



# UK Modern Slavery Statement

## 2021-2022

## Foreword

# WELCOME

Welcome to our annual UK Modern Slavery Statement. At Danone we aim to bring health through food and drink to as many people as possible and it's vital that we do so in a sustainable and responsible way.

Danone has long been committed to offering people healthier and more sustainably produced food and beverage choices, as well as taking care of employees, communities, and the environment. This purpose is embedded in our 'One Planet. One Health' frame of action, which is at the heart of everything we do and reflects our strong belief that the health of people and the health of the planet are interconnected.

We are committed to respecting internationally recognised human rights in line with the principles and guidance contained in the **UN Guiding Principles on Business and Human Rights**. Accordingly, we are developing an approach that identifies, assesses, and prioritises the most significant human rights risks in our value chain. We recognise this is a journey - our performance will evolve as we mature our practices, and we will continuously seek to improve our human rights efforts.

### STATEMENT FROM JAMES MAYER, PRESIDENT OF DANONE UK & IRELAND

The health of people and the planet remains at the heart of everything we do, uniting us and guiding our decision making. We're committed to taking actions now to ensure a sustainable future for our communities.

Building on our Sustainability Principles for Business Partners and Statement on Forced Labour, we've progressed the implementation of our new due diligence approach, which helps us focus our efforts where the risk is highest.

To identify and prioritise the salient (most severe) human rights issues across our global supply chain and operations, in 2021 we conducted a salient human rights impact assessment with the support of Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights.

Through the exercise we identified forced labour as a salient issue for Danone, in common with any food company with complex supply chains and global reach. We continue to work towards the eradication of modern slavery and trafficking in all its forms. In 2022 to build upon our due diligence approach we will develop a Human Rights policy statement.

We worked with our peers within the Consumer Goods Forum's (CGF) Human Rights Coalition – Working to End Forced Labour, to co-develop a methodology, assessment tools and training to help us fully adopt Human Rights Due Diligence (HRDD) in our operations, including external workers, by 2025.

Meanwhile, we also developed the social pillar survey of our Regenerative Agriculture Framework which aims to help farmers to develop economic resilience, foster regenerative practices and promote decent working conditions for farm workers. We also launched our RESPECT programme e-learning which drives awareness of risks related to forced labour.

This report covers our continued actions in 2021-22. For further detail, we invite you to read our **Universal Registration Document** as well as our **2020-2021 UK Modern Slavery Statement**.



**James MAYER**  
President of Danone UK & Ireland, June 2022

## PROGRESS IN LAST 12 MONTHS



**We conducted a salient human rights impact assessment** with the support of Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights. For more information see page 4.



**We developed the social pillar survey of Danone's Regenerative Agriculture Framework.** For more information see page 6.



**We have conducted foundational work with our peers** within the The Consumer Goods Forum's (CGF) Human Rights Coalition – Working to End Forced Labour. For more information see page 9.



**We launched our Responsible Sourcing (RESPECT) programme e-learning.** For more information see page 13.

# DANONE AT A GLANCE

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

## LEADING POSITIONS<sup>(1)</sup>

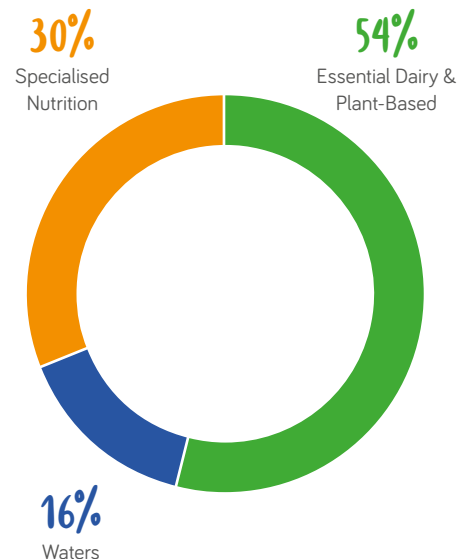
**#1**  
**WORLDWIDE**  
for fresh dairy products;  
for plant-based foods and beverages;

**#2**  
**WORLDWIDE**  
for packaged waters;

**#2**  
**WORLDWIDE**  
for early life nutrition;

**#1**  
**IN EUROPE**  
for adult nutrition.

## SALES BY REPORTING ENTITY



## A GLOBAL PRESENCE

**120+**  
countries where Danone products  
are available around the globe

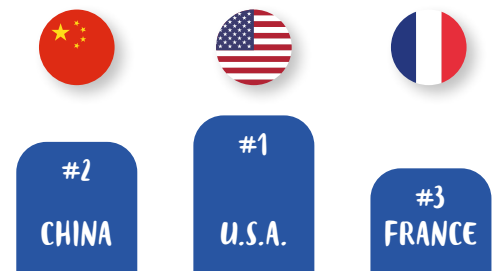
**~98,000**  
employees in over 55 countries

**43%**  
of sales outside Europe & North America

**90%**  
Danone's product volumes sold  
are in healthy categories

## TOP 3 COUNTRIES

in % of 2021 sales



## KEY FIGURES

**AAA<sup>(2)</sup>**  
For the 3<sup>rd</sup> year  
in a row, one of the  
14 companies  
worldwide out of the  
nearly 12,000 scored.

