



**DANONE**  
ONE PLANET. ONE HEALTH

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**UK MODERN SLAVERY STATEMENT  
2022-23**

## FOREWARD

# WHAT IS MODERN SLAVERY?

Modern slavery is a violation of fundamental human rights, and it can take many different forms, including:

- Slavery
- Servitude
- Forced and compulsory labour
- Human trafficking

Modern slavery has two principal components – forced labour and forced marriage. Both refer to situations of exploitation that a person cannot refuse or cannot leave because of threats, violence, coercion, deception, or abuse of power. The International Labour Organisation defines forced labour as “all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.”<sup>1</sup>

Danone has a zero-tolerance approach to modern slavery. Forced labour, in any form, has no place in our operations or supply chains. It’s our belief that to make progress businesses, governments and civil society as a whole must work together to challenge and prevent modern slavery.

In this statement, we set out what we are doing to prevent modern slavery in our business operations and our supply chain.

<sup>1</sup> [Modern slavery: 50 million people worldwide in modern slavery \(ilo.org\)](https://www.ilo.org/)



# STATEMENT FROM JAMES MAYER

## PRESIDENT OF DANONE UK & IRELAND

At Danone, our purpose is 'We Nourish Life', and we aim to deliver better health through better nutrition for consumers and patients. The 'One Planet. One Health' frame of action lies at the heart of everything we do, and reflects our belief that the health of both people and the planet are interconnected. We've long been committed to making meaningful progress in this area, consistently offering healthier and more sustainable choices when it comes to what we eat and drink, and taking care of our employees, communities and the environment.

This approach has been at the core of our business for decades. In 1972, our then CEO, Antoine Riboud called for a different approach to business. He paved the way for a new vision built on the belief that corporate responsibility doesn't end at the factory gate or the office door.

As a business that operates as a force for good, all Danone UK and Ireland operations are 100% B Corp certified. We're part of a growing global community set up to balance purpose and profit, helping to create a better world while thriving as businesses.

As we continue to move forward, it's vital that we do so in a sustainable and responsible way. March 2022 saw the introduction of Renew Danone - our new strategic plan for a sustainably profitable growth model. Renew Danone is underpinned by a greater alignment between purpose and performance. As emphasised by Danone Global CEO, Antoine de Saint-Affrique:

**“IF SUSTAINABILITY WITHOUT PERFORMANCE HAS NO IMPACT, PERFORMANCE WITHOUT SUSTAINABILITY HAS NO FUTURE”**

In 2023, we reframed our sustainability strategy and launched the 'Danone Impact Journey' to support sustainable growth. This defines our priorities, focusing on where we can deliver the most impact and value. It sets out our commitment to support thriving people and communities, including the need to champion a renewed social contract by fostering an inclusive and prosperous ecosystem, upholding human rights and pursuing social progress.

Over the past year, we've implemented our newly published Human Rights policy, and invested in the development and deployment of training for Danoners. This is to ensure that they're equipped with the knowledge and skills they need to support our ambitions in this area. Our Human Rights policy will also be rolled out to our suppliers, to ensure that they're clear on the standards we expect to be upheld.

Danone is fully committed to the principles and guidance contained in the [UN Guiding Principles on Business and Human Rights](#). We recognise that modern slavery is one of the most serious human rights violations. We continue to develop our approach to identifying, assessing, and prioritising the most significant human rights risks in our value chain, and remediating any breach of our policies.

I am pleased to see the progress made over this past year, but I know there's still much work to be done. At Danone, we'll continue to focus on making progress together.

This report covers our continued actions in 2022-23. For further detail, we invite you to read our [2022 Universal Registration Document](#) as well as our [Human Rights Policy](#).



**James MAYER**  
President of Danone UK & Ireland, July 2023

## OUR AMBITIONS

# THE DANONE IMPACT JOURNEY

The last 12 months saw the launch of the Danone Impact Journey, built around 3 core pillars: Health, Nature and People & Communities. It grounds our priorities as a certified B Corp and as a Société à Mission, as well as helping us to embed impact into our business structure, management practices, and performance indicators.

The Danone Impact Journey builds on 3 key foundational principles:

1. Recognising that the 3 pillars are codependent - each one is important for progress, and has a defined set of priorities which are translated into mid to long-term objectives.
2. Embedding sustainability into the business from a strategic, operational and financial perspective.
3. Focussing on our ability to meaningfully impact the food systems and ecosystems we operate in.

**THROUGH THE DANONE IMPACT JOURNEY, WE'RE CHAMPIONING A RENEWED SOCIAL CONTRACT – FOSTERING A PROSPEROUS AND INCLUSIVE ECOSYSTEM, UPHOLDING HUMAN RIGHTS AND PURSUING SOCIAL PROGRESS.**



As a Société à Mission and Group evolving towards full B Corp certification, it's imperative that our social impact is woven through every aspect of our business. From suppliers to consumers, and across our communities both local and global.

When it comes to our business practices and stakeholder engagement, we hold ourselves to the highest standards. The relationships we foster with our stakeholders are grounded in trust, and guided by open dialogue. Through this dialogue, we can renew our Social Contract built on a foundation of human rights, dignity, and shared social progress.

# PROGRESS IN THE LAST 12 MONTHS



The Danone Impact Journey was launched which provides a roadmap for us to achieve our vision of supporting thriving people and communities. We have committed to championing a renewed social contract, fostering a prosperous and inclusive ecosystem, upholding human rights and pursuing social progress.



Following our salient human rights analysis, we further strengthened our approach by publishing our [Human Rights Policy](#). For further information see page 8.

## DSP

We updated Danone's Sustainability Principles (DSP) for Business Partners and for Danoners which is applicable to our full value chain, including our own operations. The DSP sets out the clear expectations we have of our suppliers and employees on social, environmental and ethical issues. For further information see page 8.



In the UK we have included the DSP in all new contracts with suppliers since 2022.



As a member of the Consumer Good Forum (CGF)'s Human Rights Coalition working to end forced labour, we have pledged to develop and deploy Human Rights Due Diligence (HRDD) systems. These focus on preventing forced labour in our own operations, with the aim of reaching 100% coverage by 2025. This includes external workers who are hired by temporary work agencies or subcontractors to carry out regular and continuous work at our entities. The first steps of the Coalition due diligence framework were piloted in our Poland and Brazil business units.



By the end of 2022, 6,658 Danone employees globally had completed the dedicated training programme on human rights and the fight against forced labour.



We strengthened our employees' engagement on human rights through the launch of a Human Rights Community.



100% of our UK & Ireland operations are now B Corp certified, demonstrating our commitment to use business as a force for good.

