



**DANONE**  
ONE PLANET. ONE HEALTH

# Joint Modern Slavery Statement

Nutricia Australia Pty Limited & Danone Nutricia NZ Limited  
2020

(Danone Australia / New Zealand)

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.

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

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

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

Danone supported the 2020 launch of the newly formed CGF *Human Rights Coalition – Working to end forced labour*. In doing so Danone committed to establishing and deploying Human Rights Due Diligence (HRDD) systems focused on forced labour in its own operations with the aim of reaching 100% coverage by 2021, including third-party labour engaged by contractors or labour agencies for the performance of regular and ongoing work in our own operations.

Danone will build in 2021 its implementation roadmap based on CGF guidelines.

During the G7 in 2019 Danone also spearheaded the creation of the 'Business for Inclusive Growth' (B4IG) coalition, in partnership with the Organisation for Economic Co-operation and Development (OECD), aiming to advance human rights and promote inclusion in workplaces and business value chains.

To date, more than 40 companies have joined this initiative. In the current context, we believe we need to go even further, strengthening collaboration with industry peers as well as labour unions, who can play a key role in alerting companies to risks upstream in their supply chains.

This report outlines our continued efforts, progress and achievements in 2020. For further detail on our approach, we invite you to read our [2019 Universal Registration Document and Integrated Report](#).

Implemented dedicated expert support to suppliers for building corrective action plan when audits identified critical non-conformities

3,500+ employees have taken the human rights e-learning module for HR and Procurement teams



# Danone Globally at a Glance

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

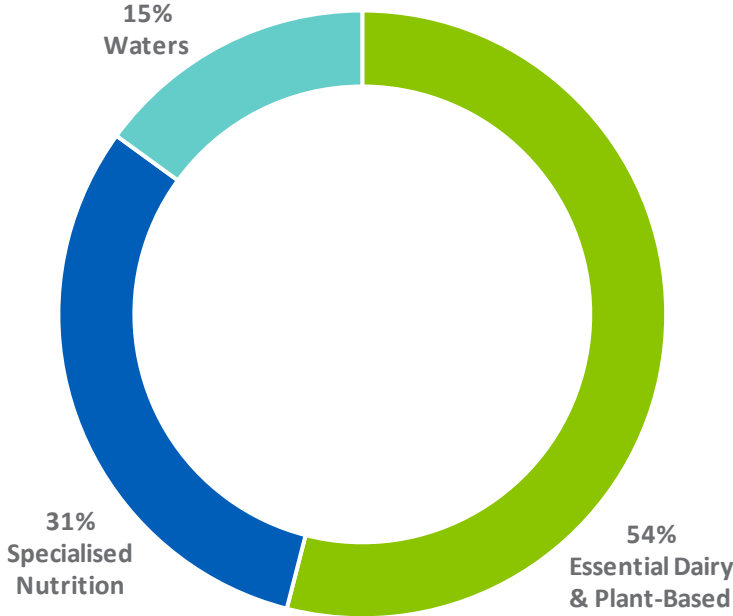
### LEADING POSITIONS <sup>(1)</sup>

**#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

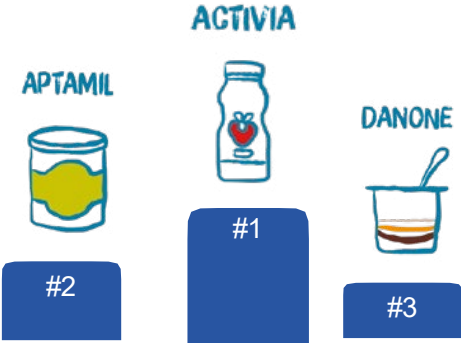
**120+**  
countries where Danone products  
are available around the globe

**100,000+**  
employees in over 55 countries

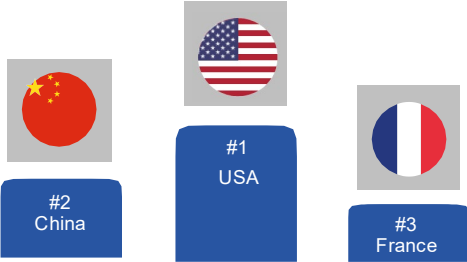
**43%**  
of sales outside Europe  
& North America

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

### TOP 3 BRANDS in % of 2020 sales



### TOP 3 COUNTRIES in % of 2020 sales



<sup>1</sup> Only in the subcategories and countries where Danone operates.