**62%**  
of sales  
covered by  
B Corp<sup>TM</sup>  
Certification.

1 In terms of value, Danone holds the following leadership positions (in the relevant categories and markets).

2 Scores obtained as part of the CDP Climate Change, CDP Water security and CDP Forests questionnaires.



## Our Supply Chain

# RESPECTING THE PEOPLE BEHIND THE FOOD

At Danone, we believe in doing business differently. We believe that through what and how we source, we shape the world we want to live in.

As such we're committed to combatting forced labour and to respecting and supporting the supply chain that helps provide our global food supply.

To achieve this, we are working with key stakeholders including public authorities, NGOs and business partners, and encourage our suppliers to embark on the same journey with us. We recognise that global and complex agri-food supply chains carry the risk of human rights and environmental violations, more acutely upstream at farm or plantation level, but also at our Tier 1 suppliers, and in our own entities, specifically for the external workforce.

To address these risks, we have established a set of fundamental sustainability principles, detailed in the Governance and Policies section (page 12); we are developing due diligence systems tailored to the respective scopes; and we are engaging with our suppliers, working together towards more responsible practices.

AS THE PLIGHT OF VULNERABLE PEOPLE AROUND THE WORLD BECOMES INCREASINGLY UNSTABLE, WE CONTINUE TO WORK TOWARDS THE ERADICATION OF MODERN SLAVERY AND TRAFFICKING IN ALL ITS FORMS.

## FROM GROUND TO GROCERY STORE

Our suppliers are our principal partners in ensuring ethical sourcing, implementing our One Planet. One Health framework of action. We are part of the same natural and business ecosystem, meaning we share many of the same challenges and must build solutions together.

As a foundation, all of our suppliers are required to adhere to **Danone's Sustainability Principles for Business Partners**. But they are invited to go further.

We believe continuous improvement and collaborative problem-solving are a 'win-win' for us and our suppliers, and the key to sourcing in a way that's good for consumers and society. We aim to leverage frameworks like B Corp<sup>®</sup>, Science Based Targets initiative, and CDP to engage suppliers on this journey.



### Raw Material Sourcing

Ingredient supply chains may have different structures. Raw milk is the simplest, with maximum one intermediary (see more details on page 6); others, such as fruit, sugar, cocoa, soy or palm oil, are traded and transformed through complex chains involving several intermediaries. In this latter part, the first challenge is to gain visibility of the location of production to be able to assess and mitigate the risks of human rights violations (see more details on transparency on page 4).



### Tier 1 suppliers

Danone sources from an estimated 50,000+ suppliers of processed raw materials, packaging or services around the world. Our due diligence as regard Tier 1 suppliers is included in the RESPECT programme (see more details on page 7).



### Production Sites

The raw materials undergo processes to transform them into Danone products at one of our 181 production sites around the world. We are strengthening our internal HRDD process to include external workers hired by temporary work agencies and on-site contractor workers (for more information see page 9).



### Distribution

Products are transported from production sites direct to the delivery centres of major retail chains and specialised channels such as hospitals, clinics and pharmacies. These networks then distribute through their own supply chains before products reach the consumers via stores and e-commerce.

## Supply Chain Management and Transparency

# SUSTAINABLE SOURCING

As one of the world's biggest food manufacturers we understand our impact and influence on global food sources and the people who work in the industry.

In 2021, with the support of Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, we undertook a process to identify and prioritise our salient human rights issues across our own operations, raw material sourcing, and Tier 1 suppliers.

The process involved desk research and engaging with external and internal stakeholders. We used this as an opportunity to raise awareness and build capacity on human rights internally, involving more than 110 employees in interviews or workshops.

Once approved, the salient issues will inform Danone's future human rights commitments and action plan development.

### DUTY OF VIGILANCE

The due diligence we develop and implement in our value chain is governed through the Danone Vigilance Plan. In line with France's 2017 Duty of Vigilance Law, the annual plan seeks to identify, prevent and mitigate our social and environmental severe risks, as well as those in the supply chain, which includes responsible sourcing and human rights.

We implement due diligence on our subsidiaries, suppliers and subcontractors with whom we maintain an established business relationship, mainly first tier and milk suppliers. In addition, we are also developing due diligence in our extended supply chain.

### ENHANCED TRANSPARENCY CREATES A SAFER WORKING ENVIRONMENT

To identify the prominent risks, we undertake both materiality and risk-mapping exercises. In 2021, we updated our global materiality analysis (areas of risk or focus for the business). Fair working conditions and human rights featured as one of the top 12 most important issues for us to act on out of 35 issues. At the same time, with the support of Shift, we undertook a process to identify and prioritise our salient human rights impacts (or risks to people) across our operations and value chain. More information will be shared in the 2022 report.

This exercise confirmed the priority categories, originally identified in 2017 across our 20 main purchasing categories with the highest exposure. We had analysed the sustainability risks in the supply chain using a checklist derived from the ISO 26000, GRI G4 and SA 8000 standards.

We took into account the potential impacts of purchased products, with a strong focus on human rights and impacts on local communities and consumers, and also including fair trade practices and environment. We used this risk-mapping to help identify the categories that we would treat as human rights priorities. These are (i) workers employed through outside labour providers together with (ii) four agricultural raw materials: palm oil, cocoa, sugar, and fruit.

In the agricultural categories, potential risks identified are mainly at the upstream end of the supply chain – at farms and plantations. These include, in particular, the potential risks typical of agricultural chains, such as working conditions, health and safety, forced labour and child labour.

