
DANONE SUSTAINABLE SOURCING POLICY



PUBLICATION DATE: June 1, 2024

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Publication Date: June 1, 2024
Issuing Department and owner:
Cycles and Procurement
Approvers: Danone Chief Sustainability and Strategic Business Development Officer and Danone Chief Operations Officer

EFFECTIVE DATE & PRIOR COMMITMENTS:
This Policy is effective from the publication date and replaces from such date, for suppliers in scope, Danone Sustainability Principles & Implementation Note for Business Partners.

THIS POLICY COMPLEMENTS OUR:
Human Rights Policy, Forest Policy, Climate Transition Plan, Danone Impact Journey Report on Water 2024, Danone Impact Journey Commitment, Forced Labor Statement





INTRODUCTION

PREAMBLE

“We aim to amplify our positive impact on the planet and people by engaging together in the transformation of the food value chain while continuing to enhance economic growth for Danone and partners, in line with our dual project.”

Danone’s mission to bring health through food to as many people as possible began over 100 years ago with the first Danone yogurt in Barcelona - a simple food, with a simple aim to improve health. Over the years, we have built a unique health-focused portfolio, the driving force of our impact. But we know that our health impact is dependent on a healthy planet, as well as thriving communities.

Today’s operating context for food companies is increasingly complex, with interconnected social and environmental challenges. Despite companies’ efforts to address human rights violations, incidents of modern slavery are increasing in global supply chains, in connection with the rising number of people in vulnerable situation worldwide. At the same time, seven of the eight planetary boundaries needed to protect life have been breached, calling for urgent, just, equitable, and regenerative actions to ensure planetary stability.

These systemic challenges require collaboration, enhanced collective action, and the transformation of global food supply chains. Danone needs and wants to take an active role in this transformation. Building on our dual project and belief that performance and sustainability go hand-in-hand, and anchored in the Danone Sustainability Principles, we launched our Danone Impact Journey in 2023. Articulated around three core pillars: Health, Nature, and People & Communities, it is our concrete roadmap to drive value creation and leadership in

each of our categories, while strengthening the resilience of ecosystems throughout the food supply chain.

At the heart of this food system’s transformation is a new approach to the management of strategic resources. We know that our most significant social and environmental impacts occur in our supply chains. That is why, as our valued suppliers, you have an important role in this food system transformation.

This Sustainable Sourcing Policy, hereafter referred to as “SSP”, replaces for Tier 1 suppliers excluding farmers the Danone Sustainability Principles & Implementation Note for Business Partners. It sets the standards for Danone and our suppliers, and outlines our Company’s commitments to establish fair, sustainable, and ethical relationships. Danone has engaged with diverse stakeholders to develop it, including union representatives, NGOs, and international experts.

The SSP is articulated around three sets of Fundamental Principles on social, environmental and ethical issues. The Fundamental Social and Environmental Principles bolster Danone’s expectations of our Suppliers, guided by the United Nations Guiding Principles on Business & Human Rights (UNGPs), the International Bill of Rights, and the eight core conventions of the International Labour Organization (ILO). The Fundamental Environmental Principles seek to focus on the issues we have identified as most relevant, aligning our company targets with our expectations from our suppliers.

Finally, the Fundamental Business Ethics Principles are based on [Danone’s Code of Conduct for Business Partners](#).

We recognize that this SSP, in some cases, goes beyond industry norms and/or local regulations. We also acknowledge that transformation takes time to implement. For each Principle, the SSP outlines the mandatory requirements that Danone requires suppliers to meet and cascade to their own suppliers; it includes recommended management systems¹ (appropriate measures to meet the mandatory requirements); and advanced practices to strive towards, in the spirit of continuous improvement. Danone is on this journey with all suppliers and only wants to do business with suppliers who meet or actively work towards meeting these mandatory requirements. We aim to amplify our positive impact on the planet and people by engaging together in the transformation of the food value chain while continuing to enhance economic growth for Danone and partners, in line with our dual project.



¹ Refer to the OECD Responsible Business Conduct due diligence approach ([link](#))

SCOPE

This section outlines the scope of application of the SSP.

The SSP applies to Danone’s “Suppliers”. By Suppliers, we mean **all Tier 1 suppliers that have a contractual relationship with Danone** to provide goods or services, but **excluding** specific suppliers detailed below, such as **farmers**. This SSP is applicable to all employees of our Suppliers; all parts, divisions, and subsidiaries controlled by, or which control, our Suppliers; and contracted workers or services retained by Suppliers (for example: contracted workers for manufacturing, security, catering, janitorial and other services).

All types of business - The SSP applies to all Supplier types of business, regardless of size and number of employees, to the fullest extent relevant **to their business and type of operations**.

Suppliers’ own policies - In cases where Suppliers have adopted their own policies, Suppliers must demonstrate and confirm they meet or exceed the Mandatory Requirements through the application of their own policies.

Extended supply chain - Danone recognizes the critical role Suppliers must play in spreading the SSP in our extended supply chain. Accordingly, **Suppliers are required to cascade mandatory requirements equivalent to the SSP, within their supply chain**, meaning Tier 2 and onward suppliers, and with their sub-contractors performing a work under a contract with Danone.

Cascading SSP’s mandatory requirements (or Suppliers’ requirements at least equivalent to SSP) within the extended supply chain requires, without limitation, the following actions: communicating, informing and explaining, monitoring compliance (notably through reporting processes and audits as much as practically possible), sharing significant issues or residual risks with Danone, and generally enforcing SSP (or Suppliers’ requirements at least equivalent to SSP) to the fullest extent possible. We expect all suppliers upstream of Tier 1 suppliers to comply with Danone Code of Conduct for Business Partners as a minimum.

Some specific suppliers and Danone’s business partners are out of the scope of the SSP:

- Those specific suppliers are farmers, public institutions with no industrial and commercial activities and academics.
- Business partners are joint venture’s partners, distributors, clients, resellers, agents, franchisers and importers, retailers, charities, NGOs, Healthcare professionals and Key Opinion Leaders.

The relations with those suppliers and business partners are governed by the **Danone Sustainability Principles & Implementation Note for Business Partners**.



STRUCTURE AND IMPLEMENTATION

Structure – The SSP is an upgrade of the Danone Sustainability Principles, consisting of 3 pillars: **Fundamental Social Principles**, **Fundamental Environmental Principles** and **Fundamental Business Ethics Principles**.

Requirements

Each Principle is structured in three parts defined in the below table.

Suppliers **must meet** the Mandatory Requirements and **be able to demonstrate** that they have Enabling Management Systems in place to effectively meet the Mandatory Requirements. The SSP provides for each Mandatory Requirement some Enabling Management Systems, that are recommended for the time being. As the SSP will be regularly updated, some of them will become mandatory in the future. The SSP is driven by a spirit of continuous improvement, Danone actively encourages suppliers to continuously improve their approach and proposes Advanced Practices as a source of inspiration for future practices.