# OUR STRUCTURE & OPERATIONS

## DANONE AT A GLANCE

### 2022 KEY FIGURES

#### DELIVERING SUSTAINABLE GROWTH LEADING POSITIONS

WORLDWIDE



in fresh dairy products,  
in plant-based foods  
and beverages

WORLDWIDE



in packaged  
waters and early-life  
nutrition

EUROPE



in adult  
nutrition

#### KEY FINANCIAL FIGURES

€27.7 BN +7.8%  
SALES

12.2% (-154bps)  
RECURRING  
OPERATING  
MARGIN

€3.42 +3.6%  
RECURRING  
EPS

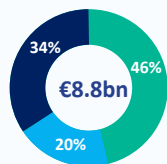
€2.1 BN  
FREE CASH  
FLOW

2.5 x  
NET DEBT/  
EBITDA

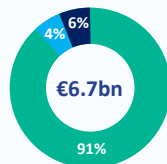
€2.00  
DIVIDEND  
PER SHARE

#### SALES BY GEOGRAPHIC ZONES

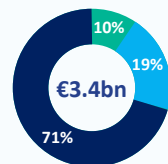
EUROPE



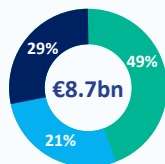
NORTH AMERICA



CHINA, NORTH ASIA  
& OCEANIA



REST OF THE  
WORLD



■ Essential Dairy and Plant-Based (EDP) ■ Specialized Nutrition (SN) ■ Waters

#### TOP 3 COUNTRIES IN TERMS OF SALES (IN % OF SALES):

U.S.A. CHINA FRANCE



#### CONTINUING OUR PATH TOWARDS SOCIÉTÉ À MISSION AND B CORP.:

SOCIÉTÉ À  
MISSION

SOCIÉTÉ À MISSION  
SINCE 2020

first French listed  
company to adopt the  
"Société à Mission" status

74.2%  
DANONE'S  
GLOBAL NET SALES  
covered by B Corp  
certification  
(vs. 62% in 2021)



#### FOCUSING ON HEALTH



91%  
OF THE GROUP VOLUME  
SOLD IS FOCUSED ON  
HEALTHY CATEGORIES

#### FOCUSING ON NATURE

VALIDATION BY THE SCIENCE-BASED  
TARGETS INITIATIVE OF DANONE'S 1.5°C  
targets for scope 1, 2 and 3, including  
Forest, Land and Agriculture (FLAG)



#### FOCUSING ON PEOPLE & COMMUNITIES



SCORE OF  
86% FOR THE  
INCLUSION INDEX,  
measured through the  
Danone People Survey

IN 2022 DANONE EMPLOYED NEARLY  
**100,000 EMPLOYEES**  
IN OVER 55 COUNTRIES.



# OUR SUPPLY CHAIN

As one of the world’s biggest food and beverage manufacturers, we understand our impact and influence not only on global food systems, but also the people who work in the industry.

It’s important to us that our sourcing has a positive impact, creating jobs and opportunities for people around the world, and promoting human rights.

Our suppliers also have a major role to play in delivering our Danone Impact Journey. This is why we’re fostering partnerships, and developing mutually beneficial working relationships. Transparency, as well as a mindset of continuous improvement, are key to our supplier engagement, and the promotion of sustainable and inclusive growth.

# RESPECTING THE PEOPLE BEHIND THE FOOD

We know that global and complex agri-food supply chains carry the risk of human rights and environmental violations. Whilst this is more acutely the case upstream at farm or plantation level, it’s also a risk at our Company’s Tier 1 supply level, as well as 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 key policies section on page 8
- Developed due diligence systems tailored to the respective scopes
- Continued to engage with our suppliers, working together towards more responsible practices.

## FROM GROUND TO GROCERY STORE

The suppliers we work with are our principal partners in ensuring ethical sourcing. We’re part of the same natural and business ecosystem and share many of the same challenges. To make positive progress, we 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’re invited to go further. We aim to leverage frameworks like B Corp™, Science Based Targets initiative, and CDP to engage suppliers on this journey. 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 both consumers and society.



### RAW MATERIAL SOURCING

Ingredient supply chains have different structures. Raw milk is the simplest, where we work with thousands of farmers directly or have a maximum of one intermediary. Other ingredients, such as fruit, sugar, cocoa, soy or palm oil, are traded and transformed through complex chains that involve several intermediaries. The challenge here is to have visibility of production locations, so that the risks of human rights violations can be assessed and mitigated (see more details on transparency on page 11).

### TIER 1 SUPPLIERS

Danone sources from over 50,000 suppliers of processed raw materials, packaging or services around the world. Our RESPECT program provides due diligence for Danone’s Tier 1 suppliers (see more details on page 14).

### PRODUCTION SITES

The raw materials that go into our food and drink products are processed at one of our 190 production sites around the world. We’re strengthening our internal Human Rights Due Diligence (HRDD) process to include on site contractor workers and external workers hired through temporary work agencies (for more information see page 11).

### DISTRIBUTION

Our products are transported direct to retailers both large and small and specialised channels (such as hospitals, clinics and pharmacies). These networks then distribute our products through their own supply chains, before they reach the consumer.

# OUR APPROACH

In 2022, with the support of Shift, (the leading centre of expertise on the UN Guiding Principles on Business and Human Rights,) we concluded the salient human right impact assessment started in 2021. Within our own operations, the assessment confirmed a gap between the way we manage and mitigate potential human rights violations for our employees and for external workers (temporary workers employed through labour agencies or contractor workers on Danone's sites). As a result, in 2022 Danone strengthened its human rights approach by publishing its [Human Rights Policy](#) and updating the [Danone Sustainability Principles for Business Partners](#) (DSP) applicable to its value chain, as well as the [Danone Sustainability Principles & Implementation Note for Danone and Employees](#).

## KEY POLICIES

### [HUMAN RIGHTS POLICY](#)

Our Human Rights Policy reaffirms our commitment to respect and strengthen human rights both in our own workforce and our value chain. The policy clearly articulates the human rights priorities we're focusing on.

These are:

- Ending exploitation. This involves prohibiting child and forced labour, prohibiting harassment and abuse, and ensuring reasonable working hours.
- Decent work. This means granting a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, and granting freedom of association and the right to collective bargaining. It also means ensuring that all workers are treated equally with respect and dignity, and fostering a positive culture towards diversity and inclusion.
- Respecting people in communities impacted by our activities. This involves respecting the land rights of communities and indigenous people, and respecting their right to a healthy environment and healthy nutrition. For example, not negatively impacting their access to water.

The Human Rights Policy also elaborates on our responsibilities as a company, and the expectations we have of our business partners. It sets out our approach for implementing human rights due diligence, with our external workforce identified as a key priority in our own operations scope.

### [DANONE SUSTAINABILITY PRINCIPLES FOR BUSINESS PARTNERS](#) (DSP)

This policy sets out our fundamental values and principles related to social and human rights, environmental protection, and business ethics. Values and principles that we expect all our suppliers and business partners to uphold. Danone is currently evolving these Principles into a Responsible Sourcing Policy that will gradually apply to suppliers from the end of 2023 onwards.

To guide our operations and employees, we have the [Danone Sustainability Principles & Implementation Note for Danone and Employees](#). This sets out how we relate to our employees, and the things that are required and expected from all of Danone's entities worldwide. It also commits all employees to implement the DSP in their daily work and interactions with business partners, including raising concerns when they deem it appropriate to do so.

The Social Principles of the DSP were strengthened in several ways in 2022. The international standards used as a reference were clarified, and some principles, for example no child labour, were reinforced. In addition, new principles were added, such as diversity and inclusion and rights of communities and indigenous people.

[CODE OF BUSINESS CONDUCT](#) – updated in 2022, this code is 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.

[CODE OF CONDUCT FOR BUSINESS PARTNERS](#) – updated in 2022, ensures that Danone's business partners comply with applicable laws on bribery and corruption, money laundering, unfair competition and international trade sanctions.

[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.