Knowing exactly where raw materials are produced is the first necessary step to enable due diligence upstream. We have been working towards gaining greater transparency across our full supply chain for more than a decade, focusing accordingly on these four priorities.





## Supply Chain Management and Transparency *continued*

### AGRICULTURAL SUPPLY CHAIN TRANSPARENCY TABLE

RAW MATERIAL	TRACEABILITY	ADDITIONAL INFORMATION
Palm Oil 	<b>100%</b> Traceability to mill/plantation level	<ul style="list-style-type: none"> <li>Partner with Earthworm Foundation to ensure traceability of palm oil</li> <li>93% certified RSPO segregated, 5% certified RSPO mass balance, 2% sourced from Africa</li> <li>In 2020 Danone worked with two suppliers to build the first segregated supply chain in the US <a href="#">available on our website</a></li> </ul>
Fruit 	<b>100%</b> Traceability up to tier 2 suppliers	<ul style="list-style-type: none"> <li>100% in 2020</li> </ul>
Cocoa 	<b>82%</b> Traceability to country level	<ul style="list-style-type: none"> <li>70% in 2020</li> <li>86% is certified within one or more programmes (Rainforest Alliance, Organic, Fair Trade, Fair For Life) up 6% from 2020</li> </ul>
Sugar Cane 	<b>88%</b> Traceability to mill	<ul style="list-style-type: none"> <li>83% in 2020</li> <li>By starting to purchase Bonsucro certified cane for the United States and Argentina, in 2021 Danone increased certified volumes up to 33%</li> </ul>
Soy used in plant-based products 	<b>100%</b> Soy used for Alpro brand is traceable to the farm and Pro-Terra certified	<ul style="list-style-type: none"> <li>In Europe and in North America, soy comes from areas with very low deforestation risk</li> </ul>
Soy for animal feed 	<b>86%</b> We have analysed soy sourcing for 86% of our milk volume, of which 36% is from low-risk origin, 9% is certified, and the remaining 55% potentially at risk are compensated through RTRS credits. The remaining 14% continues to be mapped	<ul style="list-style-type: none"> <li>We estimate that soy accounts for less than 5% of the feed consumed by dairy cows in our supply chain</li> </ul>

### UK SOY MANIFESTO

In 2021, during COP26, Danone UK & Ireland was delighted to join 26 other UK businesses (including all the major UK supermarkets) to sign the UK Soy Manifesto setting out our commitment to source soy that is deforestation and conversion-free as soon as possible, and by 2025 at the latest. Preserving forests has strong impacts on recognized human rights, from land rights of indigenous people to the right to a healthy environment for all.

Find out more at [www.uksoymanifesto.uk](http://www.uksoymanifesto.uk)

## Responsible Sourcing – Raw Milk

# SUPPORTING OUR FARMERS

By 2050, almost 10 billion people will live on our planet, increasing the need for responsibly farmed and healthier products. Danone recognises that the food system needs to change to address a range of challenges.

Agriculture is part of the solution, and dairy farming specifically, has a key role to play in building the sustainable food systems of tomorrow. Milk is the main raw material we buy, and we are proud to maintain close relationships with farmers worldwide. Danone sources raw milk from more than 59,000 farms in around 20 countries, both directly and indirectly. Most of this comes from family farms. About 94% of our partner producers own small family farms with fewer than 25 cows and are located primarily in emerging countries in Africa and Latin America. These small farms supply about 12% of our total milk volume. We have developed farmer-support mechanisms and have a dedicated team, the Agriculture Cycle, which oversees milk supplier relations and the roll-out of our roadmap.

**IN 2021, DANONE LAUNCHED A REGENERATIVE AGRICULTURE KNOWLEDGE CENTRE TO PROVIDE RESOURCES TO FARMERS AND OTHERS INTERESTED IN REGENERATIVE AGRICULTURE PRACTICES.**

Find out more at <https://regenerative-agriculture.danone.com/>

This team works hand-in-hand with suppliers – producers and farmers – to ensure that our sourcing regenerates natural resources; nourishes health and wellbeing; strengthens inclusion in our value chain; and builds trust with consumers. Since farmers are the main actors in the transition toward regenerative agriculture, we have developed dedicated farmer-support mechanisms:

### COST PERFORMANCE MODEL (CPM)

We work with producers in the US, Europe and Russia to develop innovative contracts, with an average term of three to five years. These long-term CPM contracts factor production costs into milk pricing and are developed in partnership with milk producers or their organisations. In 2021, 36% of milk collected in Europe (43% in 2020) and 26% of the milk we collected altogether was covered by CPM contracts (29% in 2020).\*

### SUPPLIER TRAINING AND TECHNICAL SUPPORT

We support dairy farmers by providing them with training and technical support to transform their practices, while ensuring the viability of their business models. For example, through the Sustainable Dairy Partnership, we've continued to work for a more sustainable dairy industry by supporting the prevention of deforestation and the protection of human rights and animal welfare, as well as compliance with local legislation.

### REGENERATIVE AGRICULTURE SOCIAL PILLAR SURVEY

Danone's Regenerative Agriculture framework is based on three pillars: 1) protecting soils, water and biodiversity; 2) empowering farmers and ensuring decent working conditions; and 3) respecting animal welfare.