# Our Global Supply Chain

Danone has a broad supply chain, built on decades of strong collaboration and partnership. We believe in promoting inclusive growth to create opportunities for all segments of our supply chain to share in increased prosperity. This commitment is reinforced through initiatives such as Business for Inclusive Growth (B4IG), which was launched in August 2019 (see more page 8).

Our Supply Chain Structure

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



## Raw Material Sourcing

### Milk products

Sourced locally, directly or indirectly, from 58,000 farms across 20 countries, 80% being family farms

- Collaboration with farmers through initiatives such as the 'Farming for Generations' and the Sustainable Dairy Partnership

The worldwide Farming for Generations (F4G) alliance created by Danone in 2019 includes several major players in the worldwide agriculture chain and advisers to provide a forum for peer-to-peer exchanges of information. In December 2020, F4G set up programs in 33 farms in eight countries (in the United States, Europe and Russia). The F4G alliance has identified 58 best practices and innovations across various farming models, farm sizes and geographic areas.

- Relates to specific actions to combat/address human rights issues



## Raw Material Sourcing cont.

### Primary food categories

Human rights compliance monitored through traceability and certification

- **Fruit**
  - 100% of fruit supplies are traceable to Tier 2 suppliers
  - Cocoa
  - 70% country-level traceability
  - UTZ certification
- **Cane sugar**
  - 83% traceability (41% mill-level; 42% plantation-level)
  - Working with ProForest to ensure traceability
- **Palm oil**
  - 98% certified: 95% RSPO Segregated; 3% RSPO Mass balance
  - Working with the Earthworm Foundation to ensure traceability: in 2019, we published the grievance mechanism, developed with Earthworm Foundation's support, to handle allegations (being 'deforestation or human rights violations') of non-compliance with our palm oil policy and our mill list



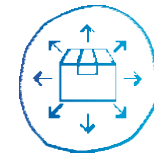
## First Tier Suppliers

- Raw materials transformation
- Packaging
- Other services such as labour agencies, subcontractors, logistics etc.
- Human rights compliance monitored through the RESPECT programme (see page 5) – As part of this more than 3,890 supplier sites are monitored through Sedex (Supplier Ethical Data Exchange)



## Production Sites

- 190 production sites in principal markets
- Compliance with HR processes
- Danone's Global External Workforce Policy (see page 9) covers labour agencies and temporary workers



## Distribution

Distribution aims at:

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

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





# Our Global Supply Chain continued

## Governing risks in our supply chain

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

To identify prominent risks, materiality and risk-mapping exercises were undertaken in 2017 across the 20 purchasing categories with the highest exposure. These cover our direct activities and those of our suppliers, and we provided the following tools and procedures across each of these areas:

### Own Operation Employees

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

### Supply Chain Supplier and Sub-Contractors

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

## Strengthening human rights requirements in our due diligence

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

As part of the RESPECT process, Danone requires suppliers to join the Sedex platform and complete a self-assessment questionnaire which includes human rights criteria. At the end of 2020, over 3,890 supplier sites were registered on the platform. Next steps involve identifying high risk/high impact suppliers to build the audit plan (120+ for 2021). They are audited by a third party using the Sedex Members Ethical Trade Audit protocol (SMETA) which encompasses human rights, health and safety, business ethics, and environment.

3,890+

Suppliers registered on the Sedex platform in 2020

309

SMETA audits carried out on Danone Suppliers in 2020

In addition to its audit plan, Danone also has access to audits performed on our suppliers by peers. As a result, a total of 309 SMETA audits were carried out on Danone Suppliers in 2020 either by the company itself or by our peers.

## Supplier remediation

We improved the effectiveness of monitoring supplier remediation in 2020 by putting in place dedicated expert resources based in China and Mexico to provide corrective action plan support to suppliers. In the 2020 pandemic context, due to site access constraints, rather than measuring audit closure the company measured buyers’ engagement with their suppliers about the closure of critical non-conformities, supported by expert resources. It reached 74%.

The breakdown of the critical non-conformities identified in 2020 indicates the most common issues were 49% related to health and safety and 33% to working hours and compensation.

We continue to engage with suppliers on remediation steps.