Danone's human rights due diligence is founded upon a commitment to upholding human rights as established in the following internationally recognized standards and guidelines:

- UN Universal Declaration of Human Rights
- UN Guiding Principles on Business & Human Rights
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- The ten principles of United Nations Global Compact
- UN Women's Empowerment Principles
- The Children's Rights and Business Principles
- The Global LGBTI Standards for Business
- The FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT)

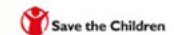
Where local law and international human rights standards differ, we will follow the higher standard. Where they are in conflict, we will adhere to local law, while seeking ways to respect international human rights to the greatest extent possible.



International  
Labour  
Organization



United Nations Global Compact



# DUE DILIGENCE AND SUPPLY CHAIN MANAGEMENT

In order to achieve our commitments, and ensure that our standards are upheld, implementing our policies is critical. This begins by identifying and assessing risks across the supply chain, and responding swiftly and effectively to any non-conformities identified through our audit processes.

## DUTY OF VIGILANCE

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

Danone carries out due diligence on its subsidiaries, suppliers and subcontractors. These are the people and organisations with whom we maintain an established business relationship and are mainly first tier and milk suppliers. Looking to the future, we're now also developing due diligence in our extended supply chain through engaging tier 1 suppliers. This involves requesting transparency, using certifications and in some cases through collaborative projects on the ground.

## IDENTIFYING RISKS

To help us identify any prominent risks, we undertake both **materiality** and **risk-mapping** exercises.

Materiality analysis looks at areas of risk or focus for our business, and in 2021 Danone's global materiality analysis was updated. Out of 35 issues, fair working conditions and human rights featured as one of the top 12 most important issues for us to act on.





In addition to the materiality analysis, the salient human rights impact assessment was completed in 2022. This allows us to identify and prioritise any risks to people across our operations and value chain. It confirmed the priority categories identified through Danone's previous 2017 global social and environmental impact assessment, namely

- (i) workers employed through outside labour providers; and
- (ii) four agricultural raw materials: palm oil, cocoa, sugar, and fruit.

Knowing where raw materials are produced is a necessary first step to enable due diligence upstream. For over a decade, we've been working towards greater transparency across the entirety of our supply chain, focusing on palm oil, cocoa, sugar and fruit.



## AGRICULTURAL SUPPLY CHAIN TRANSPARENCY TABLE

RAW MATERIAL	TRACEABILITY	ADDITIONAL INFORMATION
<b>Palm Oil</b> 	<b>98%</b> Traceability to mill/plantation level  CERTIFICATION: 88% RSPO segregated 9% certified RSPO mass balanced 5% sourced from Africa	<ul style="list-style-type: none"> <li>Partner with Earthworm Foundation to ensure traceability of palm oil.</li> <li>5% decrease of RSPO segregated volumes compared to 2021 was largely caused by global supply chain disruption.</li> <li>Direct and mill-level suppliers available on our <a href="#">website</a>.</li> </ul>
<b>Fruit</b> 	<b>100%</b> Traceability up to tier 2 suppliers	<ul style="list-style-type: none"> <li>100% traceable since 2021</li> </ul>
<b>Cocoa</b> 	<b>79%</b> Certified with one or more programmes (Rainforest Alliance, Organic, Fairtrade, Fair For Life).	<ul style="list-style-type: none"> <li>A decrease in certification from 86% in 2021 is the result of a better traceability process in 2022.</li> <li>2022 data collection of traceability is still ongoing at the time of this report.</li> </ul>
<b>Sugar</b> 	<b>94%</b> Traceability to mill	<ul style="list-style-type: none"> <li>88% in 2021</li> <li>Danone purchased 51% certified cane in 2022, up from 33% in 2021.</li> </ul>

## FORCED LABOUR RISK

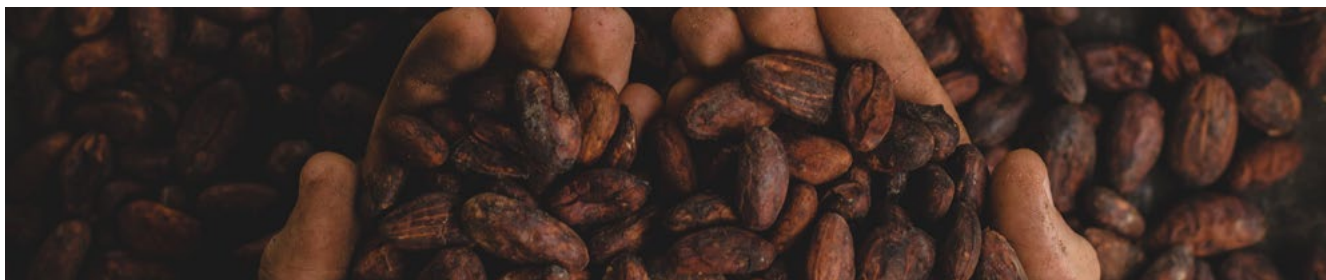
To identify the risk for forced labour, we use a number of data sources.

These include:

- Detailed mapping of supply chains and operations
- External risk indices
- Insights from across the business, from internal subject matter experts to local experts and those in country teams
- Supplier engagement
- Supplier self-assessments and category data
- Sedex non-conformities
- Grievances raised on the Danone Ethics line and results from worker engagement surveys
- Insights from external stakeholders, in particular trade unions and civil society, as well as collaborative initiatives with our peers

As part of our saliency assessment in 2022, we looked to understand where vulnerable workers - women, migrant, seasonal/contract and young workers - were more likely to be employed. We know that migrant workers are at higher risk of forced labour, as their movement and recruitment are often poorly regulated and informal. This leaves them more vulnerable to risks such as limited freedom of movement, deception and debt bondage (through the payment of recruitment fees).

We piloted Human Rights Due Diligence (HRDD) systems in Poland and Brazil in 2022. The pilots findings did not identify significant violations but they did show the need to reinforce policies and processes and to strengthen awareness about human rights issues and forced labour within the organisation.



## WHISTLEBLOWING SYSTEM

Danone has a clear whistleblowing policy as part of its Compliance Framework policy which encourages all employees, anonymously if necessary, to speak up and raise concerns about any wrongdoing. The whistleblowing statement is also available on Danone.com and on the front page of Danone's whistleblowing system called the Danone Ethics Line.

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

The Danone Ethics Line was upgraded in 2022. Anyone can access it via the internet or via a phone line and it's available in 52 languages. Suppliers and any other third party can also use the Danone Ethics Line to report their concerns, anonymously if they wish so. All cases are investigated and, where breaches are found, appropriate actions will be taken. Danone has a zero tolerance approach to attacks on human rights defenders and expects their business partners and their suppliers to do the same.

In 2022, a total of 273 alerts were reported in the human rights category. These originated from 25 countries, versus 395 alerts from 32 countries in 2021. Danone continued to refine its scope definition approach during 2022, and reported "human rights" alerts more precisely under the following categories:

- **Ending exploitation** - prohibiting child and forced labour, prohibiting harassment and abuse, and ensuring reasonable working hours: 149 alerts (mostly harassment related issues)
- **Decent work** - granting a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, granting freedom of association and the right to collective bargaining, and ensuring all workers are treated equally with respect and dignity, with a positive culture towards diversity and inclusion: 123 alerts (mostly misconduct and discrimination issues)
- **Impact to people linked to the environment** - 1 alert (community access to water)

In summary, over 85% of alerts received are related to harassment, misconduct and discrimination. All alerts are initially reviewed by the Global Human Resources Compliance and Labor Law Director, who then appoints an independent internal or external investigator. At year end, out of the 273 alerts created in 2022, 220 alerts had been closed, and 53 are still under investigation. If serious violations are identified, they're handled in collaboration with the Human Rights team in order to determine the appropriate approach and action plans. We are working collaboratively to further strengthen our grievance mechanism for stakeholders beyond employees.