## SUPPORTING AND EMPOWERING FARMERS

Danone is part of the 'Farming for Generations' alliance, which was formed in 2019. The alliance has identified 75 best practices and innovations across various farming models, farm sizes and geographic areas.

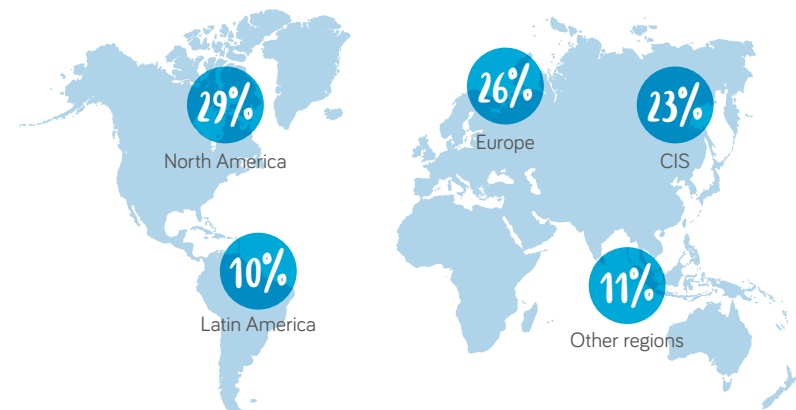
Find out more at <https://regenerative-agriculture.danone.com/farming-for-generations/>

In 2021 we focused on developing the framework's social pillar survey covering farmers and farm workers. Extensively benchmarked against best agricultural standards, the survey was developed through internal and external stakeholder engagement with the World Wide Fund (WWF), Fair Labor Association (FLA) and the Sustainable Agriculture Initiative (SAI) Platform. Guided by the Farm Sustainability Assessment, it comprised of 25 questions aimed at collecting data around three topics:

- farmer livelihoods and autonomy including their economic resilience and ability to transition towards regenerative agriculture practices;
- health and safety for all; and
- workers' labour conditions, including forced labour.

The survey has been designed to help inform our future human rights strategic development. In 2022 it will be launched in priority countries identified for milk, fruit and plant-based categories to establish baselines. In the next phases we will develop our support processes and enhance due diligence where gaps are identified.

### DANONE'S SOURCING OF FRESH MILK BY GEOGRAPHIC AREA



\* Due to increased coverage with larger milk volumes, calculations 2020-2021 are not like for like, actual CPM contracts did increase year on year.

## Responsible Sourcing – Tier 1 Suppliers of Ingredients, Packaging and Services

# DRIVING RESPONSIBLE ACTION

We have had a long-standing commitment to build inclusive growth ensuring decent work, not only for our employees but also for our suppliers and all economic actors along our value chain.

Danone's approach to responsible sourcing is based on our Sustainability Principles (see page 12) which cover our own operations and our supply chain, with standards on labour rights, environmental protection and business ethics. These principles are incorporated into a clause in our contracts with Tier 1, direct suppliers. The clause requires the supplier to ensure that the labour and ethical principles are already in place in its own organisation, and that its employees, agents, suppliers and subcontractors comply with them as well.

### RESPECT PROGRAMME FOR RESPONSIBLE SOURCING WITH TIER 1 SUPPLIERS

We implement responsible procurement and due diligence through our RESPECT programme dedicated to Tier 1 suppliers outside of raw milk. For example, this could be processed raw materials such as fruit preparations and powdered milk, packaging, production machinery, transport and other services. Since 2017, we've moved this programme towards a more comprehensive due diligence approach and stepped up the human rights requirements. This approach is inspired by the United Nations Guiding Principles on Business and Human Rights (UNGPR), with increased risk-based due diligence on priority suppliers.

### EVALUATION PROCEDURES FOR TIER 1 IN-SCOPE SUPPLIERS

We require that in-scope Tier 1 suppliers register on the Sedex (Supplier Ethical Data Exchange) platform) or Ecovadis platform, and complete the assessment questionnaire evaluating their sustainability performance.

At the end of 2021, 3,489 supplier sites were registered on one of the platforms representing 2,540 suppliers, corresponding to an estimated 59% of purchase amount (excluding raw milk).

We identify high-risk or high-priority suppliers that should undergo an on-site assessment (audit). In 2020 we started using a new risk analysis, combining risks and spend level for suppliers of our operating units and global categories.

We developed an in-house human rights impact evaluation for suppliers based on (i) the inherent country social risk index as identified by the Sedex risk tool; (ii) the spend level; and (iii) the purchase category risk. Based on the analysis, the RESPECT team worked with purchasing departments around the world to co-develop the 2021 audit plan, selecting 129 high-risk or high-priority sites.

### SOCIAL AUDITS

Our on-site assessment of our priority or high-risk suppliers is performed by expert third-party auditors according to the Sedex Members Ethical Trade Audit (SMETA) methodology, which encompasses social, environmental and ethical measures. This internationally recognised audit protocol includes management and worker interviews, in addition to facility tours and documentation reviews. Its human rights scope covers 'International Labor Organization' (ILO) core conventions and is regularly updated.

Through the Sedex platform, we can also access audits of shared suppliers by peer companies and participate in mutual audit recognition through the AIM-Progress initiative. As a result, in 2021, we had access to 556 SMETA audits on our suppliers, which either we or our peers had carried out.

