



DANONE
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Modern Slavery Statement

Danone Murray Goulburn - 2020

Welcome to the Modern Slavery Statement for Danone Murray Goulburn Pty Limited (DMG) where we outline the actions of our business to contribute to the eradication of modern slavery in all its forms.

With the many challenges the world is currently facing, 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 risks of forced labour and other human rights violations worldwide. At DMG we continue to pursue our efforts in tackling these risks within our operations and supply chain.

DMG is a joint venture between:

- Danone Asia Pte Ltd (Danone), which is part of the Danone Group, an international food and beverage business focusing on health products; and
- Saputo Dairy Australia Pty Ltd (Saputo), which is part of Saputo Inc., one of the top ten dairy processors in the world.

The intention of this partnership was to bring together the shared experience of Danone and Saputo and bring to the Australian market high quality yoghurt and other fresh dairy products.

Given its nature as a joint venture, the actions of DMG to combat modern slavery should be understood within the broader framework of the systems implemented by its controlling entities, Danone and Saputo.

Further information in relation to those systems is available via:

- the [Danone Group 2019-20 UK Modern Slavery Statement](#); and
- the [Saputo Dairy Australia 2019-20 Modern Slavery Statement](#).

Collaboration between the entities is essential to driving real progress towards eradicating modern slavery, human trafficking and child labour.

This Modern Slavery Statement identifies actions taken by DMG, including through its controlling entities, to drive this progress.



Our business (structure, operations and supply chains)

DMG is a joint venture between Danone and Saputo that was announced in March 2010 and has been operating in the Australian market ever since. We are a company domiciled in Australia under the Corporations Act 2001 (Cth).

Our yoghurt and other fresh dairy products are manufactured at a factory in Kiewa, Victoria and sold throughout Australia. We have over 110 employees (in both the office and the factory), who play an integral part in our operations.

Our close connection to Danone and Saputo – high-quality businesses which we know and trust – gives us great confidence that the operation of our business does not contribute to the prevalence of modern slavery.



Our business leans on Danone and Saputo because:

- we lease our factory in Kiewa from Saputo;
- some employees of Saputo assist us in our manufacturing operations at the factory (through labour hire arrangements);
- we source ingredients and milk products from Saputo and Danone; and
- we obtain warehousing and logistics services from Saputo.

To a limited extent, our supply chain also involves other third-parties because:

- we use some third-party providers to provide logistics, warehousing and packaging services (in addition to Saputo); and
- we source a small amount of our products from a third-party provider.

Our Code of Conduct for Business Partners sets out the standards to which we hold participants in our supply chain. Our expectation with respect to human rights is set out at clause 5 of the Code of Conduct as follows:

“Business Partners are expected to protect and promote the human rights of their employees. We expect them to be fair employers and to respect international labour standards, including the core conventions of the International Labour Organization and legislation prohibiting slavery and human trafficking.”

We are very proud that our dairy food products are produced in an ethically conscious manner and we are committed to doing everything that we can to play our part in eradicating modern slavery.

We implement a number of strategies to ensure that this commitment is borne out in our day-to-day operations and confirm that third-party providers which we use as part of our supply chain share our values and vision.

Risk Identification (operations and supply chains)

While we do not own or control any other entities, we are continually assessing the nature of our operations and supply chain to consider modern slavery risks that may arise in connection with our business.

We consider that the risks which are of particular relevance to our operations and supply chain are as follows:

- Risks associated with sourcing ingredients and products from third-parties who have operations overseas where we have less knowledge and understanding about political, economic and socio-cultural factors which can affect modern slavery outcomes;
- Risks associated with engaging third-party providers to provide logistics, warehousing and packaging services, including the risk that a provider may fail to comply with their employment and work health and safety related obligations to employees and other workers; and
- Risks associated with the impacts of costs pressures and delivery timeframes, which may have the unintended consequence of influencing suppliers to reduce labour conditions.

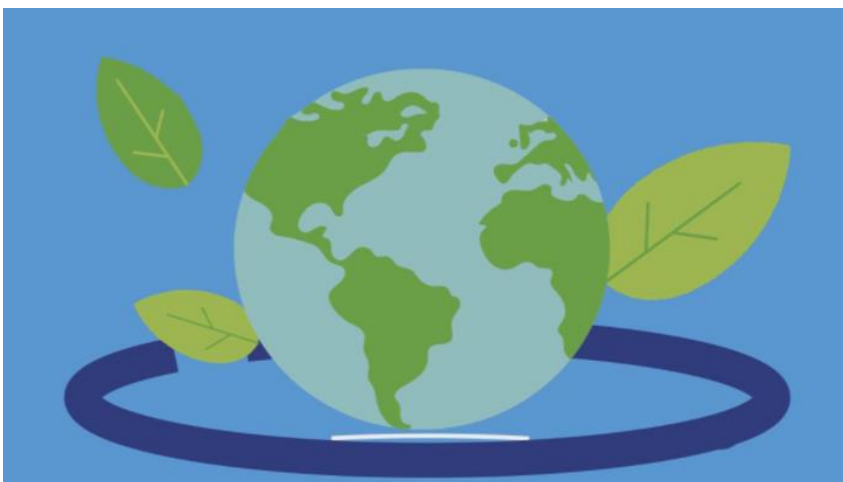
While we rely on only a relatively small number of third parties in our supply chain, we assess modern slavery risks on a case-by-case basis.

