



DANONE
ONE PLANET. ONE HEALTH

Modern Slavery Statement 2021

Nutricia Australia Pty Limited
&
Danone Nutricia NZ Limited

Welcome to Danone's annual Modern Slavery Statement for Nutricia Australia Pty Limited (Danone Australia) and Danone Nutricia NZ Limited (Danone New Zealand) where we outline the continued actions of our business in contributing to the eradication of modern slavery and trafficking in all its forms.

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' FRAME OF ACTION, WHICH IS AT THE HEART OF EVERYTHING WE DO. BUILDING ON DECADES OF RESPONSIBLE BUSINESS STEWARDSHIP WE ALSO HAVE AN AMBITION TO BE GLOBALLY B CORP CERTIFIED BY 2025, DEMONSTRATING OUR DEDICATION TO THE HIGHEST SOCIAL AND ENVIRONMENTAL STANDARDS, AND TO USING OUR BUSINESS AS A FORCE FOR GOOD.

In the course of the last year, the way in which business is conducted has changed profoundly across industries and countries around the world. As a result, we implemented strong measures to protect our employees and partners. These include the introduction of clear protocol for safe working for employees, adapting our operations to maintain continuity of supply, and modifying our decision-making processes and ways of working. Despite the challenges of the last year, we remain fully committed to 'One Planet. One Health'. In fact, the last year has only galvanised us in our vision.

Building on our Sustainability Principles and Statement on Forced Labour, we've progressed the implementation of our due diligence approach, which helps us focus our efforts where the risk is highest. We believe collaboration is essential to driving real progress towards eradicating slavery, human trafficking and child labour. In 2020 we supported the launch of the newly formed 'Consumer Goods Forum Human Rights Coalition – Working to End Forced Labour'. In doing so we committed to establishing and deploying human rights due diligence (HRDD) systems focused on forced labour in our operation. We have the aim of reaching 100% coverage by 2025 including third-party labour engaged by contractors or labour agencies for regular and ongoing work in our operations.

This report outlines our continued efforts, progress and achievements in 2021. For further detail on our approach, we invite you to read our [2019 Universal Registration Document and Integrated Report](#).

Supported the launch of the new 'CGF Human Rights Coalition – Working to End Forced Labour'. We pledged to develop and implement Human Rights Due Diligence (HRDD) focused on forced labour in our operations and achieve 100% coverage by 2025, including external workers hired by temporary work agencies and on-site contractor workers.

Rolled out our internal global compliance e-learning programme to remind colleagues of our commitments to ethical business practices, our code of business conduct and whistleblowing procedures.



DANONE GLOBALLY AT A GLANCE

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

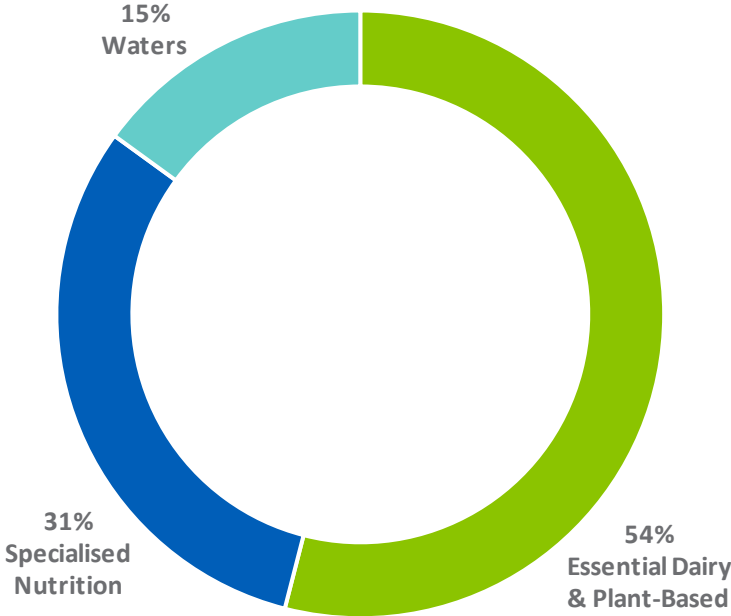
LEADING POSITIONS ⁽¹⁾

#1
WORLDWIDE
in Fresh Dairy products
in Plant-Based products

#1
IN EUROPE
in Advanced
Medical Nutrition

#2
WORLDWIDE
in Early Life Nutrition
in Packaged Waters (by volume)