### REMEDATION PLANS

Once an audit is conducted, our goal is to establish regular dialogue with Tier 1 suppliers on their responsible business practices and monitor corrective actions, including when audits of shared suppliers are conducted by peer companies. In 2021, our RESPECT team leveraged new processes to increase the robustness of our supplier remediation plans, through dedicated resources in China and Mexico. The objective is to support suppliers develop their corrective action plans by providing expert support, resources and regular engagements, and ultimately close audits according to the SMETA methodology (when auditors have verified the remediation). If this doesn't succeed, an escalation process takes place that may end up in the termination of the relationship in case of refusal to uphold the Danone Sustainability Principles for Business Partners standard.

## SUPPLIER EVALUATIONS

**2,500+**

Suppliers  
evaluated

**59%**

Estimated spend covered  
(excluding raw milk)





# TRACKING AND ASSESSING THE EFFECTIVENESS OF SUPPLIER PROGRAMMES

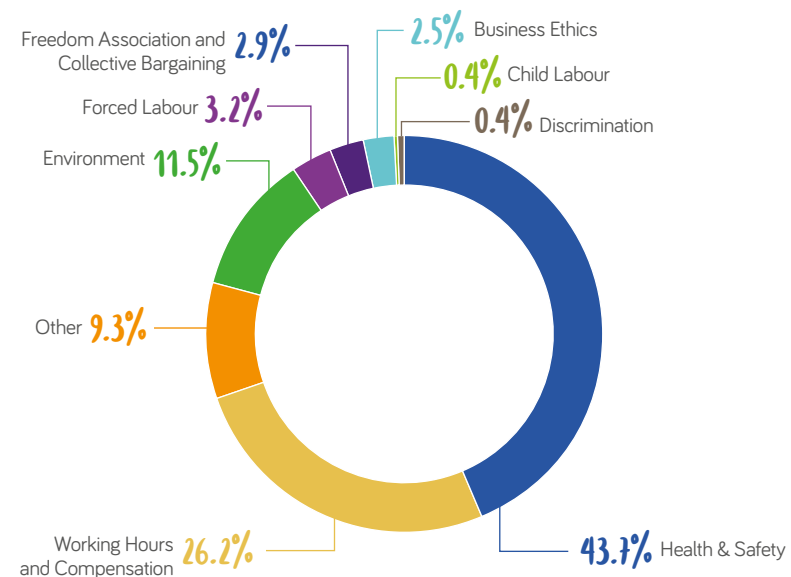
Analysis covering the critical non-conformities from the 556 SMETA audits (or those conducted using a similar methodology) of our suppliers in 2021:

## BREAKDOWN OF NON-CONFORMITIES IDENTIFIED

We track our RESPECT programme using three indicators. In 2021, the RESPECT programme resumed our standard tracking that had to be adapted in 2020 due to the Covid-19 pandemic:

- RESPECT KPI1 measures the supplier registration rate on Sedex or Ecovadis platform: it reached 98% of in-scope suppliers in 2021.
- RESPECT KPI2 measures the annual audit plan completion: 91% of SMETA audits planned were completed in 2021.
- RESPECT KPI3 measures the audit closure rate: 82% of audits that identified critical non-conformities (which were commissioned either by us or our peers on common suppliers) have been closed in the expected timeline.

Audits that have not been closed continue to be monitored. In most cases, critical non-conformities were related to health and safety, working hours and compensation. These RESPECT indicators are part of the performance-related pay calculation for some purchasing teams and our RESPECT team, including managers.



## CASE STUDY:

Locally in the UK, we implemented enhanced thresholds to bring suppliers in scope for 'Logistics and Outsourced Professional Services'.

The new thresholds have come into effect for new suppliers or where we have negotiated with an incumbent supplier.

As part of our transition to our new purchasing programme One Buy, we took the opportunity to ensure all in-scope suppliers were registered with Sedex or Ecovadis.

We also took the opportunity to resend our Sustainability Principles and Code of Conduct for Business Partners to all suppliers that we were onboarding to One Buy.

Our purchasing policy has been updated and this expressly states that any supplier who refuses to sign up to our Sustainability Principles or Business Code of Conduct for Business Partners will not be able to trade with Danone.

ecovadis

Sedex

## Social Innovation, Partnerships and Memberships

# ENGAGING WITH PARTNERS FOR STRONGER IMPACTS

A food revolution is happening and we, at Danone, choose to serve it. However, we cannot do it alone: to change the way food is grown, produced, marketed, distributed, sold, and consumed, we need to co-create solutions with others, leveraging their expertise.

To do so, we are building on decades of partnership experience to work hand-in-hand with our employees, farmers, suppliers, retailers, consumers and partners as well as civil society, governments and public health professionals. Altogether, we want to be remembered as a driving force of the food generation.

We continue to support a level playing field for corporate accountability on sustainability to drive better outcomes for people and the planet across global value chains. Since 2020, together with our peers, we have supported and contributed to an EU legislative proposal on mandatory human rights and environmental due diligence.

In 2016, Danone joined the CGF's collective effort to eradicate forced labour from the global supply chain. To this end, in 2017, we incorporated the three Priority Industry Principles set by the CGF into our Fundamental Social Principles. In 2018, we formalised this commitment in our statement on forced labour (see on page 12). Together with 28 peer members of the Consumer Goods Forum's (CGF) Human Rights Coalition – Working to End Forced Labour, we pledged to develop and implement Human Rights Due Diligence (HRDD) systems that focus on forced labour in our operations, with the goal of achieving 100% coverage by 2025, including third-party contractors and regular/on-going agency workers.