This starts at the time that we engage a contractor or supplier as part of a 'vetting' process by which we assess potential risks by reference to the nature of the prospective engagement and information specific to the prospective contractor or supplier.

A number of our primary suppliers have been separately assessed by Danone and/or Saputo using the Sedex Ethical Data Platform (Sedex), which serves a further mechanism by which an assessment of the risk presented by particular contractors can be undertaken.

Danone requires suppliers to join Sedex and complete a self-assessment questionnaire which includes human rights criteria. Saputo also engages with Sedex and recently undertook a process to identify potentially 'high risk' suppliers.

We have recently begun a process of consultation with Danone about joining Sedex so that we can ensure that all of our suppliers are individually assessed through the platform. We expect to have implemented Sedex as another risk assessment tool in 2021.



Actions Taken

Pre-engagement

As engagement with third parties is our main modern slavery risk area, our vetting process for new suppliers and contractors is one of our key tools for managing modern slavery concerns within our business.

The vetting process enables us to identify at an early-stage suppliers and contractors that present an unacceptable modern slavery risk. Suppliers and contractors that are identified during the vetting process as unable to meet expected standards are not engaged and do not join part of our supply chain.

We utilise the same third-party vetting tool as Danone to enable effective cross-collaboration when screening new suppliers.

Engagement

When a contractor or supplier is engaged, they are required to comply with:

- a) our Code of Conduct for Business Partners, which promotes respect for human rights including through adherence to international labour standards and legislation prohibiting slavery and human trafficking; and
- b) our Sustainability Principles, which require compliance 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.

The Code of Conduct and Sustainability Principles are included in every third-party contract for services that DMG enters into with a supplier and contractor. If any supplier or contractor is found to have failed to meet the standards of the Code of Conduct or Sustainability Principles and corrective actions are not appropriately implemented, the contractual engagement of the supplier or contractor may be terminated.

Post-engagement

We monitor the performance of the members of our supply chain during the life-cycle of the contractual relationship with those members. In the event that we become aware of any issue or concern with a supplier or contractor that relates to modern slavery, our policy is to immediately investigate the issue or concern and require the party concerned to implement appropriate corrective actions. If this is not possible, termination of the contractual relationship may be necessary.

We also rely on the Danone Ethics Line, which is operated by Danone, a hotline which enables whistle-blowers to report suspected environmental and human rights violations. Any issues reported via the hotline that relate to a member of our supply chain are passed on to us by Danone. This provides an additional mechanism for addressing potential modern slavery risks in our supply chains and allows for appropriate action to be taken where an issue is identified.

Education of employees

We are also focused on ensuring our own employees are educated on modern slavery risks and are aware of the important role they play in identifying modern slavery-related issues. Employees receive training on our Code of Conduct which outlines the expected standards of behaviour and promotes the importance of our values on human rights.

Going forward, we are also planning to strengthen the focus on modern slavery in our compliance induction sessions for new employees, as well as in our 'Acting with Ethics' module which is mandatory for employees to complete each year.

Assessing the effectiveness of our actions

In order to assess the effectiveness of our actions, we regularly review the actions we take to identify and address modern slavery risks in our business and supply chain. These steps include re-vetting third parties with which we engage at least every two years, reviewing any issues or concerns raised to ensure any identified or potential risks are appropriately addressed, and ensuring our employees remain educated on potential modern slavery risks within the supply chain.

Consultation

Being a joint venture between Danone and Saputo, we regularly consult with those entities in relation to operational risks, including issues arising in our supply chains that may present a modern slavery risk.

This consultation occurs primarily at our board meetings which are attended by senior representatives of Danone and Saputo, as well as through other consultative processes provided for in our Joint Venture Shareholders Agreement. The DMG Board meets at least three times per year and provides monthly updates to Shareholders regarding key operating highlights and any issues of concern.

These provide forums for consideration of potential modern slavery issues and the effectiveness of our collective efforts in addressing these risks within our operations and supply chains.

This Statement was approved by the Board and Management of DMG:



Margaret Chen
Danone Murray Goulburn Chair



Marjorie Garrovillo
General Manager, EDPI Australia



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



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