MANDATORY REQUIREMENTS

These requirements represent a contractual obligation and **Suppliers are required to comply with these requirements in their own operations and cascade them in their supply chain.**

The commitments and requirements of this SSP with respect to all **Mandatory Requirements, are deemed accepted by Suppliers** when they accept to undertake business with Danone, which is evidenced by the acceptance or signature of any legal contract or General Terms and Conditions of Purchase (GTCP) or General Terms and Conditions of Services (GTCS) and/or by the performance of a Purchase Order (PO) or generally any action manifesting Suppliers' acceptance to undertake business with Danone.

ENABLING MANAGEMENT SYSTEMS

Suppliers **must be able to demonstrate that they have management systems in place that enable them to effectively meet the Mandatory Requirements** within their organizations and to cascade them in their supply chain.

Suppliers are responsible for assessing and determining the type and complexity of their Enabling Management Systems, **based on the size, type and risk profile** of the Suppliers' business.

Enabling Management Systems include Suppliers' operational policies or written documents, procedures, tools, and trainings that enable Suppliers to meet the Mandatory Requirements.

The SSP provides for each Mandatory Requirement some recommended Enabling Management Systems.

ADVANCED PRACTICES

These are examples of the leading practices to date (without limitation) that **Suppliers are encouraged to implement** as part of their continuous improvement efforts.

STRUCTURE AND IMPLEMENTATION

Suppliers are expected to comply with **all applicable national, regional, and international laws and regulations**, whichever provides the **highest protection** for workers and/or for the environment.

Suppliers have a **responsibility to respect the human rights** of their employees and workers, particularly through respecting international labor standards, including the core conventions of the ILO and legislations prohibiting slavery and human trafficking. They also have the responsibility to respect the rights of the people impacted by their activities. Where relevant, Suppliers are expected to put in place safeguards ensuring the preservation of biodiversity, contributing to food security and access to water and sanitation, and avoiding harm to people’s health by preventing harmful soil change, water pollution, air pollution, harmful noise emission or excessive water use.

Suppliers shall also meet any and all requirements, as specified by Danone prior to purchase, or as otherwise agreed in the contract. This may include the requirement to share information that verifies the chain of custody, certification and satellite verification of origin production sites.

Conflicting requirements - Where mandatory local law requirements, or international human rights or environmental regulations and standards, or contracts and agreed specifications, differ from the SSP or Suppliers’ policies, the highest standard shall apply. In case of conflict of requirements, local law shall prevail; however, Suppliers shall seek ways to meet international regulations and standards to the greatest extent possible.



Human Rights and Environmental Due diligence - Danone encourages its Suppliers to **carry out human rights and environmental due diligence (HREDD)** in accordance with the OECD RBC due diligence approach. The purpose of conducting a HREDD is to identify, prevent, mitigate and account for how they address and manage potential and actual adverse impacts on social and environmental issues, that they may cause or contribute to through their own activities, as well as those that are directly linked to their operations, products or services by their business relationships.

GOVERNANCE, MONITORING AND CHAIN TRANSPARENCY

Governance and effectiveness

We acknowledge that our Suppliers operate within diverse legal frameworks and environments, and the need to monitor and continuously improve our approach to responsible sourcing. As such, this SSP will be reviewed on a regular basis and when necessary (e.g. regulations changes).

The Board of Directors (CSR Committee) will have oversight of this SSP and oversight of its implementation rests with the Impact Committee.

This SSP will be communicated to Suppliers during onboarding and become part of their contract. Any changes to the SSP will be similarly communicated to Suppliers. Danone encourages its Suppliers to be open and transparent about the challenges they face so that we can work together to ensure shared resilience. As such, we are committed to co-design and implement improvement plans to achieve compliance. Danone expects Suppliers to communicate this SSP to their own suppliers and contractors and apply it in their own operations and supply chain.

This SSP's effectiveness will be measured through the governance system we have put in place and the risk-based approach we take to the monitoring of compliance. In the Danone Impact Journey, we committed that this SSP will be deployed to all suppliers by 2030. We will report on progress against KPIs in our annual report.

Danone has designed the following due diligence risk based approach to monitor Suppliers' compliance with the SSP

- **Self-assessment and due diligence reviews** for selected suppliers, directly or via a specialized online platform (Suppliers will bear the cost of registration in such platforms: Sedex, Ecovadis or a mutually agreed upon alternative equivalent platform). Suppliers are expected to maintain the validity of the information for the duration of the business relationship.
- **Independent verification by third party audit and/or worker surveys programs** for high risks or priority sites, at Danone's request. Audits are performed at Supplier cost. When applicable, workers' accommodation provided by the Supplier or labor provider, and subcontractor production sites, may be included in the audit. Danone is using internationally recognized audit standards and, as a member of AIM-Progress, is committed to mutually recognize audits commissioned by peer member companies. We also support the Sustainable Supply Chain Initiative of the Consumer Goods Forum.

GOVERNANCE, MONITORING AND CHAIN TRANSPARENCY

Supply chain transparency for key raw or packaging materials

Suppliers, their authorized subcontractors, and intermediaries² play a crucial role in enabling transparency and traceability of ingredients and packaging materials and shall ensure, at a minimum:

- The **identification of the country of origin of the goods/raw materials** supplied to Danone and the location of manufacturing sites. In the future, this expectation may increase to traceability to field.
- The **traceability from origin to product** to enable food safety claims and the achievement of shared sustainability goals. Where possible and specified, this should be segregated (Chain of Custody) supply.
- The **application of requirements equivalent to our SSP in their own operations**, including sourcing activities, and to cascade the same requirements in their own supply chain.
- Where **goods are certified**, Suppliers are expected to comply fully with the certification requirements. Where possible and specified, this should be segregated (Chain of Custody) supply.

Danone reserves the right to use this information for quality, food safety, and ethical and environmental purposes, and expects Suppliers to facilitate auditing and evaluation activities of their suppliers and sub-suppliers.

Data sharing for reporting

All required data is shared with Danone where needed to allow Danone to use that data (on an anonymized basis, where the reporting or requirements allow anonymity) to comply with the reporting and disclosure requirements of all relevant human rights, environmental protection, and supply chain due diligence laws and in line with the expectations of our customers and consumers.



² Intermediaries are defined as any entities involved in the making of, sourcing or producing services or materials contracted by Danone with its tier 1 commercially binding suppliers. It can range from trader, semi-finished manufacturers, collectors and cooperatives etc.

BREACH, GRIEVANCE MECHANISMS AND ACCESS TO REMEDY

The SSP aims to establish a basis for constructive development of responsible sourcing practices, through regular dialogue and ongoing working relationships with Suppliers.