# 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.

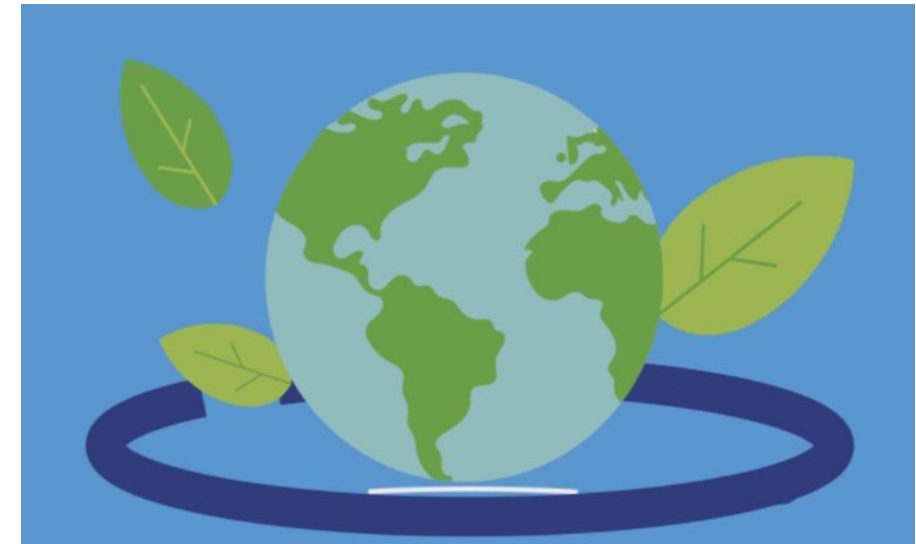
Danone Australia and Danone New Zealand are both wholly owned by a Danone entity based in the Netherlands, with the ultimate holding company for the entities based in France. Danone Australia and Danone New Zealand leverage from their international network to keep a close eye on their supply chains and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





# Control Measures and Consultation Processes of Reporting Entities

## Assessing Modern Slavery Risks

Danone Australia and Danone New Zealand leverage from their position within the global structure, to assess and address modern slavery risks in their supply chains.

As with any global enterprise, the enterprise of Danone Australia and Danone New Zealand carries with it a risk that must be managed of indirectly contributing to incidences of modern slavery. Danone Australia and Danone New Zealand consider that modern slavery risks in their supply chains and operations arise primarily as a result of:

- the reliance on suppliers of goods that operate in countries that may have less controls against modern slavery risks as a result of their particular political systems and economic and socio-cultural structures;
- the potential for cost pressures or pressures associated with delivery timeframes to influence suppliers to reduce working conditions below acceptable levels; and
- the potential use of suppliers of unskilled labour in locations with a high workforce density and minimal oversight.

To this date and based on information known, Danone consider they do not have high risk parties as Danone New Zealand is the primary supplier to Danone Australia, and the supply chain of the enterprise is otherwise relatively small in size and consists of a number of parties with which there is a close operational connection.

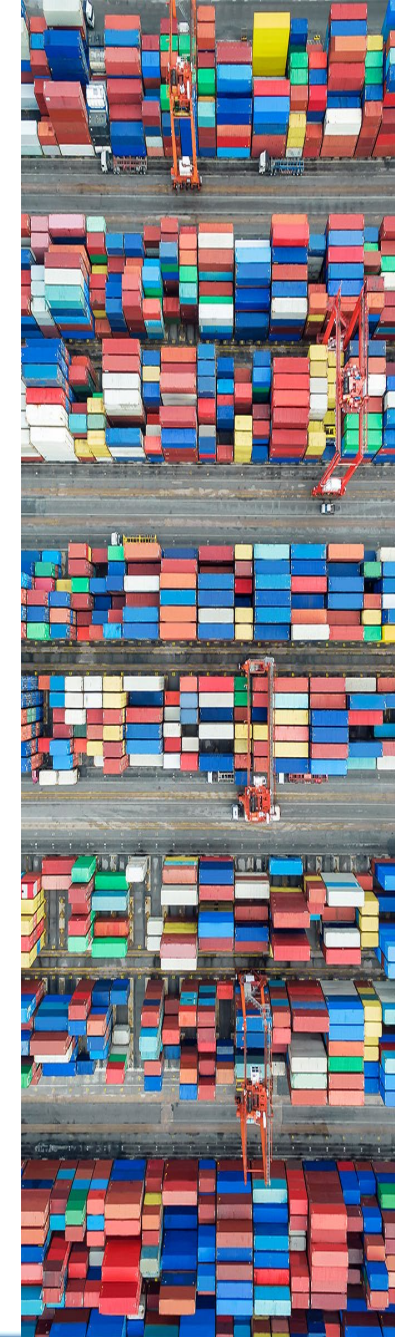
## Assessing Modern Slavery Risks and Assessing Effectiveness of Approach