SALES BY REPORTING ENTITY



A GLOBAL PRESENCE

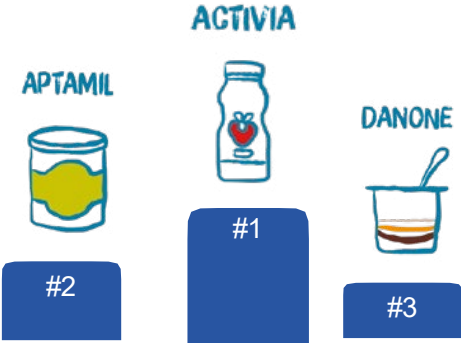
120+
countries where Danone products
are available around the globe

100,000+
employees in over 55 countries

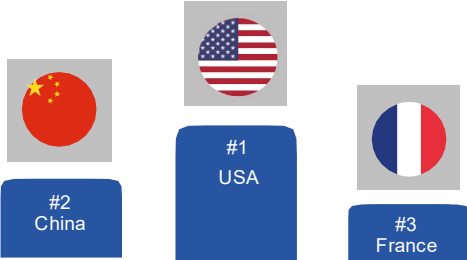
43%
of sales outside Europe
& North America

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

TOP 3 BRANDS in % of 2020 sales



TOP 3 COUNTRIES in % of 2020 sales



¹ Only in the subcategories and countries where Danone operates.

PROTECTING PEOPLE AND THE GLOBAL FOOD SOURCE

At Danone we're committed to protecting and supporting the supply chain that helps provide our global food supply. We recognise that global and complex agri-food supply chains carry the risk of human rights and environmental violations. To mitigate these risks, we have established a set of fundamental principles and pledged to work with suppliers towards more responsible practices. We're therefore committed to protecting human rights in our value chain and combatting forced labour. We're also dedicated to fostering inclusive growth in our supply chain – addressing inequities and strengthening livelihoods and decent work. We're working with public authorities, NGOs and business partners, and encourage our suppliers to embark on the same journey with us.

We believe that what and how we source has an important impact on both nature and people and shapes the world we want to live in. The sourcing of agricultural products accounts for two-thirds of our carbon emissions and 89% of our water use. And while Danone has around 100,000 employees, by some estimates, for every employee there are at least seven people in our value chain working for us but not directly employed by Danone.

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 STORES



Raw Material Sourcing

Materials needed to produce food and beverage products:

- Milk Products;
- Primary food categories e.g. fruit, sugar, cocoa, palm oil.

First Tier Suppliers

- Raw materials transformation.
- Packaging.
- Other services such as labour agencies, subcontractors, logistics etc.

Production Sites

180 Danone production sites around the world in principal markets.

Distribution

Distribution to:

- retail chains;
- traditional market outlets;
- e-commerce;
- on-the-go and convenience stores; and
- specialized distribution channels such as hospitals, clinics and pharmacies.

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

SUSTAINABLE SOURCING

DUTY OF VIGILANCE

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

LABOUR RISK MAPPING

To identify the prominent risks, we undertook both materiality and risk-mapping exercises in 2017, the latter across Danone's 20 purchasing categories with the highest exposure. We analysed the sustainability risks in the supply chain using a checklist derived from the ISO 26000, GRI G4 and SA 8000 standards, taking into account the potential impacts of purchased products, with a strong focus on human rights and impacts on local communities and consumers, but 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 workers employed through outside labour providers with four agricultural raw materials: palm oil; cocoa; cane sugar; fruit. In the agricultural categories, potential risks identified are mainly at the upstream end of the supply chain – at farms and plantations – and include, in particular, the potential risks typical of agricultural chains, such as working conditions, health and safety, forced labour and child labour. Knowing where the raw material is actually produced is the first necessary step to be able to address the risks upstream.