Suppliers must notify Danone as soon as they become aware of a failure to meet/breach of any of the Mandatory Requirements set forth in the SSP. Failure to timely notify Danone will be considered a breach of the SSP.

If remediation actions are required, Suppliers shall provide and enable access to remedy and be able to promptly share an action plan with clear timeframes, and details on how they plan to end, manage, mitigate the harm/violation/breach, as well as prevent future reoccurrences. Without excluding or limiting Suppliers' responsibility, Danone is committed to support and work with Suppliers to meet the Mandatory Requirements, using its leverage as relevant, and contributing to remediation action plans as per the UNGPs.

In the event of severe or repeated breaches of the SSP with failure to demonstrate the necessary improvements to meet the Mandatory Requirements, Danone reserves the right to take actions including termination of contracts or cancelling purchase orders and ceasing to trade in accordance with applicable contractual terms.



Grievance Mechanism

We strongly **support a culture of speaking up** for both Suppliers and their employees and workers without fear of retaliation against those who report actual or suspected breaches of the SSP.

Suppliers and their employees and workers, communities and other stakeholders may report actual or suspected breaches of our SSP to Danone by phone or online through our DANONE ETHICS LINE available at www.danoneethicsline.com. Reports can be submitted confidentially and anonymously (where permitted by law).

Danone expects Suppliers to have effective grievance mechanisms³ in place for their workers (and their organizations, where they exist) to raise workplace concerns.

These grievance mechanisms must involve an appropriate level of management to address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retaliation. The mechanisms must also allow for anonymous complaints to be raised and addressed. The existence and scope of these mechanisms must be clearly communicated to all workers and their representatives, and all workers must have equal access.

Danone reserves the right to **investigate any concern about the respect of the SSP raised through Danone's grievance mechanisms** and to discuss findings with the Supplier concerned. Suppliers shall assist with investigations and positively respond to reasonable requests for information.

³ An effective grievance mechanism is legitimate, accessible, predictable, equitable, transparent, rights-compatible and a source of continuous learning (See principle 31 and commentary of the UNGPs)

OVERVIEW OF FUNDAMENTAL PRINCIPLES

Fundamental Social Principles

1. No child labor: all workers are of an appropriate age
2. No forced labor, slavery, and human trafficking: work is conducted on a voluntary basis
3. No discrimination: all workers are treated equally and with respect and dignity
4. No harassment and abuse: fair treatment of all workers
5. Freedom of association and right to collective bargaining
6. Health, safety, and wellbeing at work
7. Working hours for all workers are reasonable
8. Pay: all workers are paid fair wages
9. Diversity, equity & inclusion
10. Land rights of communities and indigenous people

Fundamental Environmental Principles

11. Preserve Biodiversity
12. Ensure no Deforestation and no Land Conversion
13. Circularity: reduce packaging and food waste
14. Water: Preserve and restore resources
15. Climate change: reduce greenhouse gas emissions
16. Environmental Management System
17. Support Animal welfare

Fundamental Business Ethics Principles

18. Business Partner selection process and conflicts of interest
19. Anti-bribery and corruption, money laundering, competition law and international trade sanctions
20. Gifts and hospitality



NB: We also refer to the Fundamental Principles as Social Principles, Environmental Principles and Ethical Principles throughout the document.

FUNDAMENTAL SOCIAL PRINCIPLES



MANDATORY REQUIREMENTS

All forms of unlawful employment or exploitation of children are prohibited.

No child under the age of fifteen (15) are employed. Robust age verification processes are in place in the workplace, including the **means to verify** and ensure implementation. If local law sets a higher minimum working age or age of completion of compulsory schooling is to a higher age, this limit applies. This guidance is subject to exceptions⁴ recognized by the ILO.

Young persons' (15-18 years of age) health and safety is specifically protected. **This prohibits putting them in certain types of work such as** hazardous work, night work or any kind of work that is mentally, physically, socially or morally dangerous and harmful, and/or interferes with their schooling.

If children are found to be working, a remediation plan must be implemented, along with developing, or contributing to policies and programs that put the best interests of the child first and enable the child to access appropriate education until 15 years of age, or the age of compulsory education in the country.

⁴ There are 2 exceptions to this definition (in accordance with ILO 138): where the local minimum age, under the law, for work or compulsory education is higher. In these cases, the higher age is applicable; or where the local law/state law sets a minimum age of 14. In this case the lower age will apply.

In addition, minors from 13 to 15 may work, in parallel with studying, on a farm owned or operated by a parent or person standing in place of their parents [a guardian] as long as the following conditions are met and if the law allows for it: Only light work and not forced or bonded labour; For a limited number of hours (max. 14 hours a week); Work does not jeopardize their physical and mental wellbeing; Work does not interfere with their schooling or leisure time; Work does not take place at night, does not consist of heavy lifting duties or hazardous work conditions.

ENABLING MANAGEMENT SYSTEMS

- **Employment policies and procedures** are in place **for all workers, including those employed via a third party or agency**, specifying the **minimum age for employment**, the conditions under which young workers can be employed, **and the means to verify and document** compliance.
- All workers are **trained, including those employed via a third party or agency, to respect the provisions for young workers**, inclusive of apprentices and interns, especially with respect to hours of work, night shifts, working hours during school terms and heavy or dangerous work.

ADVANCED PRACTICES

- More effective remediation procedures are in place, such as utilizing expert support (e.g., government child protection officials or local child rights organization) or ensuring remediation includes not only care and education but also income replacement. The remediation plan is documented and verified, and actions are put in place to avoid recurrences (e.g. CLMRS).
- The Supplier has performed a risk assessment on its supply chain to identify priority categories to ensure lower tier suppliers follow similar procedures to prevent, manage, mitigate, and remediate occurrences of child labour.
- Where child labour is more prevalent, the supplier supports community capacity building to help reduce barriers to access to education (e.g. working with local government to enable greater school provision, providing workers with an allowance for school expenses, supporting safe transportation to schools and providing vocational training).

2 | NO FORCED LABOR, SLAVERY AND HUMAN TRAFFICKING

Work is conducted on a voluntary basis

MANDATORY REQUIREMENTS

All work must be conducted on a voluntary basis, and not under threat of any penalty or sanctions. All forms of forced labor are prohibited, including any form of prison, trafficked, indentured, or bonded labor. In particular:

- **Workers' freedom of movement is not restricted** through physical restriction (confinement to supplier premises, including when accommodation and/or transportation are provided), abuse, practices such as retention of passports or other form of identity papers and valuable possessions, threat of reporting illegal workers to the authorities or the menace of any form of penalties. Workers have the freedom to leave employment subject to normal contractual provisions.
- **No worker pays for a job.** Fees and cost associated with recruitment, employment and termination are paid by the employer, not the employee (Employer Pays Principle).
- **No worker is indebted or coerced to work.** Workers work freely, aware of the terms and conditions of their work in advance and paid regularly as agreed. No worker is indebted to work as a result of excessive recruitment fees, undue deposits, unauthorized deductions from wages, disciplinary measures, fines or inflated prices for company goods, tools, or uniforms.