In 2021, we contributed to the coalition's collective work to develop the tools and processes necessary to launch the first assessments in 2022. The programme builds on existing efforts and current HRDD tools, with the aim of expanding local knowledge and capabilities throughout our operations. In parallel, we also participate in the coalition's projects 2 and 3 to leverage on collective action against forced labour.

The CGF three Priority Industry Principles:

**EVERY WORKER  
SHOULD HAVE  
FREEDOM OF MOVEMENT**

**NO WORKER  
SHOULD PAY  
FOR A JOB**

**NO WORKER SHOULD  
BE INDEBTED OR  
COERCED TO WORK**



In 2021, we continued our contribution to the Business for Inclusive Growth (B4IG) coalition, which aims to scale up actions on economic inclusion, particularly with regards to human rights across the value chains.

**AS PART OF THE CONSUMER GOODS FORUM'S  
(CGF) HUMAN RIGHTS COALITION - WORKING  
TO END FORCED LABOUR, WE PLEDGED TO  
DEVELOP AND IMPLEMENT HUMAN RIGHTS  
DUE DILIGENCE (HRDD) SYSTEMS THAT FOCUS  
ON FORCED LABOUR IN OUR OPERATIONS**



## CGF COALITION FOCUS AREAS:

1. HRDD System focused on forced labour in CGF Members' own operations
2. Implementation of HRDD system in palm oil supply chains in Malaysia
3. Supporting the development of responsible recruitment markets through capacity building & government advocacy

# PARTNERSHIPS AND PUBLIC COMMITMENTS

Danone is working with partners towards more responsible practices through engaging in partnerships and making specific public commitments.

## Pre-2016

- Member of UN Global Compact since 2003
- RESPECT programme supplier compliance with social principles launched 2005
- Programme expanded to include environmental and ethics principles in 2009

## 2017

We incorporated the three priorities set by the CGF into our Fundamental Social Principles

EVERY WORKER >>>>  
SHOULD HAVE  
FREEDOM OF MOVEMENT

NO WORKER  
SHOULD PAY  
FOR A JOB

NO WORKER SHOULD  
BE INDEBTED OR  
COERCED TO WORK

## 2016

Joined the Consumer Goods Forum's collective effort to eradicate forced labour from its global supply chain



## 2018

- Published our statement on Forced Labour
- Launched Global External Workforce Policy



## 2019

- We also introduced our third RESPECT KPI: audit closure
- Collaborated with OECD in the launch of the Business for Inclusive Growth coalition



## 2020

- Introduced expert support to help suppliers develop corrective action plans for social audits with non-conformities
- Pledged to develop Human Rights Due Diligence (HRDD) focused on Forced Labour in our own operations



## 2022

Joined the 100+ companies, investors, business associations and initiatives releasing a joint statement urging the EU to swiftly adopt the Due Diligence Directive Proposal



We're also members of a forum AIM-PROGRESS where we collaborate to share best practice around responsible sourcing and human rights amongst other Fast Moving Consumer Goods (FMCG) manufacturers and peers.





Social Innovation, Partnerships and Memberships *continued*

# IN THIS TOGETHER'

Fostering decent work and inclusive growth through our social innovation entities

**DANONE ECOSYSTEM**

In 1972 Danone's CEO at the time, Franck Riboud, announced that it was time for Danone to make a major investment in our local 'ecosystems': 'It's in a company's best interests to take good care of its economic and social environment, meaning its suppliers, its employees, its customers or the places where it operates. That's what I call its ecosystem.' In the light of this speech, and following the 2008 financial crisis which hit the global economy and impacted unemployment rates worldwide, the Danone shareholders agreed to invest €100 million from our 2009 profits into our newly created Danone Ecosystem.

For the past 12 years, Danone Ecosystem has catalysed and developed projects that advance the public interest in 'ecosystems' where we operate. Together with our employees and local partners, the Danone Ecosystem co-creates disruptive business models that strengthen inclusion and environmental sustainability, providing organisational know-how, technical expertise, and financing support.

The 97 projects developed by Danone Ecosystem respond to local challenges linked to sustainable sourcing and regenerative agriculture, micro distribution, the circular economy, and the promotion of healthy drinking and eating habits. Through those 97 projects, Danone Ecosystem aims to positively impact the health of the planet and its people:

- 73,000 professionals\* (half of whom are women) working in Danone's ecosystems have been empowered since 2009 through initiatives to boost their employability, support their social inclusion and help secure their revenues – starting with the most vulnerable: family farmers, waste-pickers, caregivers and street vendors.
- 5.3 million people's\* lives have been impacted positively within local communities since its inception.

**THE LIVELIHOODS IMPACT INVESTMENT FUND**

The Livelihoods Impact Investment Funds support the efforts of disadvantaged rural communities in developing countries to restore their natural ecosystems so as to improve their livelihoods by increasing their food security and their economic revenues.

\* Based on the 2021 Danone Ecosystem annual report.