Danone also has investigation and remediation process in place to manage grievances that come through other channels than Danone Ethics Line, in particular related to raw material supply. Since 2019, Danone has implemented a grievance mechanism for palm oil, with the support of the Earthworm Foundation. Currently this mechanism is also being used for other commodities. Danone is working to adapt the process to track and manage more effectively all commodity alerts.

A dedicated team meets regularly to address any incoming NGO and media alerts. When allegations of non-compliance against producers arise, the Group carries out an investigation with support from internal and external experts, and in particular Tier 1 suppliers. If a low-risk non-conformity has been confirmed, Danone asks the producers to develop an action plan to resolve the non-conformity. In the case of a high-risk non-conformity, which has occurred most often for palm oil, the Group works with its Tier 1 suppliers and can choose to suspend the non-compliant producers until they demonstrate concrete progress towards its commitments. Danone informs all of its active suppliers about the suspension decisions and the suspended producer is only allowed to enter the Group's supply chain after demonstrating progress and, ultimately, with Danone's consent.

In 2022, Danone registered 14 new alerts linked to deforestation and human rights violations, 12 of which were related to palm oil and 2 to other commodities. In total, the Group is monitoring 28 alerts that have been brought to its attention by organizations such as Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of Earth. For 4 of the cases Danone had a suspension in place at the end of 2022.

# RESPONSIBLE SOURCING

## SUPPORTING OUR FARMERS

As a business, Danone favours local sourcing of raw milk, and we do this from more than 58,000 farms in approximately 14 countries, both directly and indirectly.

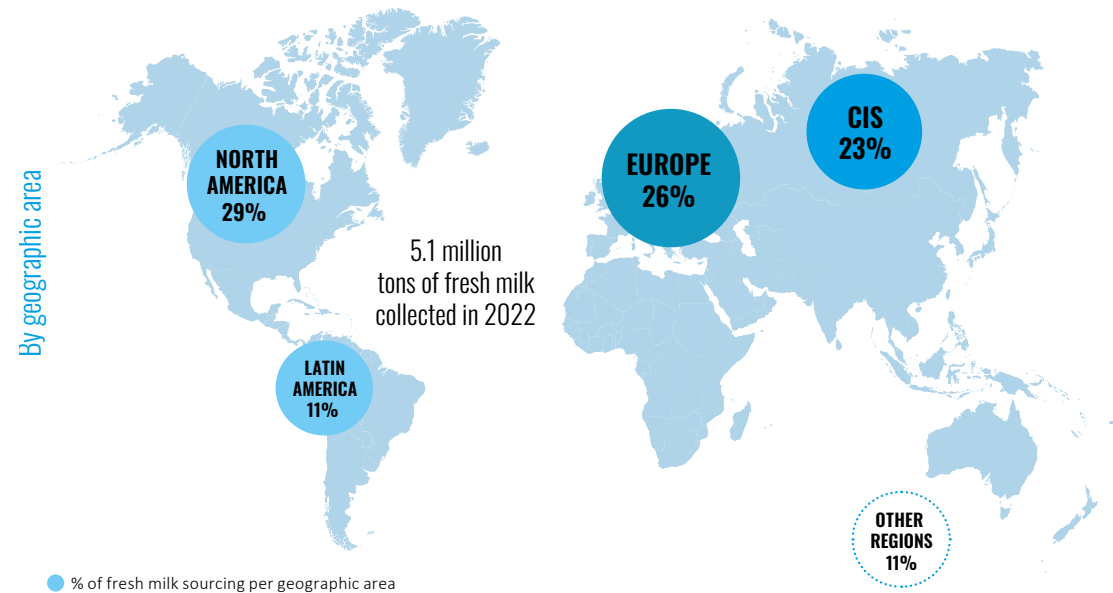
Most of the milk we source comes from family farms, with around 94% of the partner producers owning small family farms with fewer than 25 cows. These farms are primarily located in emerging countries in Africa and Latin America, and supply approximately 12% of Danone's total milk volume.

Danone also works with larger family farms, with herds ranging from a few dozen to thousands of cows. These farms represent nearly 88% of our milk volume.

Supporting dairy farmers is a priority for us. At Danone, we support the dairy farmers we work with by providing them with training and technical support to help them transform their farming practices, whilst at the same time ensuring the viability of their business models.

Through the Sustainable Dairy Partnership, Danone continues to work towards a more sustainable dairy industry. This means supporting the prevention of deforestation, the protection of human rights and animal welfare, as well as compliance with local legislation.

Looking to the future, we're also working to empower generations of farmers by developing sustainable relationships, and supporting them in the transition of their practices via funding and training. Our Regenerative Agriculture Social Survey is aimed at assessing farmers and workers livelihoods and working conditions in order to develop appropriate and enhanced human rights due diligence.



## RESPECT PROGRAMME FOR RESPONSIBLE SOURCING WITH TIER 1 SUPPLIERS

Our due diligence doesn't stop at our raw milk suppliers. Danone also implements responsible sourcing due diligence towards its Tier 1 suppliers of other materials, i.e., processed raw materials such as fruit preparations and powdered milk, packaging, production machinery, transport and other services. We do this through our RESPECT program.

Since 2017, Danone has moved the RESPECT program towards a more comprehensive due diligence approach, and stepped up its human rights requirements. Such an approach endorses the principles enshrined in the United Nations Guiding Principles on Business and Human Rights (UNGP).



The RESPECT program streamlines evaluation procedures for Tier 1 suppliers and is structured on three main pillars:

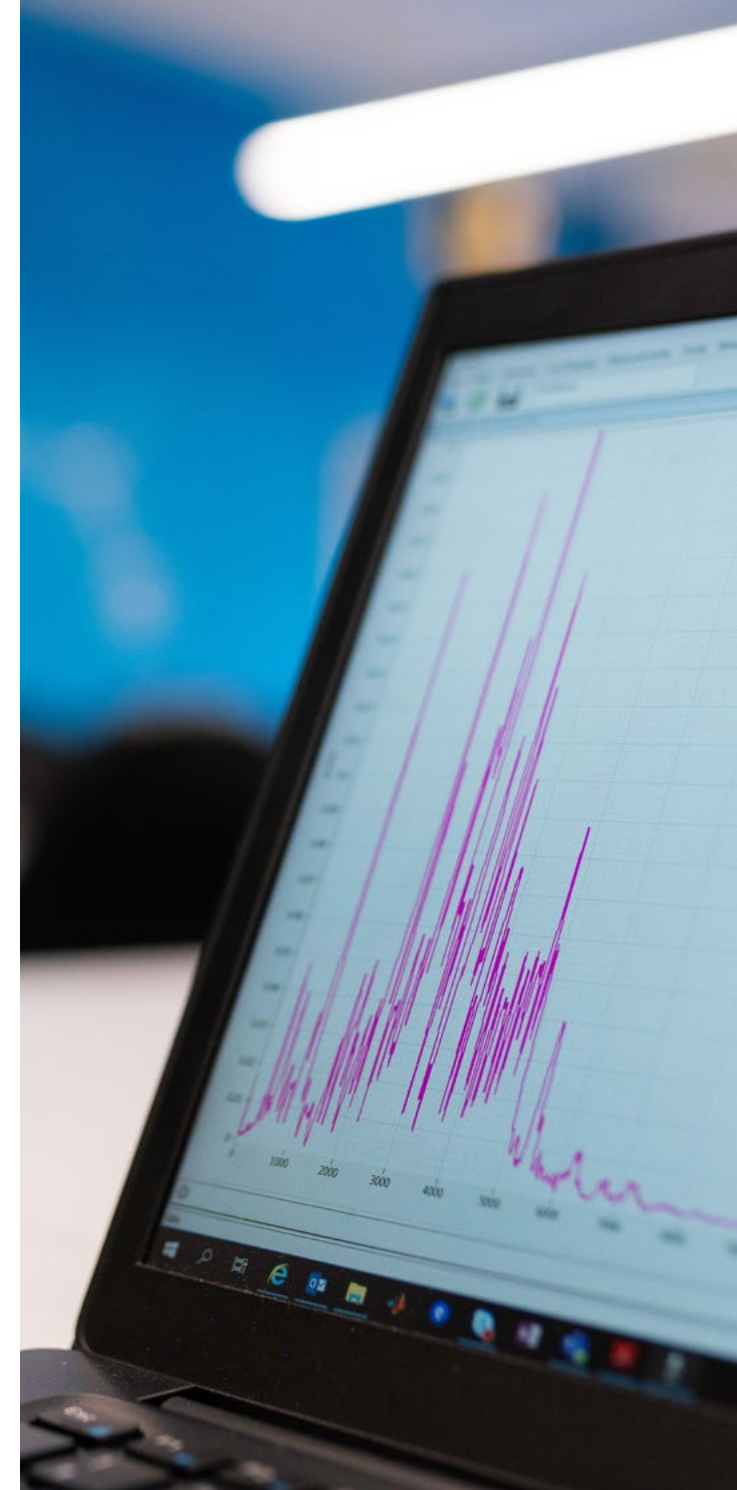
1. Danone requires in scope Tier 1 suppliers to complete a self-assessment questionnaire. The purpose of this is to evaluate their sustainability performance. As part of this process, they must register on the Sedex (Supplier Ethical Data Exchange) platform (direct procurement categories, as well as third party manufacturers, and producers of promotional items), or the Ecovadis platform (indirect procurement categories). As a result, a scorecard is generated. Both scorecards evaluate labour standards, health and safety, and environment and business ethics dimensions. At the end of 2022, 3,189 supplier entities were registered on the Sedex or Ecovadis platform, and 91% had completed Sedex self assessment or obtained an Ecovadis scorecard. These 3,189 entities represent 2,160 of our suppliers.
2. Danone identifies high risk or high priority suppliers that should undergo an on-site assessment (audit). Since 2020, we've used a risk analysis approach that combines risks and spend levels for suppliers of our operating units and global categories. We have developed an in-house human rights risk evaluation for suppliers based on:
  - (i) the inherent country social risk index as identified by Sedex risk tool;
  - (ii) the spend level; and
  - (iii) the purchase category risk.
3. Based on its analysis, the RESPECT team worked with procurement departments around the world to co-develop the 2022 audit plan, selecting 103 high risk or high priority sites. Among them, 85 sites have completed an on-site or virtual assessment, in accordance with the SMETA (Sedex Members Ethical Trade Audit) protocol or the Sedex Virtual Audit (SVA) protocol. In 2022, Danone had access to 482 SMETA audits carried out on its suppliers, including by peer companies.
4. Once an audit is conducted, it's our goal to establish regular dialogue with our Tier 1 suppliers. This dialogue puts a focus on their responsible business practices, and monitoring the delivery of critical non-conformances identified by audits - including when audits of shared suppliers are conducted by peer companies. In order to increase the robustness of the supplier remediation plans, the RESPECT team has dedicated resources located in China and Peru. They support suppliers in developing their corrective action plans by providing expert advice, resources and regular engagements, the chief aim being to close audits according to the SMETA methodology.

## TRACKING AND ASSESSING THE EFFECTIVENESS OF SUPPLIER PROGRAMS

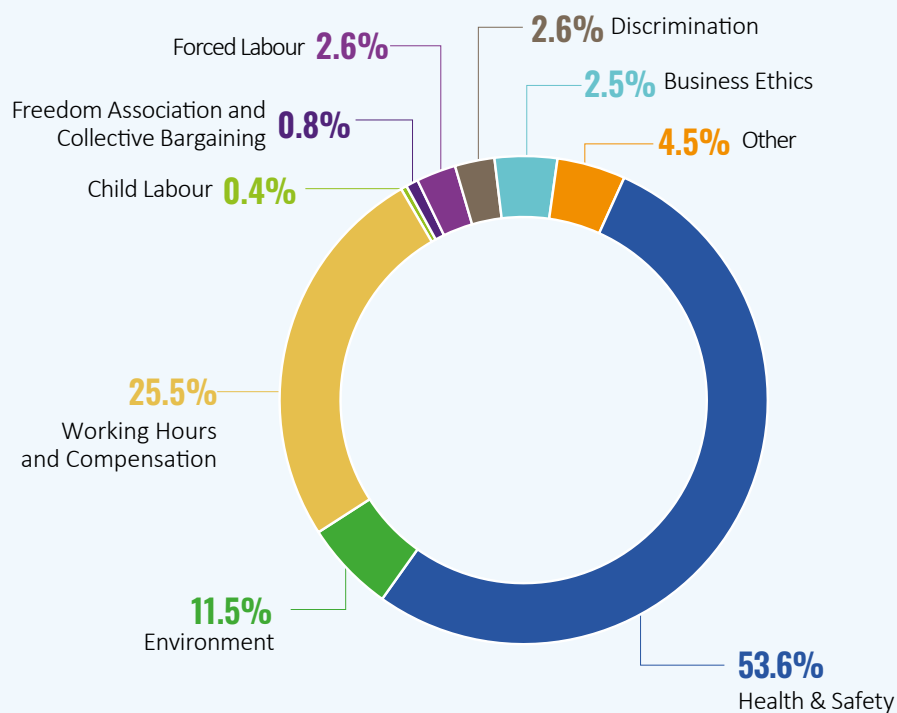
Danone tracks its RESPECT program using the following three indicators:

KEY PERFORMANCE INDICATOR	RESULT
<b>SUPPLIER REGISTRATION RATE ON SEDEX OR ECOVADIS PLATFORM</b>	<ul style="list-style-type: none"><li>94% of suppliers identified as in scope suppliers in 2022 (as of end of 2022, some suppliers are yet to be recorded in Danone's database and hence not identified as in-scope)</li></ul>
<b>ANNUAL AUDIT PLAN COMPLETION</b>	<ul style="list-style-type: none"><li>83% of SMETA audits planned were completed in 2022.</li></ul>
<b>AUDIT CLOSURE RATE</b>	<ul style="list-style-type: none"><li>91% of audits that identified critical non-conformities (being commissioned by Danone or by peers on common suppliers) have been closed in the expected timeframe. Audits that have not been closed continue to be monitored.</li></ul>

These RESPECT indicators are included in the calculation of the variable compensation of some procurement teams and the RESPECT team, including for their managers.