Workers have a contract: Terms of employment should be transparent, communicated, understood, and agreed by workers prior to their hiring. Terms of employment must comply with labour laws, which regulate terms and conditions of employment, or prevailing industry standards, whichever is the highest. Where required, workers employment is officially declared to relevant public authorities.

ENABLING MANAGEMENT SYSTEMS

- The **key components of the employer/worker relationship** (i.e., working hours, overtime, pay, benefits, leave, discipline and grievance systems) are explained verbally at recruitment stage in a language the worker understands. They need to be freely agreed by the worker, documented in writing in a **contract** provided with a **written translation** when needed, and formally acknowledged by the employer and worker before the start of employment. After recruitment, all workers receive a **training** that explains their key rights and benefits.
- Workers are in **possession of all their personal documents** and, if needed, are provided individual, secure storage facilities which they can choose to use. If specifically required by law that workers surrender their identification papers, workers are easily able to access to them, and they are returned immediately after the required work is completed.
- **Responsible Recruitment** policies and procedures are in place and implemented **to prevent, identify and remediate any potential case of recruitment fees paid by workers**, including through **selection and monitoring of accredited recruitment agencies** or labour brokers. This includes proactively looking for red flags against the ILO 11 forced labor indicators⁵.

⁵ ILO forced labour indicators: Abuse of vulnerability; Deception; Restriction of movement; Isolation; Physical and sexual violence; Intimidation and threats; Retention of identity documents; Withholding of wages; Debt bondage; Abusive working and living conditions; Excessive overtime.

2 | NO FORCED LABOR, SLAVERY AND HUMAN TRAFFICKING

Work is conducted on a voluntary basis

ADVANCED PRACTICES

- All workers receive training to understand **how to spot the signs of forced labor** and raise concerns.
- The Supplier **only works with accredited recruitment agencies / labor providers** that have developed policies to **combat trafficking and forced labour**.
- There are **formal service agreements** in place which specify **minimum requirements related to responsible recruitment** and **a process to enable workers to access permanent and supervisor roles should opportunities arise**.
- The Supplier has risk-assessed their supply chains to **identify priority areas** to focus on ensuring the same responsible recruitment procedures are actively upheld.
- The Supplier **interviews all new contract workers** and **newly arrived migrant minorities or vulnerable community workers** to determine if their responsible recruitment standards were met throughout the recruitment, selection and hiring process. Where workers are found to have paid recruitment fees, the supplier supports where possible to **ensure workers are fully reimbursed**.
- Policies, procedures, and training are regularly reviewed to ensure that they are **effective in preventing** forced labor.



MANDATORY REQUIREMENTS

All workers are treated equally with respect and dignity. No person shall be subject to any discrimination in employment, including in hiring, compensation, advancement, discipline, termination, or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group, or ethnic origin.

Engaging in, supporting or tolerating discrimination is prohibited.

Non-job-related medical testing, such as pregnancy testing **as a condition of employment is prohibited**, except where expressly required by law and related to work-based risks to health (e.g., drug and substance abuse testing). In such cases, the results of the tests can only be used for legal legitimate purposes in accordance with the law. Request for sharing the medical history as a condition of employment is prohibited.

ENABLING MANAGEMENT SYSTEMS

- **Key management functions⁶ all have clear policy frameworks and procedures** prohibiting discrimination through objective and transparent criteria and control systems, **and trained staff** responsible for implementing them. Appropriate documentation is kept.
- **All workers receive training** on what are acceptable respectful behaviours at work. To ensure workers feel able to express their views, all **committees** (grievance, discipline, health and safety) will be **gender balanced** where possible.
- **Non-abusive security practices** have been adopted (e.g., same gender for physical check, non-intrusive searches by security guards).

⁶ Key management functions include recruitment process, grievance management, discipline, compensation, promotion and termination.



ADVANCED PRACTICES

- Key management functions' policies and procedures are periodically reviewed, and improvements made to ensure that all workers regardless of contract status have the same rights and entitlements at work. Attention is paid to short term, casual and agency workers and to vulnerable groups (such as women, migrants, the disabled, young workers, and interns/trainees) to ensure such workers have the same entitlements as full-time local employees and specific support which might include flexible working times, child and dependent care, or mentoring programmes.
- Migrant/minority groups are supported to integrate in the workplace. This could include assistance in setting up a bank account and right to stay, language/ conversation classes etc.
- Career development of vulnerable groups (coaching, training, encouragement for these categories to apply for higher positions etc.) is provided.

MANDATORY REQUIREMENTS

The use or threat of corporal punishment, mental or physical coercion, intimidation, hate speech, bullying, harassment, including sexual harassment, or abuse of any kind **is not engaged in, supported nor tolerated.**

Explanatory information on what constitutes harassment and abuse is available to all workers and managers.

All workers, including managers, supervisors and site security, who subject workers to harassment or abuse are subject to **appropriate disciplinary measures.**

ENABLING MANAGEMENT SYSTEMS

- **Policies and procedures** are in place **that prohibit any form of harassment or abuse** and list the disciplinary measures incurred if not respected.
- **All workers**, specifically managers, supervisors, and site security providers, receive regular **training on how to recognise and prevent** harassment and other forms of intimidation and how to raise concerns.
- **Grievance mechanism** is in place that enables reporting and Senior management ensures redressal takes place.



ADVANCED PRACTICES

- Procedures exist for **managing cases involving sexual harassment or assault**. Those procedures are trauma-informed and consider risks involved, making provision for counselling and other support to survivors, as needed.
- The Supplier has taken a **proactive approach** to increase the **safety of women** and reduce the gender-based violence both for workers and women in the community. These programs might include a gender/safeguarding committee and gender empowerment training.

5 | FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING

MANDATORY REQUIREMENTS

Freedom of association and the right to collective bargaining are respected.

Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

A **constructive dialogue** with unions' freely chosen representatives is established by the employer and **bargaining** takes place **in good faith** with such representatives. An **open attitude** towards the activities of trade unions and their organizational activities is adopted.

Worker representatives are not discriminated against, and unfair labor practices do not take place against them because of such role. They have reasonable access to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining is restricted by law, the employer facilitates **alternative forms** of worker representation, for independent and free association and bargaining.