Danone Australia and Danone New Zealand rely on the RESPECT Programme – a procurement due diligence program (excluding raw milk) – to ensure that other entities engaged to manufacture and supply goods which are ultimately sold by Danone Australia have appropriate systems to monitor and mitigate risks. The RESPECT Programme has a particular focus on human rights requirements. It entails requiring suppliers to join the Sedex platform and complete a self-assessment questionnaire. The next step involves identifying high risk/high impact suppliers to audit. Danone conducted a new risk approach in 2020 combining risk and spend in representative Business Units and global categories. The company developed an in-house Human Rights impact score which was used to select priority suppliers to audit in 2021.

At the time of engaging a contractor, Danone Australia and Danone New Zealand set expectations about the management of modern slavery risks by requiring the contractor to comply with the Danone Sustainability Principles for Business Partners, which are included in every third-party contract for services. The Danone Sustainability Principles for Business Partners sets out expected standards with respect to human rights, including by providing that the contractor is expected to respect international labour standards (including the core conventions of the International Labour Organisation) and legislation prohibiting slavery and human trafficking. The Sustainability Principles requires the contractor to comply with ‘fundamental social principles’, including with respect to child labour, forced labour, discrimination, freedom of association and the right to collective bargaining, health care and safety at work, working hours and pay. If any contractor is found to have breached one of the requirements of the Sustainability Principles, and corrective actions are not appropriately implemented, the contractual engagement of the supplier may be cancelled.

## Consultation

Danone Australia and Danone New Zealand have direct control over all relevant business operations in the Australian market and do not own or control any other entities. Danone Australia and Danone New Zealand consult regularly with each other as part of a collaborative approach to achieving the ultimate goal of offering to market the highest quality products and services. To facilitate the consultative process, the Danone Group has established a Central Business Service for the Oceania region which services both Danone Australia and Danone New Zealand and provides a central hub through which relevant operational matters (including the management of risks) are shared and discussed. Consultation also occurs at Board level, which is facilitated by reason of the fact that Danone Australia and Danone New Zealand share company directors.



## Partnerships, Memberships, Commitments & Policies

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



### Partnerships, Membership & Commitments

**At Danone, collaboration and partnerships are key to our success.**

**In 2020, we continued to partner with leading agencies, non-governmental and industry organisations, as well as business partners to enhance our reach and impact.**



#### Commitment to the United Nations Global Compact (UNGC)

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

#### Membership of the Consumer Goods Forum (CGF)



Since 2016, Danone has supported the CGF with its objective to eliminate forced labour in global supply chains. In 2018, Danone formalised this commitment in the [Danone Statement on Forced Labour](#) and in our Sustainability Principles for Business Partners (see page 9).

In 2020, we supported the launch of the CGF's 'Human Rights – Working to End Forced Labour' coalition and are committed to implementing human rights due diligence systems across all operations by 2025.



#### Business for Inclusive Growth (B4IG) Collaboration



In partnership with the OECD, Danone launched the 'B4IG' coalition at the G7 in Biarritz in August 2019.

Designed to advance human rights and promote inclusion within business and enterprise, the coalition requires members to sign a pledge to demonstrate their commitment and take action.

In November 2020, the 40-member 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 further develop and mobilize tools related to due diligence, to support suppliers advance their respect for human rights and grievance mechanisms.



#### Membership of AIM-Progress

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



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

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.



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.

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.



Danone has a long-term commitment to social responsibility, and good governance is an integral part of our corporate structure and operations.

A key principle for our governance is that we place social and societal responsibility at the heart of our management and strategy.