## BREAKDOWN OF CRITICAL NON-CONFORMITIES IDENTIFIED



We conduct analysis on the critical non-conformities identified through the SMETA audits (or those conducted using a similar methodology) and work with the suppliers to ensure they are resolved and remedied.

In 2022 amongst the critical non-conformities there were seven instances of forced labour, which included: systemic/regular occurrence of wage deductions, recruitment fees paid by workers, practice of compulsory overtime, and unpaid leave. The one child labor case was related to improvements in management systems/policies (age verification records not maintained). In all instances, we have verified evidence of suppliers putting corrective actions in place or we are continuing to work with suppliers to agreed timescales to achieve this.

Locally in the UK, from 2018 we've have brought 'Logistics and Outsourced Professional Services' in scope of our RESPECT programme. Logistics suppliers and outsourced professional services who are above a spend threshold must now register with Ecovadis. All new suppliers receive copies of our Sustainability Principles and Code of Conduct for Business Partners. Our UK purchasing policy expressly states that any supplier who refuses to sign up to our Sustainability Principles or Business Code of Conduct for Business Partners should not be able to trade with Danone.

## RESPONSIBLE SOURCING IN THE EXTENDED SUPPLY CHAIN: DUE DILIGENCE RELATED TO RAW MATERIALS SOURCING

Building on the work we have already done towards gaining greater transparency across our full supply chain, Danone is mitigating risks and preventing serious human rights violations beyond our tier 1 suppliers in three main ways

- Engaging with Tier 1 suppliers and in some cases traders to increase our knowledge of their supply chains up to upstream producers
- Using certifications such as RSPO for palm oil; Rainforest Alliance (UTZ), Organic, Fair Trade, or Fair For Life for cocoa and for Danone North America's coffee; FSC, PEFC and SFI for paper; Bonsucro and Organic for cane sugar, and RTRS or Proterra for soy.
- Leading or supporting collaborative impact projects on the ground to help producers address environmental and labor issues in a holistic manner. As an example, a vanilla plantation project in Madagascar supported by the Livelihoods Fund for Family Farming involves 3,000 family farms. The aim is to develop solutions that improve the quality and traceability of vanilla production, preserve biodiversity and boost food security for farmers.



## WORKING COLLABORATIVELY

**To positively change the way food is grown, produced, marketed, distributed, sold and consumed, we need to create solutions collectively with others, and learn from each other's knowledge and expertise.**

In order to do this, we're building on decades of partnership experience, and working hand-in-hand with Danone employees, farmers, suppliers, retailers, consumers and partners, as well as civil society, governments and public health professionals.

We support a level playing field for corporate accountability and believe this can drive better outcomes for people and the planet across global value chains. Since 2020, we, together with our peers, have supported the shaping of an EU legislative proposal on mandatory human rights and environmental due diligence. In 2022, a draft EU Corporate Sustainability Due Diligence Directive was proposed by the European Commission, with the aim of anchoring human rights and the environment in the operations of all companies. The proposal introduces a mandatory due diligence duty for companies, meaning that they'll have to identify, prevent, mitigate, and end any negative human rights and environmental impacts in their entire value chains.



## CGF HUMAN RIGHTS COALITION

In 2016, Danone joined the CGF's collective effort to eradicate forced labour from its 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.

Together with 28 peer members of the CGF's '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. Our goal is to achieve 100% coverage by 2025, including third-party contractors and regular/on-going agency workers.

In 2021 the coalition launched the Maturity Journey Framework for Human Rights Due Diligence (HRDD) Systems Focused on Forced Labour in Own Operations. Danone participated in the core group which drafted the HRDD Maturity Journey Framework, ensuring alignment with the AIM Progress Maturity Journey Framework. The Coalition is supported by the Fair Labor Association (FLA) and the International Organization for Migration (IOM).

In 2022, we piloted the first steps of the Coalition due diligence framework in our Poland and Brazil Business Units. In these locations, local cross functional task forces were selected (Human Resources, Procurement, and Legal /Compliance) and trained by the FLA to increase their capabilities. They mapped the business units' workforce and ran the human rights self-assessment questionnaire on the highest risk categories, i.e. external workers. The findings did not identify significant violations, but did show the need to reinforce policies and processes, and to strengthen understanding and awareness through education and communication. This will be addressed through local follow up Action Plans.



## CGF COALITION FOCUS AREAS:

- HRDD systems focused on forced labour in CGF Members' own operations
- Implementation of HRDD systems in palm oil supply chains in Malaysia
- Supporting the development of responsible recruitment markets through capacity building and government advocacy

## 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 2022, we continued our contribution to the Business for Inclusive Growth Coalition, which aims to scale up actions on economic inclusion, particularly with regards to human rights across the value chains.

# PARTNERSHIPS & COMMITMENTS

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



Membership of AIM-Progress

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.



# IN THIS TOGETHER: FOSTERING DECENT WORK AND INCLUSIVE GROWTH THROUGH OUR SOCIAL INNOVATION ENTITIES

## DANONE ECOSYSTEM

In 1972, Danone's CEO at the time, Antoine Riboud, announced that it was time for the company to make a major investment in its local 'ecosystems'. He said:

**'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 light of this speech and following the 2008 financial crisis which hit the global economy and impacted unemployment rates worldwide, Danone shareholders agreed to invest €100 million of the company's 2009 profits into the newly created Danone Ecosystem.

Together with Danone employees and local partners, Danone Ecosystem creates fresh and innovative business models. Business models that strengthen inclusion and environmental sustainability, provide organisational know-how, technical expertise, and financing support. Since 2009, Danone Ecosystem has co-created 100+ projects covering the following topics:

1. Regenerative agriculture
2. Inclusive recycling
3. Healthy food and diet

Through those 100+ projects, Danone Ecosystem aims to positively impact the health of the planet and its people:

- 76,000 professionals (more than half of whom are women) working in Danone's ecosystems have been empowered through various initiatives to boost their employability, support their social inclusion, and help secure their revenues. As a starting point, priority was given to the most vulnerable: family farmers, waste-pickers, caregivers and street vendors
- 5.5M people's lives have been impacted positively within local communities since the inception of the Danone Ecosystem. (Based on the 2022 Danone Ecosystem annual report)
- As of December 31, 2022, Danone Ecosystem had 35 active projects worldwide, representing a total commitment of € 80,300,000.

**DANONE**  
**·ECOSYSTEM**

To learn more about Danone Ecosystem impact and the models they develop visit <https://www.linkedin.com/company/danone-ecosystem-fund>



## FRENZA

The Frezna project is a Danone Ecosystem initiative which aims to develop a sustainable farm model to produce strawberries. It does so by ensuring robust income for the farms while deploying sustainable agricultural practices and ensuring social requirements are met.

To date (2023), the project has helped to empower over 140 strawberry farmers and their ecosystems by:

- (1) Ensuring farmers have access to social security benefits
- (2) Ensuring 100% of field workers have access to social security benefits and medical visits
- (3) Guiding farmers on how to limit the environmental impact of strawberry farming
- (4) Training farmers on finance and entrepreneurial skills to improve their farming model therefore securing their revenues and livelihoods

Frezna is a cross-sector initiative co-created along with Danone Ecosystem, DIRA, GIZ, MesseM, and DanTrade.