ENABLING MANAGEMENT SYSTEMS

- **Policies and procedures** are in place to ensure freedom of association in day-to-day operations, ensuring that all barriers to workers exercising these rights are removed.
- There are **mechanisms for workers to raise concerns**, and workers understand how their complaint is reviewed and remediated.
- All workers are informed and understand their rights. Specifically, all supervisors and management receive training on Freedom of Association and their role in enabling workers to exercise these rights.

ADVANCED PRACTICES

- The Supplier **proactively hears and acts on worker concerns and satisfaction** for instance through worker surveys.
- When new policies and procedures are developed, **worker representatives are engaged** to give input.

6 | HEALTH, SAFETY AND WELLBEING AT WORK

MANDATORY REQUIREMENTS

Suppliers should ensure the **workplace and its environment do not endanger the physical integrity or health** of all workers and visitors to the site. Action to reduce the causes of accidents and improve working conditions is the object of ongoing programmes. Where possible the company has minimized inherent dangers through appropriate safety measures.

Sanitary equipment, canteens and housing provided to workers are built and maintained in accordance with applicable legal requirements.

As a minimum, workers are provided with **health & safety training, drinking water, clean toilets** in adequate numbers, adequate ventilation, clear signposted emergency exits, proper lighting, rest breaks and adequate **Personal Protective Equipment** free of charge.

For workers working outside, such as agricultural workers, risk assessments should include a review of frequency of breaks and shade (especially for workers in high intensity, high or low heat for long durations of working hours).

Practices to raise **awareness and understanding of stress** by the company, the employees, and their representatives, are developed and ways of working that reduce factors that generate stress are looked for.

Workers who suffer **work-related injuries and illnesses** are provided with all medical treatment and related services needed for a full recovery and return to work.

ENABLING MANAGEMENT SYSTEMS

- **Clear and effective policies and procedures** are in place for occupational health and safety (H&S) and are updated regularly. This may include a documented **H&S risk assessment** and an effective **H&S committee** where relevant.
- Adequate **H&S protection and preventive maintenance procedures** are in place for all production processes and equipment.
- **Proactive safety training** is regularly provided to all staff, including managers, supervisors, workers, and security guards, and to visitors. It includes information about the protective equipment, dangers of the workplace and appropriate actions to take in case of a H&S incident.
- **A senior member of management is appointed to administer and oversee the safety plan for each worksite.**
- The **structural integrity and fire safety of worksites** are specifically assessed and updated periodically.
- There is **unrestricted access to basic liberties such as clean, private toilet facilities and potable drinking water** at all times.
- **If accommodation is provided, it is segregated from the factory and production area and provides segregated housing for males and females and families** to respect individuals' privacy⁷.
- **If transport to the employment site is provided or mandated, the vehicle(s) used for the transport are safe, suitable, free of charge.**

⁷ See ILO recommendation: [Recommendation R115 - Workers' Housing Recommendation, 1961 \(No. 115\) \(ilo.org\)](#) and [wcms_116344.pdf \(ilo.org\)](#)

6 | HEALTH, SAFETY AND WELLBEING AT WORK

ADVANCED PRACTICES

- H&S **performance** is frequently reported, displayed and **root cause analysis** is used to understand issues and improve preventative measures.
- Regular assessments are conducted to ensure the effective operation of health and safety **committees**.
- **Risk assessments** are conducted regularly, and systems updated to **reflect the changing risk profile** of the workplace and the impact on the local environment of exposure to hazardous substances.
- A **crisis management plan** is in place, including contingency planning and prioritization of the health and safety of workers.



MANDATORY REQUIREMENTS

Working hours, excluding overtime, are **defined in workers' contracts** and are in compliance with the local law and international standards. Workers shall not be required to work more than 60 hours a week including overtime, with limited exceptions. Efforts are made to considerably schedule working hours to support work life balance for workers.

All **overtime should be voluntary and used responsibly**, considering all the following: worker safety, the extent, frequency, and hours worked by individual workers and the workforce as a whole.

Overtime should not be used to replace regular employment, it should be used only in exceptional circumstances⁸ and should always be compensated at a premium rate, as legally required, either monetarily or through time off compensation schemes.

All workers receive **entitled paid statutory leave** (public and annual holidays, sick leave, maternity /paternity leave, etc.), the **right to breaks during work shifts** and **one rest day of 24 consecutive hours in every week**. If allowed by law, 48 consecutive hours of rest in every 14-day work period are provided.

If workers are required to work on a rest day due to a genuine need for continuity of production or service, they must **receive an equivalent period of compensatory rest and overtime payment** as per legal requirements.

⁸ As per the ETI Base Code, exceptional circumstance for overtime is defined where all of the following are met: this is allowed by national law; this is allowed by a collective agreement freely negotiated with a workers' organization representing a significant portion of the workforce; appropriate safeguards are taken to protect the workers' health and safety; and the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

ENABLING MANAGEMENT SYSTEMS

- Policies and procedures are in place and implemented for regular working hours and overtime; the policies clearly state that overtime is voluntary. Workers' **consent** to perform **overtime** work is **documented**. The expected work hours and schedules are communicated to all workers in a language and format that the workers understand.
- A **proactive system to monitor working hours** is in place, for all workers, regardless of wage system (for example, piece-rate payment) or contract type. This might include an Electronic Time and Attendance system. The records identify when workers have exceeded 60 hours and Suppliers take action where possible to minimize excessive hours through shift patterns/ mechanization.

ADVANCED PRACTICES

- **Work-study, costing, and scheduling systems** that plan production are in place to avoid overtime except in exceptional circumstances.
- **Peak periods are planned in such a way as to avoid excessive overtime**. Overtime is not used for extended periods as a means of making up for labor shortages or increased order volumes.
- The Supplier adopts a work schedule that **improves work-life balance and well-being of workers**. Workers are consulted on ways to reduce working hours, without compromising their ability to earn at least a living wage.
- Working time arrangements **allow workers to attend to family and personal needs** (for example, time off for medical appointments and flexibility in workhours/shift coverage) without being penalized.

MANDATORY REQUIREMENTS

Wages and benefits paid for a standard working week meet, at a **minimum, national legal standards or industry benchmark standards**, whichever is higher, **and workers are paid a fair wage**, as compared to standard pay practices in the industry/ country.

All workers receive and understand their **pay slip** for each pay period which clearly indicates the components of their compensation, including exact amounts for wages, benefits, incentives/bonuses, and any deductions.

All **wages are paid on time and in full each pay period**. All payments are made directly to all workers in legal tender or into a bank account in their name.

All legally required and/or industrial common benefits are provided to all (relevant) workers, including but not limited to pension, housing allowance, paid leave, occupational allowance, etc.

Other than legally mandated deductions, **all other deductions from wages are made only with the express and written consent of the workers**. Wage deductions for disciplinary reasons are not allowed, including production errors, not following work procedures or loss/damage of equipment.