### Governance of Human Rights

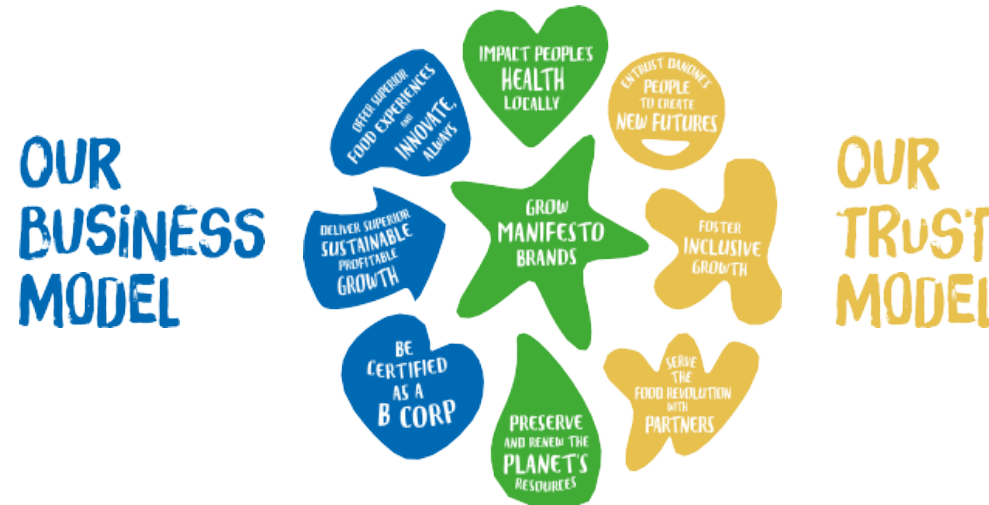
Danone has adopted a governance structure and effective policies and processes to meet the expected standards of human rights and modern slavery compliance.

Compliance with our responsible purchasing and human rights programmes is monitored by the Nature and Water Cycle team, under the responsibility of the Chief Procurement & Cycles Officer. An update on the progress of the human rights pillar of the vigilance plan was presented to the Engagement Committee (a committee from the Board of Directors) in December 2020.

Under the Danone Way programme, all entities are required to conduct annual self-assessments to measure how they are performing against our sustainability commitments and priorities, according to a set of guidelines centered on our 2030 Goals. In relation to human rights, this includes monitoring at-risk suppliers through our RESPECT programme (see page 5) and application of our Global External Workforce Policy via a self-assessment tool (see page 9), training, and supplier engagement.

For more detail on our approach to governance, refer to [our 2019 Universal Registration Document and Integrated Report](#).

## OUR BRAND MODEL



### Training and Development

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

In 2019, we launched a dedicated human rights and forced labour e-learning module for HR and Procurement teams. At the end of 2020 the training had been undertaken by more than 3,500 Danone employees.

In parallel, RESPECT training including forced labour related awareness raising, was stepped up by increasing the number of online seminars. In 2020 they included more than 327 buyers, champion or procurement directors, with a third attending more than one session. In addition, the RESPECT team have recently developed e-learning modules that will form part of the buyer competency scheme.

### Danone 2030 Goals Redefined

We firmly believe that the health of people and planet are interconnected. Both need to be nourished and protected. At the same time, the world over, people are reinventing how to eat, drink and socialize over food. We have defined our Danone 2030 Goals in line with our 'One Planet. One Health' frame of action, and to adequately respond to the challenges and opportunities of the ongoing food revolution.

The integrated set of 9 long-term goals embeds our business model, brand and trust models. The Danone 2030 Goals are aligned with the 2030 Sustainable Development Goals of the United Nations, thus adopting a language that is universally understood. To learn more about how Danone contributes to the UN's Sustainable Development Goals, [click here](#).

### Whistleblowing

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

In 2020, 31 reports were made at the global level in the 'human rights' category. This category includes violations in the areas of child labour, forced labour, right to collective bargaining, working time and wages. The reports received in 2020 focused on routine human resources matters. None of them qualified as a human rights violations, but all have been or are being pursued thorough internal investigations.



## 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 2020 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 March 2021.

This statement was approved by the Board of Danone Nutricia NZ Limited on 30 March 2021.



Rodrigo Lima  
General Manager ANZ  
30 March 2021





## 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 2019-20 TO PREVENT SLAVERY, SERVITUDE, FORCED OR COMPULSORY LABOUR, AND HUMAN TRAFFICKING ACROSS OUR BUSINESS AND SUPPLY CHAIN.



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