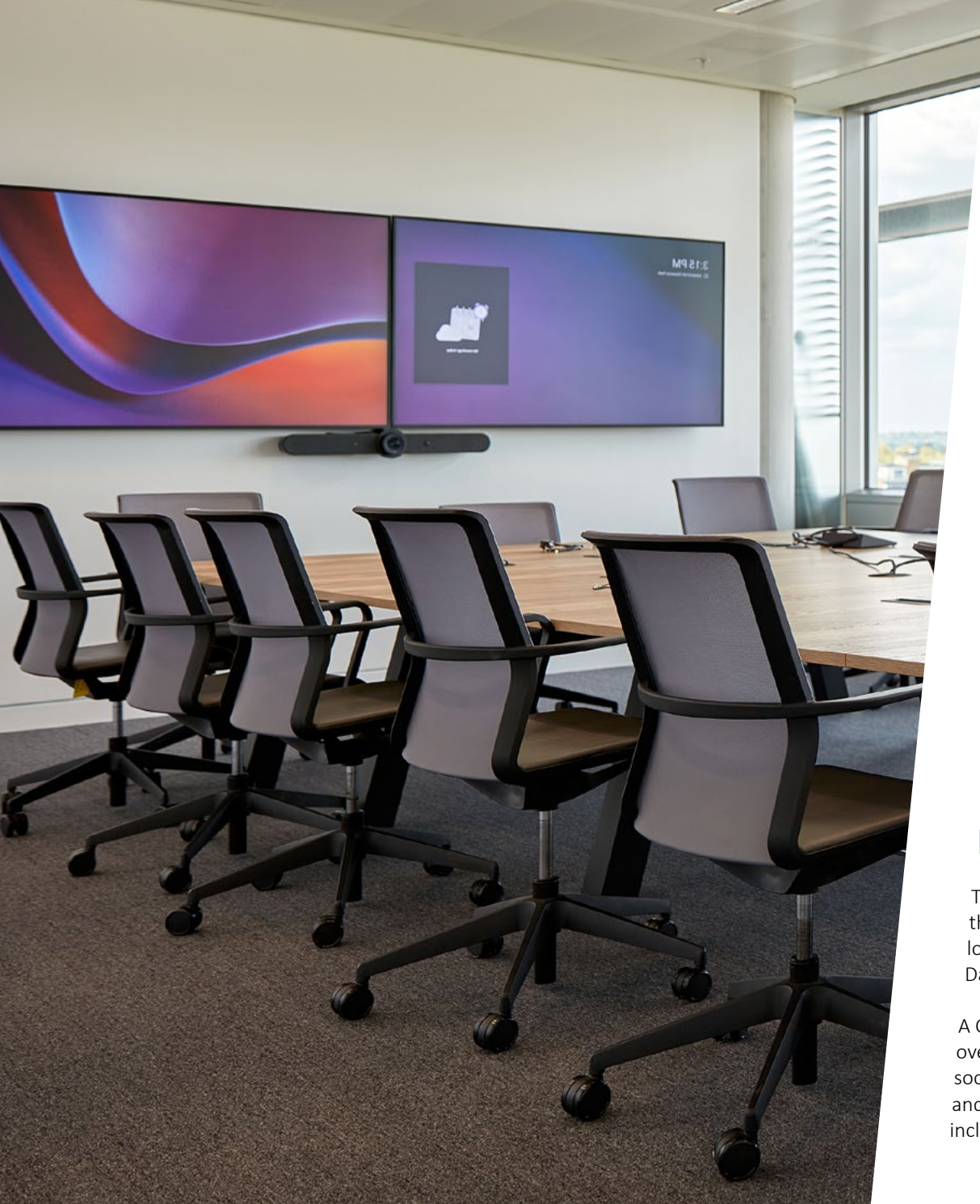
## INCLUSIVE RECYCLING INDONESIA

The “Inclusive Recycling Indonesia” project Indonesia (IRI) aims to tackle the problem of packaging waste in Indonesia by helping recycling circuits to organize themselves, and by supporting their main stakeholders. To achieve this goal, IRI empowered 2,500+ waste management’s front-line workers so they can have a better livelihood, access to training and better working conditions. As a result:

- 65% of waste pickers report actively being able to save money, helping to provide higher education for their children
- 75% of them declare benefiting from new social recognition by the population thanks to uniforms provided by the project
- All waste pickers must undergo training to prevent child labour. This is important given that child labor is prevalent in Indonesia, with children working to support their families.

IRI is a cross sector initiative co-created with Danone Ecosystem, Danone-AQUA, Veolia, and YPCII.





## GOVERNANCE

At Danone, governance is not solely about monitoring and regulating behaviour. We hold ourselves to the highest standards and look to align with internationally recognised frameworks such as the United Nations Global Compact and B Corp™.

We have a series of policies and governance processes that underpin our efforts to respect internationally recognised human rights principles and guidance.

## BOARD AND CSR COMMITTEE

The Board determines the strategic orientations of Danone's activity and ensures their implementation. Furthermore, it seeks to promote and support the creation of long-term value, while taking into account the social and environmental challenges of Danone's activities.

A Corporate Social Responsibility (CSR) committee is also in place. This committee oversees the strategic priorities and associated medium/long term objectives in the social, societal and environmental fields (Danone Impact Journey). Under our 'People and Communities' pillar, in 2022 their meetings included corporate culture, training and inclusion, and updates on human rights, including the human rights policy review.

## SOCIÉTÉ À MISSION

In June 2020, and with the support of more than 99% of shareholders Danone became the first publicly listed company to adopt the French ‘Société à Mission’ status. 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.

The same year saw us select four of our 2030 Company Goals as our Mission Objectives and integrate 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 Mission Committee monitors our progress toward these objectives 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, on the monitoring of the Company’s execution of social and environmental objectives
- Using an independent third party, from which it hears at least once a year.

In 2022, we progressed in our Société à Mission journey by setting measurable KPIs to 2025, as well as annual trajectories to ensure consistent progress. This process was overseen by the Mission Committee. The 2025 KPIs are reflected in the Danone Impact Journey.

## EXECUTIVE LEADERSHIP

In 2022, Danone appointed its Chief Sustainability and Strategic Business Development Officer, Henri Bruxelles. He is tasked with leading our sustainability agenda and putting this at the heart of Danone’s business delivery and performance, as a key driver of our competitiveness. Under his leadership, two Senior Vice Presidents have been appointed in 2023 to lead the sustainability agenda : a SVP Sustainability Transformation, in charge of landing all programs supporting the Danone Impact Journey within our geographies, functions and categories and a SVP Sustainability Strategy & Partnerships is in charge of sustainability strategy, co-funding & partnerships.

Internal governance at global & country levels is being set up to drive, monitor and make decisions on the roll-out of the Danone Impact Journey, including human rights as part of our priorities in this journey.



## DANONE WAY

We continue to monitor the human rights performance of our subsidiaries through our Danone Way programme. It’s how we ensure that all entities, at all levels, progress toward our goals. This involves tracking and supporting sustainability performance through quantitative metrics and a set of qualitative practices. Reliability is reinforced by external audits, which are performed by an independent third party.