For remuneration based on production, quotas, or piecework, the pay rate allows the worker to earn at least the minimum or collective agreement wage, whichever is higher, during normal working hours.

All workers are covered by an **insurance or social security scheme** protecting against occupational injuries and diseases according to applicable national legal requirements.

ENABLING MANAGEMENT SYSTEMS

- Policies are in place for wages and compensation. All management and workers have received **training to understand the policy**.
- Procedures are in place and implemented at HR level to **understand legal requirements** for wages, overtime pay, benefits, holidays and deductions and to monitor any changes to these. This includes a **periodic assessment** in place to ensure equal pay for equal work.
- **Records are maintained** that demonstrate that workers are paid accurately for standard and overtime hours worked, based on an appropriate hours and wages system.

ADVANCED PRACTICES

- A **fair compensation system** is in place for all workers which categorizes workers according to qualifications, skill, and experience; recognizes and rewards them for performance through wage and non-wage benefits/incentives; regularly assesses and adjusts their pay according to the cost of living, basic needs, discretionary income, relevant market benchmarks and enterprise performance; and engages in regular social dialogue on compensation questions.
- **Migrant workers'** remittances are authorized in writing.
- The supplier is part of a **living wage scheme/initiative** and has taken steps to pay a living wage (e.g., defining living wage in its area, calculating the gaps between this living wage and wages of workers, action plan to fill the wages gaps). OR There is a living wage approach to fair compensation which encompasses a system to periodically assess that wages are sufficient to meet the basic needs of the worker and to provide some discretionary income.

9 | DIVERSITY, EQUITY & INCLUSION

MANDATORY REQUIREMENTS

A positive culture of equity & inclusion is promoted, and diversity at all business levels is encouraged, to be representative of local population.



ENABLING MANAGEMENT SYSTEMS

- **Hiring policies and procedures are free from discrimination** (see principle 2.3)
No discrimination: All workers are treated equally and with respect and dignity) from the job description to the interview, practices are inclusive.
- **Pay structure and promotions are fair and for all** and support an equal opportunities approach (e.g. pay based on knowledge and skills, no bias against any group).
- **Training is provided to all the workforce on inclusion and diversity** issues (gender equality, racial discrimination, etc.) so they understand expected behaviors and how to report concerns. Where appropriate, managers are trained in managing multicultural and diverse teams, and how to uphold equal opportunities and encourage right behaviors.

ADVANCED PRACTICES

- Creation of a **DE&I committee/council**, which contributes to building a diverse and inclusive company, and develops an action plan to achieve its goals.
- Workforce demographics are known and **extra support** is provided for certain groups where needed.
- **Supplier diversity programs**. In the best practice, public commitments are made to increase diversified spend, work with suppliers to encourage them to adopt inclusive practices and diversify their own supplier base, and mentoring in targeted underrepresented communities.
- Policies and specific and measurable targets for achieving **gender equality and diversity** are set and implemented.

10 | LAND RIGHTS OF COMMUNITIES AND INDIGENOUS PEOPLE

MANDATORY REQUIREMENTS

The **rights and title to property, land, or natural resources** of the individual, indigenous people and local communities are respected.

All negotiations with regard to their property, land, or natural resources including their use of and transfers, adhere to the principles of **free, prior, and informed consent (FPIC)**, contract transparency and disclosure.

There must be no involvement in any form of land grabbing and there must be a **zero-tolerance approach to land grabbing** by others with respect to any land acquired, leased or used.

There must be no tolerance or engagement in threats, intimidation, or physical or legal attacks **against human rights defenders**, including those exercising their rights to freedom of expression, association, peaceful assembly, and protest.

The **right of women to land ownership and access to land** is recognized.

ADVANCED PRACTICES

- A public commitment is made to actively support responsible agricultural investments, which meet the UN Voluntary Guidelines on the Responsible Governance of Tenure with full traceability.
- No engagement in Strategic Lawsuits Against Public Participation (SLAPPs) used to silence human rights and environmental defenders and civil society organizations that support affected rightsholders in legitimate activism.
- Supply chain impact assessment data on land rights is disaggregated by gender, national origin, tribe, or caste.

ENABLING MANAGEMENT SYSTEMS

These requirements apply to suppliers who participate in the acquisition, leasing or disposal of land and/or when sourcing land use is being changed, which can affect the rights of individuals or communities:

- **Policies and procedures** are in place and implemented to **respect land rights**, and to **uphold a zero tolerance on land grabbing**.
- Where land rights are at risk in the supply chain, Suppliers should undertake **appropriate due diligence** to effectively identify, prevent, mitigate and disclose risks or impacts to communities related to land issues, how these are addressed and remedied.
- **When a change in land use is planned**, Impact assessments are conducted with the full participation of affected communities and published in a format and language accessible to those affected communities.
- **Responsibility and sufficient resources** are assigned to managing land rights issues and company–community engagement.
- **Periodic training on Free, Prior and Informed Consent (FPICF)** is provided to all relevant staff members so they can fully understand how to identify and assess the impact of land acquisitions or change.



FUNDAMENTAL ENVIRONMENTAL PRINCIPLES

Danone has identified seven Fundamental Environmental Principles as the most relevant for its operations and supply chain, in terms of risks to the environment and/or the company, and opportunities for positive impact. These principles cover the following **environmental issues**: biodiversity, deforestation and land conversion, circularity (packaging and food waste), water, climate change and greenhouse gas emissions, environmental management, and animal welfare.

For each Fundamental Environmental Principle, Suppliers of certain categories and Suppliers who have identified corresponding environmental issue as material⁹ have specific Mandatory Requirements to meet. Those Suppliers are called out explicitly in each Principle.

A Supplier providing legal services to Danone has identified some environmental issues as material, but not water. For the Water Principle, this Supplier **must only meet** the Mandatory Requirement that concerns all Suppliers, namely: *“Business is conducted in a manner that ensures water is used efficiently and no contaminated or toxic wastewater is discharged into the environment”*. Indeed, the other Mandatory Requirement concerns *“Suppliers who have identified water consumption and/or water management as material”*.

Businesses now face greater scrutiny and accountability regarding their impacts on the environment, with a quickly evolving regulatory landscape at global, regional, and local levels. While we will endeavor to keep the SSP updated, Danone may advise and/or require suppliers to complete additional requirements prior to purchase or as otherwise contractually agreed.

⁹ with regards to risks to their business, the environment, and people, and opportunities for positive impact.

11 | PRESERVE BIODIVERSITY

MANDATORY REQUIREMENTS

Business is conducted in a manner consistent with the preservation of biodiversity¹⁰ in own operations and supply chain.