AGRICULTURAL SUPPLY CHAIN TRANSPARENCY

RAW MATERIAL	TRACEABILITY	ADDITIONAL INFORMATION
Palm Oil	At the end of 2020: <ul style="list-style-type: none"> • 95% certified Roundtable on Sustainable Palm Oil (RSPO) segregated • 3% certified RSPO mass balanced • 2% sourced from Africa 	Danone partners with Earthworm Foundation (formerly The Forest Trust) to ensure traceability of palm oil. Direct and mill-level suppliers available on our website
Fruit	<ul style="list-style-type: none"> • 100% traceable to tier two 	<ul style="list-style-type: none"> • 100% in 2019
Cocoa	<ul style="list-style-type: none"> • 70% traceable to country level 	<ul style="list-style-type: none"> • 70% in 2019 • 80% UTZ certification
Sugar Cane	<ul style="list-style-type: none"> • 83% traceability (41% mill-level, 42% plantation level) 	<ul style="list-style-type: none"> • Partner with Proforest to ensure traceability



PALM OIL ADDITIONAL INFORMATION CONTINUED

Since 2015, Danone has pledged to ensure the traceability and provenance of the palm oil it uses. In order to guarantee that it can be traced back to the plantations, in 2020 Danone worked with two of its US suppliers to build the first segregated palm oil supply chain in the US.

In parallel Danone is supporting the livelihoods of small farmers, for example through participating to a multi-stakeholder holistic project in the Siak and Pelalawan districts in Indonesia. The aim is to develop sustainable and inclusive production models in these regions.

Structure, Operations & Supply Chain of Reporting Entities

Overview

Danone Australia is a health food company that works with parents, carers and healthcare professionals to provide education on early life and advanced medical nutrition through the provision of advice and support. Danone Australia also sells to the Australian market early life nutrition products, as well as dairy, water and medical nutrition products. Danone New Zealand is a key partner of Danone Australia in its goal of encouraging healthy and balanced nutrition through its products and services as it is the primary supplier of products to Danone Australia.



Relationship of Reporting Entities

Danone Australia and Danone New Zealand are Related Entities and part of Danone’s global network. The entities are closely connected as they share resources, supply chains, and a General Manager. Danone New Zealand is responsible for the supply of high-quality, specialised nutrition products to Danone Australia, which are in turn offered for sale to the Australian market. Aside from its role in the supply of goods, Danone New Zealand does not have any operational presence in Australia.

Danone Australia and Danone New Zealand are both wholly owned by a Danone entity based in the Netherlands, with the ultimate holding company for the entities based in France. Danone Australia and Danone New Zealand leverage from their international network to keep a close eye on their supply chains and ensure that products they offer for sale are ethically produced.

Sourcing Products

The majority of products sold by Danone Australia are supplied to it directly by Danone New Zealand. This is a significant benefit to Danone Australia and Danone New Zealand as the close operational and cultural relationship between them allows information relevant to modern slavery risks to be easily shared so that appropriate actions can be taken to assess and address those risks.

Danone Australia and Danone New Zealand also have the benefit of having a Danone entity based in Singapore as the primary manufacturer and supplier of goods to Danone New Zealand, although some of the goods sold by Danone Australia are sourced from other manufacturers. For example, some soy-based products are sourced from Indonesia, some goat-milk based products are sourced from another New Zealand entity, and some infant nutrition products are sourced from the Netherlands.



SUPPORTING OUR SUPPLIERS

DRIVING RESPONSIBLE ACTION

Danone's approach to responsible sourcing is based on our Sustainability Principles, which cover our own operations and supply chain, with standards on labour rights, environmental protection and business ethics. Through our policies and principles, we strongly encourage good practice both upstream at farm level and by our direct suppliers.

RESPONSIBLE PROCUREMENT

We implement responsible procurement and due diligence through our 'RESPECT' programme dedicated to direct suppliers outside of liquid milk, for example 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 (UNGP).

EVALUATION PROCEDURES FOR DIRECT SUPPLIERS

As part of the RESPECT process, we ask our direct suppliers to register on the Supplier Ethical Data Exchange (Sedex) collaborative platform and complete a self-assessment questionnaire evaluating their sustainability performance, which includes human rights criteria. At the end of 2020, 3,891 supplier sites were registered on the platform and 57% had completed the new 2020 questionnaire.

In 2020, we conducted, in parallel, a new risk analysis combining risks and materiality for the top 50 suppliers (by purchase amounts) of Danone's representative business units and global categories. We developed an in-house human rights impact score for each of these suppliers, which was weighted by:

- the inherent country social risk index as identified by the new Sedex risk tool (50%);
- the purchase amount (30%);
- the purchase category risk (20%).
- the inherent country social risk index as identified by the new Sedex risk tool (50%);
- the purchase amount (30%);
- the purchase category risk (20%).

