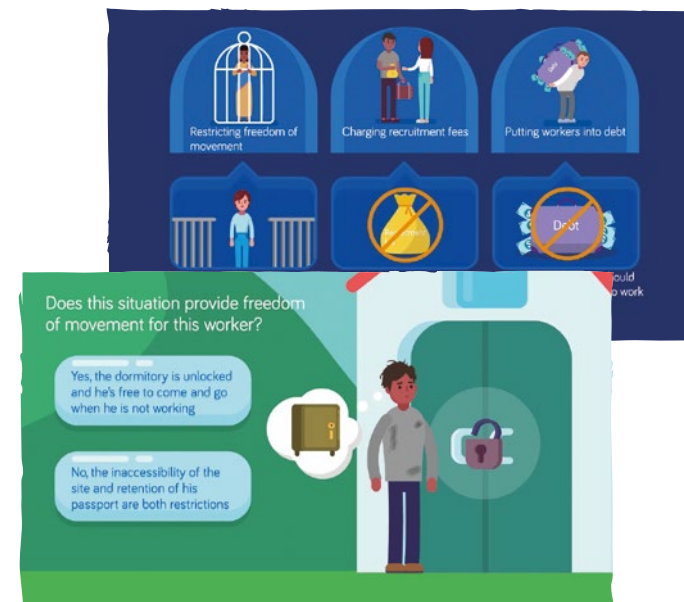
Since 2017, the Danone Ethics Line has also enabled whistle-blowers to report suspected environmental and human rights violations.

In 2019, 20 reports were made at the global level in the 'human rights' category. This category includes violations in the areas of child labour, forced labour, right to collective bargaining, working time and wages. The category is selected by the whistle-blower, and the reports received in 2019 focused on routine human resources matters. None of them qualified as a human rights violation, but all have been or are being pursued in thorough internal investigations.

TRAINING AND DEVELOPMENT

Danone has rolled out a communications campaign to inform employees that our Code of Business Conduct and responsible practices policies are available on our internal portal. All employees are made aware of their obligation to follow the Code of Business Conduct when they are recruited.

In 2019, we launched a dedicated human rights and forced labour e-learning module for HR and Procurement teams. In parallel, RESPECT training including forced labour related awareness raising, was stepped up by increasing the number of online seminars (more than 70 buyers trained) and by leading local workshops with more than 130 buyers and suppliers in priority countries.



Monitoring & Governance continued



CASE STUDY: EDUCATING NUTRICIA NURSES ON MODERN DAY SLAVERY

Within our Specialised Nutrition business in the UK and Ireland, we employ 150 Nurses and Enteral Care Assistants (ECAs) who support enterally fed patients using our Nutricia enteral feeding products.

To promote safe practice and protect patients from any harm, abuse or exploitation – a range of training and tools are offered to Nutricia staff. As well as a dedicated Safeguarding Policy, Nurses and ECAs are given training at the start of their employment and annually. This includes modules on modern day slavery and child trafficking, where examples of what to look for and how to take action are provided.

We ensure that all patients, families and carers also have access to relevant policies, and that any concerns are raised with Safeguarding Leads who can escalate and action appropriately. Last year, Nutricia completed six safeguarding referrals – none of which related to human rights or modern day slavery.



Our Commitment

WHAT'S NEXT?

We will continue to make strides in our efforts towards combating human rights violations and modern slavery in our operations and supply chain moving forward. Some of these actions include:

- Commitment to implement human rights due diligence systems across 100% of Danone's operations by 2025, in line with The Consumer Goods Forum's 'Human Rights – Working to End Forced Labour' coalition.
- A global compliance e-learning tool roll-out reminding colleagues of our commitments to ethical business practices, our Code of Business conduct and whistleblowing procedures.
- A continued roll-out of the Global External Workforce Policy.
- Local UK and Ireland phased roll-outs of the human rights e-learning for HR, Procurement, General Secretary and leadership teams.

Signatures from General Managers and Directors

As General Managers and Directors of the UK businesses of The Danone Company, we approve this statement.



James Pearson
(Danone Waters)
on behalf of Danone Waters
(UK & Ireland) Limited



Adam Grant
(Danone Essential
Dairy & Plant-Based)
on behalf of Danone Limited



Gustavo Hildenbrand
(Danone Specialised Nutrition)
on behalf of Nutricia Limited



Javier Gutierrez
(Nutricia Liverpool)
on behalf of SHS International Limited



Contacts

If you have any comments or queries, please contact:

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<http://corporate.danone.co.uk/en/connect/media/media-contacts/>

The Danone Company's UK businesses are:

Danone Ltd, Danone Waters (UK & Ireland) Ltd,
Nutricia Ltd, SHS International Ltd

THIS STATEMENT HAS BEEN PUBLISHED IN ACCORDANCE WITH THE MODERN SLAVERY ACT 2015. IT OUTLINES THE MEASURES TAKEN BY THE DANONE COMPANY AND ITS UK BUSINESSES DURING 2019-20 TO PREVENT SLAVERY, SERVITUDE, FORCED OR COMPULSORY LABOUR AND HUMAN TRAFFICKING ACROSS OUR BUSINESS AND SUPPLY CHAIN.



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