Suppliers who have identified biodiversity as a material issue understand their impact on biodiversity, in particular critical habitats,¹¹ and ensure that their sourcing, manufacturing, and/or distribution activities do not compromise or damage biodiversity and enable restorative and regenerative impacts over time.

Suppliers hold current and valid legal permits and comply with requirements relating to planning and development, with respect to the protection of the environment, nature and biodiversity. Any legal protection on sensitive sites is complied with.

Suppliers have robust emergency response plans to clean up and remediate sites **when spills and releases occur** to restore them to pre-existing conditions.

¹⁰ Worldwide Fund for Nature (WWF) definition of biodiversity: all the different kinds of life found in one area—the variety of animals, plants, fungi, and even microorganisms like bacteria that make up our natural world. Sustainable use of biodiversity is to use natural resources at a rate that the Earth can renew them.

¹¹ Critical habitats/ areas of high conservation value: these areas take into account both global and national priorities and build on the conservation principles of 'vulnerability' (threat) and 'irreplaceability' (rarity/restricted distribution). They are identified based on five criteria that address habitat of significant importance to threatened, endemic, congregatory and migratory species, threatened or unique ecosystems, and key evolutionary processes (IFC, 2019).

¹² Nature-Positive Global Goal for Nature: <https://www.naturepositive.org/>

ENABLING MANAGEMENT SYSTEMS

- **When biodiversity is material, regular biodiversity impact assessments by accredited agencies are completed** on operation sites and surrounding areas to understand agronomical context and presence of areas of high conservation value (HCV)¹², and possible biodiversity losses from the past. Based on the assessment, **a biodiversity preservation plan to protect identified areas of HCV is developed.**
- Additional management systems may be required from Suppliers of in scope categories to meet Danone's Forest Policy and Water Policy expectations.

ADVANCED PRACTICES

- Suppliers of agricultural materials identify and implement plans to manage biodiversity and ecosystem risks for operations in or near sensitive areas. This may include:
 - › **Adopting restorative / regenerative approaches** such as the use of beneficial pests, field margins and regenerative agriculture practices.
 - › Implementing a **biodiversity transition plan**¹² aligned with achieving 'no net loss by 2030, net gain from 2030 and full recovery by 2050'.
 - › Participating in **collective land-use management models** that enable the protection of natural ecosystems alongside agricultural production, encouraging the legal recognition of customary rights and ensuring that people and communities are included as decision-makers and can benefit from these programmes.
- Suppliers engage in **external reporting** such as Science Based Target for Nature (SBTN) or Taskforce on Nature-related Financial Disclosures (TNFD).

12 | ENSURE NO DEFORESTATION AND NO LAND CONVERSION

MANDATORY REQUIREMENTS

Business is conducted in a manner which ensures no deforestation or land conversion takes place in connection with the supply of raw materials.

Suppliers of key forest-risk materials as defined in the Danone's Forest Policy must have a Deforestation and Conversion Free (**DCF**) **commitment** for their operations and supply chains that upholds No Deforestation, No Peat, No Exploitation principles, maintains High Carbon Stock and protects land of HCV from land use change, informed by the Accountability Framework Initiative (**AFI**) operational guidance. Such Suppliers are expected to demonstrate an **implementation roadmap** enabling them to provide verified information that key forest-risk materials provided to Danone are in line with Danone's Forest Policy, including cut-off date of 31st December 2020 and 2025 as target date.

Suppliers of in scope categories of the 2023 EU regulation on deforestation-free products must be able to prove that the products do not originate from recently deforested land or have not contributed to forest degradation. To be implemented by 30th December 2024¹³.

¹³ https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en Micro and small enterprises will have a longer adaptation period, as well as other specific provisions.



ENABLING MANAGEMENT SYSTEMS

For Suppliers of key forest-risk materials:

- **Policies and processes** related to monitoring, reporting and verification; supply chain transparency; and low risk or mitigated sourcing practices; are in place and implemented. This may include certification and information that verifies the chain of custody certification and satellite verification of origin production sites.
- All relevant workers are provided with **trainings** to understand root causes and to review the effectiveness of existing mitigations.

ADVANCED PRACTICES

- The commitment and implementation on DCF, **is aligned with the AFI**.
- Suppliers **report publicly** on the results of this journey.
- Suppliers **engage actively in multi-stakeholder Landscape initiatives** that commit to No-deforestation and No-conversion supply.
- Suppliers identify and engage their stakeholders across the value chain **to improve biodiversity and ecosystem performance** within and beyond site boundaries (see 11. Biodiversity principle).

13 | CIRCULARITY

Reduce packaging and food waste

MANDATORY REQUIREMENTS

Business is conducted in a manner which aims to reduce packaging and food waste.

Suppliers **contribute to packaging collection, sorting, and recycling solutions to mitigate packaging materials ending in landfill or as litter.**

Packaging suppliers **should increase the amount of recycled content** in their products where possible.

Packaging Suppliers partner with Danone, as relevant, to **co-build a transparent circular economy of packaging** by minimising the amount of product and transit packaging supplied, as well as increasing the reusability, recyclability, compostability and recycled content of packaging material.

Packaging Suppliers **integrate circularity in material selection and design processes** aiming for 100% packaging designed to be reusable, recyclable, or compostable and 30% virgin fossil-based reduction by 2030.

Packaging Suppliers, when using recycled packaging/materials (e.g., rPET), perform human rights due diligence in line with the [OECD RBC approach](#), including on the working conditions of **formal and informal workers in the value chain.**

Suppliers of plastic packaging develop and disclose to Danone a **plastics inventory** to support transparency and traceability.

Where food waste is material, Suppliers should monitor and minimise it. Where possible, food surplus should be re-purposed or redistributed.

ENABLING MANAGEMENT SYSTEMS

- Policies and processes are in place and implemented to **assess packaging design, reusability, recyclability or compostability, GHG emissions**, and to **identify levers to eliminate/ reduce packaging** and enable design of transformation plans.
- Plastic inventories include data such as virgin fossil-based content, post-consumer recycled content and detail on the ability of the plastic to be reused, recycled or composted.
- For Suppliers using recycled packaging/materials (e.g., rPET), the risk management system should include commitments, controls and robust monitoring and remediation processes **focusing on formal and informal workers' working conditions.**
- For Suppliers who have assessed food waste as material: **Food waste policies and procedures** are in place to identify types and volumes of food waste produced on site, where and how they are disposed of, and to develop waste management plans maximising food redistribution and recovery.