## TRAINING & ENGAGEMENT

The Danone dedicated e-learning training program on human rights and the fight against forced labour is available on the Group training platform for the Procurement, Human Resources and General Secretary functions. By the end of 2022, 6,658 Danone employees had completed this training.

Employee engagement on human rights was further strengthened in 2022 with the launch of Human Rights Community Networking Calls. Gathering the local Human Rights Champions (Human Resources), RESPECT Champions, and local Sustainability Managers, these quarterly calls enable information and best practice sharing, and aim to progressively build local awareness and capabilities.

Our RESPECT Champions are local representatives who ensure that the RESPECT program is embedded and rolled out at a local level. Ultimately, they play a vital role in the implementation of our policies among our suppliers. Danone trains its RESPECT champions and buyers on the RESPECT program, ensuring that they're aware of the risks related to forced labour and the CGF's three priorities.

The RESPECT team developed a 4-module e-learning course covering the fundamentals of the program, which was included in the learning journey for the procurement team. More than 571 buyers, champions or purchasing managers have completed the course in 2022, and the initiative has significantly strengthened buyers' awareness and engagement with the RESPECT program.

Subsequent to the publication of Danone's Human Rights Policy in 2022, a global target has been set for 100% of Danoners to be trained on the policy by 2025. This is incorporated into the Danone Impact Journey. The training entitled 'Sustainability and Human Rights fundamentals' is currently being finalized and we aim for all connected staff in the UK and Ireland to have completed it by the end of 2023.





# LOOKING AHEAD

At Danone, we're committed to protecting human rights in our value chain and combating forced labour.

We acknowledge that while progress has been made, there's still much to be done in order to ensure that we meet our goal of supporting thriving communities- including fostering an inclusive and prosperous ecosystem, upholding human rights, and pursuing social progress.

We will continue this important work throughout 2023, focusing on the following action areas:

- We recognize the importance of continued training and development for all Danone employees and will build deployment plans for both digitally connected and manufacturing employees.
  - Specifically in the UK, there will be further implementation of the existing human rights and forced labour e-learning training
  - In parallel, the newly developed training explaining the Human Rights Policy will start being rolled out globally in 2023, with the aim of reaching all employees including in factories and warehouses by 2025.
- During 2023 we will develop and launch the Danone Responsible Sourcing Policy. Building upon the Danone Sustainability Principles, it will replace them in our relationship with suppliers, driving continuous improvement in implementing sustainability and human rights due diligence.
- In parallel, we will strengthen the RESPECT program aimed at monitoring suppliers' sustainability performance and the implementation of the policy.

## SIGNATURES FROM DIRECTORS

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



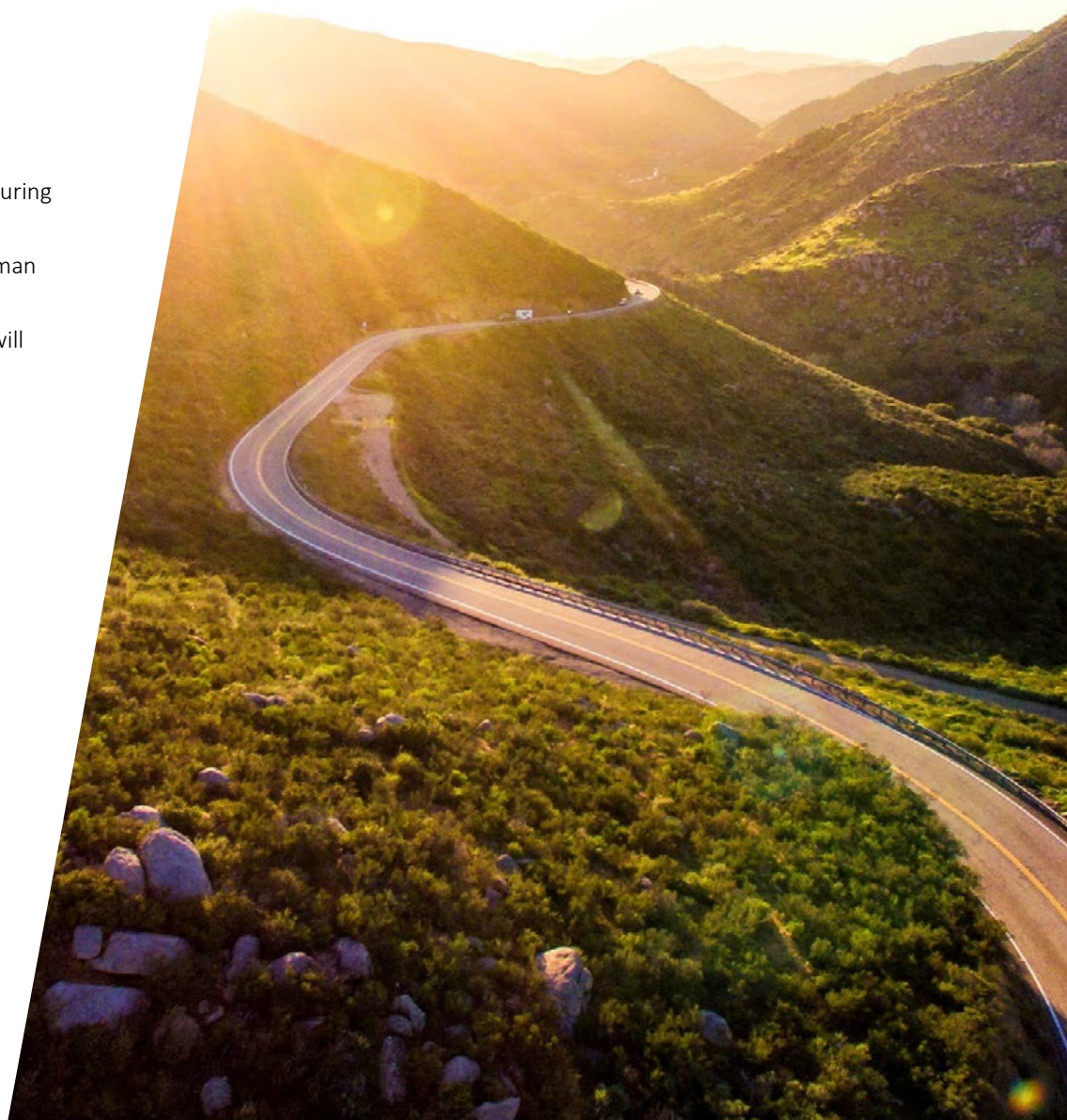
**James MAYER**  
on behalf of  
NUTRICIA LIMITED



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



**Cirillo BORGES**  
on behalf of  
ALPRO (UK) LIMITED



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 2022-23 TO PREVENT SLAVERY, SERVITUDE, FORCED OR COMPULSORY LABOUR AND HUMAN TRAFFICKING ACROSS OUR BUSINESS AND SUPPLY CHAIN.

## CONTACTS

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**DANONE UK Press Office**

[pressuk.irl@danone.com](mailto:pressuk.irl@danone.com)

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

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Danone's in-scope UK businesses are:  
Nutricia Ltd, SHS International Ltd and Alpro UK Ltd

Danone UK financial year end runs from 1st January – 31st December



**DANONE**  
ONE PLANET. ONE HEALTH