SOCIAL AUDITS

Danone's on-site assessment of its 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 ethics. This internationally recognised audit protocol includes management's and workers' interviews in addition to facility tours and documentation review. Its human rights scope covers 'International Labor Organization' (ILO) core conventions and is regularly updated.

BREAKDOWN OF CRITICAL NON-CONFORMITIES IDENTIFIED Analysis focused solely on critical non-conformities from SMETA audits (or those conducted using a similar methodology) of Danone suppliers in 2019 and 2020.

	2019	2020
Total number of critical non-conformities identified	277	126
Percentage of critical non-conformities related to:		
• Forced labour	1%	1.6%
• Child labour	1%	0%
• Health and safety	51%	49.2%
• Discrimination	0%	0%
• Freedom of association and the right to collective bargaining	2%	2.4%
• Working hours and compensation	27%	33.3%
• The environment	8%	4.8%
• Business ethics	5%	4%
• Other	5%	4.8%

Through the Sedex platform, we can also access audits of shared suppliers by peer companies and we participate in mutual audit recognition through the AIM-Progress forum. As a result, in 2020 we had access to 309 SMETA audits carried out on our suppliers, either by ourselves or by our peers (less than previous years because of the Covid-19 pandemic). Auditors flag the non-conformities with local and international laws and standards and include in their report a corrective action plan for the supplier to implement within an appropriate timeline. Audits are considered as closed when auditors have verified the remediation. With regard to continuous supplier improvement and audit closure, our goal is to establish regular dialogue with our direct suppliers on their responsible purchasing processes and monitor audit effective remediation, including when audits of shared suppliers are conducted by peer companies. If they don'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 Principle standards.

RESPECT PROGRAMME

We track our RESPECT programme using three indicators: KPI 1 (suppliers' registration on the Sedex platform), KPI 2 (the audit plan completion rate) and KPI 3 (on-time closure by auditors of audits that identified critical non-conformities).

Due to the pandemic, in 2020 the latter two indicators were temporarily converted to indicators of means, which helped strengthen the involvement of the purchasing teams. Instead of plan completion, KPI 2 measured the purchasing teams' collaboration in developing the 2021 audit plan, combining risk and commercial significance. This indicator reached 89% for the regions in 2020.

Regarding audit closure, in the context of the Covid-19 pandemic, Danone focused on developing new processes to increase the robustness and sustainability of its supplier remediation plans, and implemented dedicated experts in China and Mexico to help suppliers develop their corrective action plans. In 2020, the KPI 3 indicator measured the buyers' involvement with their suppliers in the closure of critical non-conformities, with the help of expert resources. This indicator reached 74% at the end of the year.