**DANONE  
ECOSYSTEM**

To learn more about Danone Ecosystem impact and models they develop:

[linkedin.com/company/danone-ecosystem-fund](https://www.linkedin.com/company/danone-ecosystem-fund)



Find out more about the Livelihoods Impact Investment Fund here:  
<https://livelihoods.eu/our-funds/>



"I always keep smiling because my job helps me provide for my two kids. Now, they can live the kind of life that they deserve"

Wafae El Baitar  
Strawberry picker  
Danone Ecosystem Fund, Frezna project

## Governance and Policies

# STRONG FOUNDATIONS TO SUPPORT GROWTH

At Danone, governance is not solely about monitoring and regulating behaviour. We also challenge ourselves to align with internationally recognised frameworks such as the United Nations Global Compact and B Corp™. We have a series of policies and governance programmes that underpin our efforts to respect internationally recognised human rights principles and guidance.

### SUSTAINABILITY PRINCIPLES FOR BUSINESS PARTNERS

Based on the ILO core conventions relating to child labour; forced labour (including the CGF three Priority Industry Principles: every worker should have freedom of movement; no worker should pay for a job; and no worker should be indebted or coerced to work); discrimination; freedom of association and the right to collective bargaining; health care and safety at work; and working hours and pay. These principles are incorporated into a clause in our contracts with Tier 1 direct suppliers. For more information, please refer to the [Sustainability Principles](#).

### CODE OF BUSINESS CONDUCT

Based on principles derived from the Universal Declaration of Human Rights, the fundamental conventions of the ILO, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations Global Compact on human rights, labour rights, the environment and anti-corruption. Employees are required to commit to the Code of Business Conduct as part of their terms of employment and as part of a wider compliance programme across Danone. For more information, please refer to the [Code of Business Conduct](#).

### STATEMENT ON FORCED LABOUR

As a member of the CGF, we recognise our role as a responsible business to respect and promote human rights and decent working conditions worldwide. We commit to working together with our peers across the industry and with other key stakeholders to help eradicate forced labour.

### GLOBAL EXTERNAL WORKFORCE POLICY

In 2018, Danone issued an internal Global External Workforce Policy, which focused on labour agency workers and prohibiting the payment of recruitment fees by workers. In the UK and Ireland, we are localising the Global Policy for External Workforce to better represent the situation of connected workers in the region, and in 2022 we plan to launch the External Workers and Human Rights policy to the organisation.

## SOCIÉTÉ À MISSION

In June 2020, Danone became the first publicly listed company to adopt the French 'société à mission' status, with the support of more than 99% of shareholders at our annual general meeting. A 'société à mission' is defined as a company whose objectives in the social, societal, and environmental fields are aligned with its purpose and set out in its by-laws.

In 2020, we selected four of our 2030 Company Goals as our Mission Objectives and integrated them into our by-laws. The Mission Objective that relates to human rights is: 'foster inclusive growth by ensuring equal opportunities within the Company, supporting the most vulnerable partners in its ecosystem, and developing everyday products accessible to as many people as possible'. The progress toward these objectives will be monitored by the Mission Committee.

### MISSION COMMITTEE

The Mission Committee is responsible for monitoring the implementation of the social, societal and environmental objectives that Danone adopted as a 'société à mission' by:

- Assessing the effectiveness of the actions carried out by Danone within the context of the roadmap defined by the Company to accomplish the mission.
- Examining the relevance of the actions and key performance indicators (KPIs) of the roadmap to accomplishing the mission, in particular with regard to their impact on various stakeholders and changes in the Company's ecosystem.
- Presenting an annual report, attached to the management report submitted to the Shareholders' Meeting called to approve the Company's financial statements, on the monitoring of the Company's execution of social and environmental objectives.

The committee also monitors the performance of Danone's 'société à mission' duties using an independent third party. The committee hears from this third party at least once a year in order to be across the delivery of its duties, the conclusion of its work, its approach to verifying objectives, and any difficulties encountered during the performance of its mission. For more information, please refer to the [Mission Committee Report 2022](#).

## Governance and Policies continued

### Learning and Training

#### AN INTEGRATED WAY TO TRACK AND FOSTER PROGRESS

We continue to monitor subsidiaries' human rights performance through our Danone Way programme, with a particular focus on the employment practices for temporary workers.

We ensure that all entities, at all levels, progress toward our goals, with a focus on the One Planet. One Health framework of action. To do so, we track and support sustainability performance through quantitative metrics (global reporting) and a set of qualitative practices (Danone Way). Reliability is reinforced by external audits, performed by an independent third party. This integrated way to track and measure performance supports our global B Corp<sup>®</sup> certification externally, as well as the dialogue with financial and non-financial partners, notably by sustaining a high performance with the ESG rating and ranking agencies.

#### UK LIVING WAGE CASE STUDY:

We have been a UK Living Wage Accredited Employer since 2021 when we became the 7,000<sup>th</sup> employer to gain this status. Current hourly rates that we commit to pay are £9.90 for UK and £11.05 for London, higher than the government's national minimum wage of £9.50 for over 23s.

Lucy Gomes, Reward Lead said 'The Real Living Wage is a voluntary benchmark that many employers see as an investment in their people, boosting engagement, retention, motivation and business reputation. With significant increases in living costs over the last few months, it's more important than ever that our employees' everyday financial needs are met and that we do all we can to stop them falling into financial hardship. Being a Living Wage Accredited Employer fits perfectly with Danone's commitment to sustainability and vision of being a 'force for good' as one of the largest B Corps<sup>TM</sup> in the UK'.