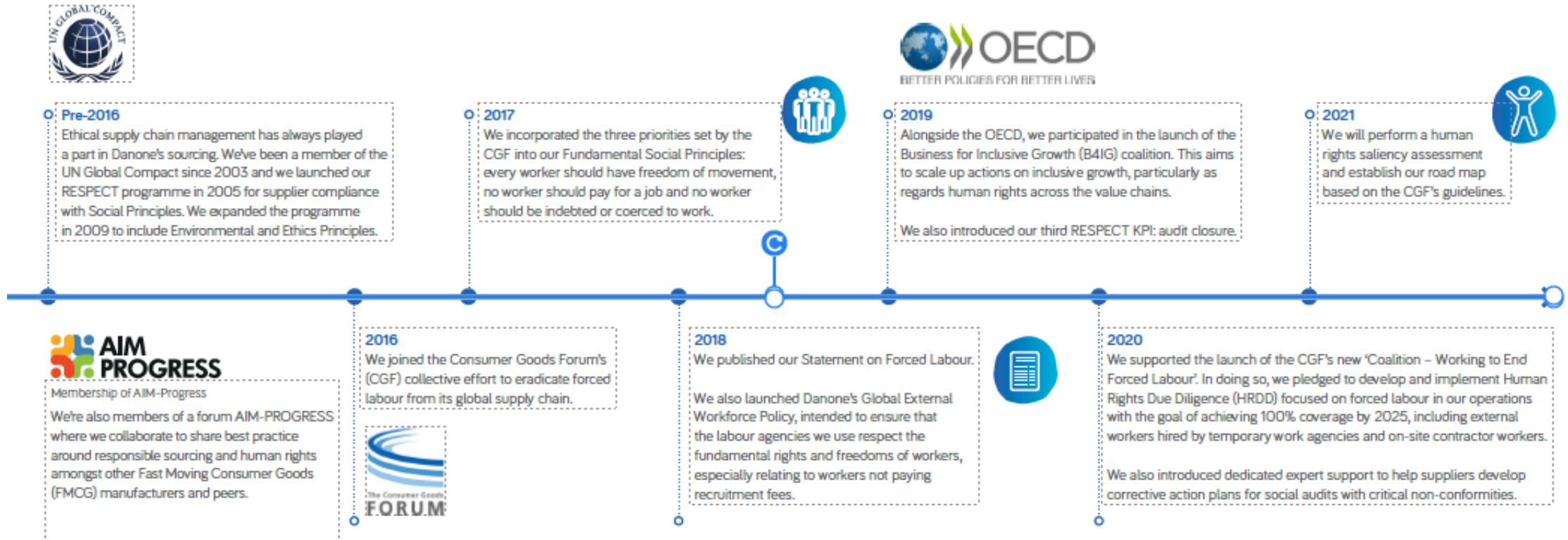
ENGAGING WITH PARTNERS TOWARDS MORE RESPONSIBLE PRACTICES

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



ELIMINATE CHILD LABOUR AND FORCED LABOUR

In November 2020, the 40-member OECD Business for Inclusive Growth coalition issued a position paper reaffirming its resolve to eliminate child labour and forced labour, and to respect freedom of association. To that end, the members intend to develop and mobilise tools related to due diligence, helping suppliers make progress in terms of human rights and grievance mechanisms.



ESTABLISHING STRONG SOCIAL FUNDAMENTALS

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



Cooperation with the International Union of Food Workers (IUF)

In light of our dual economic and social project, Danone has worked closely with the International Union of Food Workers (IUF) since 1989 to support workers and human rights. We have signed 10 worldwide agreements with them. These agreements are deployed in each of our entities and joint assessments are conducted every year by a Danone representative and an IUF representative. A total of 60 joint assessments were conducted between 2009 and 2020.

Alignment to International Labor Organisation (ILO) Conventions:
Sustainability Principles (For Danone and our Business Partners)



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

Global External Workforce Policy

Launched in 2018, [Danone's Global External Workforce Policy](#) is a set of internal guidelines targeted at labour agencies to ensure they respect the fundamental rights and freedoms of workers, especially relating to forcing workers to pay recruitment fees.

In 2020 we piloted in Mexico a dedicated methodology for social audit of labour agencies, co-developed with and executed by an external specialised agency. The methodology includes workers surveys applied to the temporary workers and to their Danone colleagues and managers to better assess the temporary workers situation.



FOSTERING INCLUSIVE GROWTH

At Danone, governance is not solely about monitoring and regulating behaviour. We also challenge ourselves to continuous improvement by strengthening our processes and aligning to internationally recognised frameworks such as the United Nations Global Compact and B Corp.

COMPLIANCE PROCESSES

In 2020, compliance with the responsible purchasing and human rights programmes is monitored by the nature and water cycle department, part of the cycles and procurement department, under the responsibility of the Chief Cycles & Procurement Officer. An update on the progress of the human rights pillar of the Vigilance Plan was presented to the Board of Directors' Engagement Committee in December 2020.

OUR 2030 COMPANY GOALS

At Danone we've defined a set of nine long-term goals – aligned with the United Nations' Sustainable Development Goals – to embrace the food revolution while creating sustainable value for our shareholders and ecosystem.

In 2020, we took another step forward by becoming the first listed company to adopt the *Entreprise à Mission* model, selecting four of our 2030 Company Goals as our mission and integrating them into our by-laws.

The by-law 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.' Responsible sourcing, supply chain management and human rights will be monitored by the Mission Committee (with specific targets set for 2021) and verified by an independent third party under the *Entreprise à Mission* status.

ADOPTING THE ENTREPRISE À MISSION STATUS

We have appointed a Mission Committee to monitor progress and have defined key performance indicators, including 'Responsible Sourcing & Supply chain due diligence and Human Rights, to allow an independent third party to verify this. This step is also in line with our goal of obtaining worldwide B Corp certification by 2025, which will show consumers and stakeholders that all Danone entities and brands are putting their businesses to work to serve society and that we commit to the highest social and environmental standards.

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.

All reports received in the human rights category are initially reviewed by human resources. If serious violations are identified based on a report, the sustainability, human resources and general secretary departments come together to review them and determine appropriate action plans.

In 2020, 31 reports were made in the human rights category. Of these, 24 cases have been closed and seven are still under investigation.

In 2020, we strengthened our process to address human rights violation allegations coming from channels other than the Danone Ethics Line.

DANONE GOALS BY 2030

OUR BRAND MODEL



DANONE BECAME THE FIRST LISTED COMPANY TO ADOPT THE "ENTREPRISE À MISSION" MODEL CREATED BY FRENCH LAW IN 2019.

AN "ENTREPRISE À MISSION" IS DEFINED AS A COMPANY WHOSE SOCIAL AND ENVIRONMENTAL OBJECTIVES ARE ALIGNED WITH ITS PURPOSE AND SET OUT IN ITS ARTICLES OF ASSOCIATION.

Monitoring & Governance continued



Case Study: Educating Medical Staff on Modern Slavery Risks

Within our Specialised Nutrition business in Australia and New Zealand, we employ eight Nurses and a Midwife that are registered with the Australian Health Practitioner Regulation Agency (AHPRA) and support enterally fed patients using our enteral feeding products.

To promote safe and quality clinical practice and to protect patients and caregivers from any harm, abuse or exploitation, we deploy a range of training, resources, and a Safeguarding Policy and Framework to support the identification and reporting of cases which may result in harm or the potential harm of a Child (0-18 years) or Adult (18+ years). All field-based Nurses adhere to state specific mandatory requirements when working with children and hold current and valid Working with Children's cards (valid for 5 years).

The Safeguarding Policy, induction training and annual training programs aim to provide staff with information on:

- identifying and differentiating the various forms of Child/Adult abuse and neglect, including child exploitation and modern day slavery;
- our commitment to providing ongoing professional development to assist in identifying and appropriately reporting all forms of Child/Adult abuse and neglect in conjunction with local health service requirements and government legislation; and
- their individual role, responsibilities and professional accountability as Registered Practitioners including their obligation as "mandatory reporters" when actual or suspected cases arise.

We ensure that all patients and caregivers have access to our relevant policies and that any concerns raised by staff are treated respectfully and confidentially by the safeguarding clinical lead who will action and escalate concerns raised appropriately. In 2021 there were no safeguarding referrals or concerns registered or referred to other local health services.

Danone Australia / New Zealand



Our Commitment

What's Next?

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

- Commitment to implement human rights due diligence systems focusing on forced labour across 100% of Danone's operations by 2025, in line with The Consumer Goods Forum's 'Human Rights – Working to End Forced Labour' coalition
- A global compliance e-learning tool roll-out reminding colleagues of our commitments to ethical business practices, our Code of Business Conduct and Whistleblowing procedures
- An update of the Global External Workforce Policy
- Local Australia and New Zealand phased roll-out of the human rights e-learning for HR, Procurement, General Secretary and leadership teams
- The roll out of RESPECT e-learning to all buyers

Signatures on behalf of Reporting Entities

This statement was approved by the Board of Nutricia Australia Pty Limited on 30 June 2022.

This statement was approved by the Board of Danone Nutricia NZ Limited on 30 June 2022.



Rodrigo Lima
General Manager ANZ
30 June 2022



Contacts

If you have any comments or queries, please contact:

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THIS STATEMENT HAS BEEN PUBLISHED IN ACCORDANCE WITH THE MODERN SLAVERY ACT 2018 (CTH). IT OUTLINES THE MEASURES TAKEN BY THE DANONE GROUP AND ITS AUSTRALIAN AND NEW ZEALAND BUSINESSES DURING 2021 TO PREVENT SLAVERY, SERVITUDE, FORCED OR COMPULSORY LABOUR, AND HUMAN TRAFFICKING ACROSS OUR BUSINESS AND SUPPLY CHAIN.



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