#### WHISTLEBLOWING

Since 2017, the Danone Ethics Line has enabled whistleblowers to report suspected environmental and human rights violations. We developed the reporting process in consultation with employee representatives to ensure that whistleblowers are protected.

In 2021, 38 alerts were made in the 'human rights' category compared with 31 in 2020. This category selected by the whistle blowers includes violations in the areas of child labour, forced labour, the right to collective bargaining, working time and wages. During 2021, the set of issues related to discrimination, harassment, and employee health, safety and security has been brought under the umbrella of human rights reporting. As a result, in 2021, 395 alerts in total are accounted for in this newly defined human rights category, originating from 32 countries.

All alerts are initially reviewed by the Global Human Resources Compliance and Labour Law Director, who appoints an independent internal or external investigator. All alerts are investigated if needed. At year end, 391 alerts have been closed, including 323 opened in 2021, and 76 are still under investigation. Over half of confirmed alerts are related to 'workplace respect' (such as harassment, inappropriate behaviour, management issues).

If serious violations are identified they are handled in collaboration with the human rights team to determine appropriate approach and action plans. Further collaboration to improve remediation will be developed in 2022, and also to strengthen the grievance mechanism approach for the circle of stakeholders beyond employees. We also have investigation and remediation processes in place to manage grievances that come through channels other than the Danone Ethics Line, particularly related to suppliers.

#### PROVIDING LEARNING OPPORTUNITIES

##### MITIGATING RISK AND PREVENTING SERIOUS VIOLATIONS IN THE SUPPLY CHAIN

Prevention and mitigations take place through a series of actions, including certification and collaborative initiatives across the sector. We work directly with selected producers further up our supply chain and we've developed many collaborative projects to help producers address environmental and labour issues.

##### TRAINING AND ENGAGEMENT

We train our RESPECT champions and buyers on the RESPECT programme and ensure that they are aware of risks related to forced labour and the CGF's three priorities. In 2021, the RESPECT team released a four-module e-learning course covering the fundamentals of the programme, this course has been included in our buyers' internal learning journey.

More than 570 buyers, champions or purchasing managers have completed at least one module of the course, with 500 buyers, champions or purchasing managers completing all four modules. This initiative significantly strengthened buyers' awareness and engagement with the RESPECT programme.

The RESPECT e-learning course complements the training module on human rights and forced labour already offered online to build awareness of the local teams on the topic. The programme targets the procurement, human resources and general secretary functions. More than 6,950 Danone employees had completed this training at the end of 2021.

In the UK and Ireland, in 2022, we will roll out the human rights e-learning across the total business to encourage all colleagues to better understand the risks and signs of modern slavery throughout our supply chain.



Human Rights and Forced Labour  
e-learning course completed by  
Danone employees

**6,950+**



## Next Steps

# COMMITTED TO CONTINUOUS IMPROVEMENT

At Danone, we've long been committed to offering people healthier and more sustainably produced food and beverage choices, as well as taking care of employees, communities and the environment.

This purpose is embedded in the 'One Planet. One Health' framework of action, which is at the heart of everything we do. Building on decades of responsible business stewardship, 2022 marks the year that the UK & Ireland business became B Corp<sup>®</sup> certified demonstrating our dedication to the highest social and environmental standards, and to using our business as a force for good.

### PROTECTING THE PEOPLE BEHIND THE FOOD

At Danone, we're committed to protecting human rights in our value chain and combatting forced labour. Due diligence – meaning working proactively to understand and minimise risks – is the continuous improvement path recommended by internal standards (such as UNGP and OECD) and required by France's Duty of Vigilance Law and many other laws in countries we operate (e.g. UK Modern Slavery Act).

We're deploying it within our supply chain through the RESPECT programme for direct suppliers and through dedicated approaches in high-risk upstream supply chains. We're dedicated to fostering inclusive growth in our supply chain – combatting inequities, strengthening livelihoods, and ensuring decent work.

We're working with public authorities, NGOs and business partners, and strongly encourage our suppliers to embark on the same journey with us.

### OUR 2022 PLANNED ACTIONS

- Publish Danone's salient human right impacts and develop our company roadmap to 2025
- Develop/Issue a Human Rights policy statement
- Strengthen our governance on human rights issues
- Communicate our upgraded Danone Sustainability Principles and Sustainability Principles for Business Partners

### SIGNATURES FROM GENERAL MANAGERS AND DIRECTORS

As Directors of the UK businesses of Danone UK & Ireland, we approve this statement.



**James MAYER**  
on behalf of DANONE LIMITED and  
DANONE WATERS (UK & IRELAND)  
LIMITED



**Adam CUADRA**  
on behalf of NUTRICIA LIMITED



**Javier GUTIERREZ**  
on behalf of SHS INTERNATIONAL LTD



**David CONNOR**  
on behalf of ALPRO (UK) LIMITED





**DANONE**  
ONE PLANET. ONE HEALTH

**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 2021-22 TO PREVENT SLAVERY, SERVITUDE, FORCED OR COMPULSORY LABOUR AND HUMAN TRAFFICKING ACROSS OUR BUSINESS AND SUPPLY CHAIN.**

**Contacts**

If you have any comments or queries, please contact:

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<https://www.danone.co.uk/media/contacts.html>

**Danone's UK businesses are:**

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

Danone UK financial year end runs from  
1<sup>st</sup> January – 31<sup>st</sup> December