13 | CIRCULARITY

Packaging and food waste

ADVANCED PRACTICES

- Packaging plan shows evidence of an **innovation roadmap** and **identified collaboration areas** with Danone to eliminate/reduce packaging used, and to re-design packaging to be 100% reusable, recyclable, compostable.
- Where appropriate Suppliers **develop recycling technologies** and set up infrastructure to **enable Danone to increase recycled content in packaging**.
- Suppliers for which **food waste** is material have made a **public commitment** to significantly reduce it in direct operations, disclosing data through **external indices**¹⁴.
- The Supplier's food waste management plan identifies wastes and surpluses to target with **product/process redesign**.
- An **edible food surplus plan** is in place to obtain the highest value from surplus food or food waste. This **includes establishing partnerships for distributing surplus food fit for human consumption** to reduce food poverty in the local area.
- **Workers are actively involved** in waste reduction and prevention activities on site and know what impact they can have.
- The Supplier has **achieved zero waste to landfill** with maximum being recycled and is engaged to reduce **waste occurring in its chain**.
- Wherever unavoidable, waste to landfill is disposed through accredited agencies with an end-use monitoring system with built-in continuous improvement plans.

¹⁴ Nature-Positive Global Goal for Nature: <https://www.naturepositive.org/>



MANDATORY REQUIREMENTS

Business is conducted in a manner that ensures water is used **efficiently** and no contaminated or toxic wastewater is **discharged** into the environment.

For Suppliers who have identified water consumption and/or water management as material, including categories with high impact on water quality or usage or located in areas exposed to high-water stress, a **water strategy and risk management system** is adopted, particularly in water stressed areas. In line with [Danone Impact Journey Report on Water 2024](#), Suppliers should aim to preserve and restore water resources, drive water circularity and efficiency (reduce, reuse, recycle, reclaim), and ensure that operations do not negatively affect access to **safe drinking water for the community**.



ENABLING MANAGEMENT SYSTEMS

- Policies and procedures are in place **for wastewater treatment** including processes to monitor and test the quality of effluents to prevent pollution.
- Where water is material, water management plans for Supplier facilities and surrounding ecosystems are in place and implemented, and **assess water risks, maximise water efficiency and reduce overall water use**.
- Where water is material, **supply chain water risks** are mapped, and focus areas are prioritised.

ADVANCED PRACTICES

- Supplier's water management plan includes **mapping water use** on site to identify areas of high use, monitoring and measuring water KPIs, tracking trends, analysing root causes, and identifying solutions to reduce use and where possible, recycle, reuse and reclaim.
- **Workers are actively involved** in water reduction and know what impact they can have.
- For manufactured goods, **water risks in the supply chain have been mapped** to understand priority areas of focus.
- The Supplier is actively tracking and monitoring KPIs **in its supply chain supporting its mitigation and adaptation plans**.
- The Supplier has adopted **water stewardship at operation facilities** on at-risk watersheds where they operate and is supporting wider collective action.
- The Supplier is actively supporting at-risk watersheds **within its supply chain** by participating in water stewardship activities, which includes improving water efficiency on farms in the watershed.

MANDATORY REQUIREMENTS

Business is conducted in a manner that minimises GHG emissions. This may translate into decreasing energy consumption, increasing energy efficiency and the use of renewables, applying regenerative agriculture practices including methane reduction, greener transportation and other actions **lowering the carbon emissions of the Supplier's activities.**

Suppliers are **expected to understand their GHG footprint.**

Suppliers whose GHG footprint is material **assess and monitor their emissions** against an agreed baseline, following recognised methodologies.

Suppliers for whom **scope 1 and 2 emissions are material**, have in place a commitment and a corresponding **action plan** to reduce them **in line with Science Based Target initiative (SBTi) 1.5°C requirements.**

Suppliers for whom **scope 3 emissions are material** develop an action plan to tackle them, prioritising their **major contributors** to GHG emissions.

Suppliers for Danone scope 3 key impact areas (including dairy ingredients, other raw or transformed materials, packaging, logistics and co-manufacturers), collaborate on joint decarbonisation efforts with Danone, and reduce their carbon emissions, in line with Danone's 1.5°C SBTi reduction targets.

ENABLING MANAGEMENT SYSTEMS

- Policies and procedures to **increase energy efficiency and reduce overall energy use are in place and implemented.**
- **The carbon management plan developed to reduce GHG emissions** includes realistic and specific **reduction targets on scope 1 and 2 emissions**, with regular monitoring, and review of progress. The plan should include a **focus on key scope 3 emissions impact areas** for major Tier 1 suppliers, agricultural and packaging suppliers and emissions associated with transport.
- Plan for **increasing renewable energy** sourcing is developed.

ADVANCED PRACTICES

- Supplier is actively **engaging its Suppliers in reducing scope 3 emissions** and is able to show continuous reductions in its own full scope emissions.
- Supplier is **committed to an SBTi 1.5°C reduction target** on scope 1, 2 and 3 emissions and has a corresponding action plan and annual monitoring to meet those targets.
- **Workers at all hierarchy levels are actively engaged** in their role in energy efficiency and carbon reduction, with clear communication of targets, performance, and savings.
- Supplier is **sharing with Danone specific emission factors for products or services sold to Danone**, reflecting reductions achieved, and is **contributing through specific product offerings to significantly reduce GHG emissions at Danone** (e.g., specific innovation or breakthrough carbon reduction by implementing new processes, technologies or ingredients).

16 | ENVIRONMENTAL MANAGEMENT SYSTEM

MANDATORY REQUIREMENTS

Fit for purpose environmental management systems are implemented to **identify, minimise and mitigate environmental impacts**.

Suppliers obtain all necessary legal environmental permits required for operations, including for use and disposal of water and waste. This includes **measuring transported, imported, and hazardous wastes** according to the Basel Convention.

Hazardous materials, chemicals and substances are safely stored, handled, transported, recycled, reused and disposed of per manufacturer's recommendations.

Only legally approved chemical substances are used. The use of chemicals, veterinary residues and fertilizers is reduced, and the use of chemicals and fertilizers which are hazardous to people's health are excluded.

Where no waste management local laws exist, steps are taken to ensure that waste management (including by sub-contractors) is conducted in line with international leading practices.

ENABLING MANAGEMENT SYSTEMS

- **Environmental management systems' policies and procedures are in place and implemented** for issues such as water, energy, hazardous materials, air quality and emissions, deforestation, biodiversity, plastic, and waste, as relevant to supplier operations. These include the identification of **preventative maintenance measures** to minimise environmental impact / pollution / chemical exposure and **emergency response procedures** for leaks and spills of hazardous materials.
- **All workers** are trained on environmental policies and procedures to ensure effective implementation and compliance. The site has clear signage and instructions for employees to understand where hazards are present.
- A waste management plan is in place to reduce and prevent waste, and reach the **goal of zero waste to landfill**, which includes identifying all types and volumes of waste produced on site, where and how they are disposed of (including process waste, food surplus/waste, liquid to drain, solid and hazardous waste) and establishing KPIs for monitoring performance.

ADVANCED PRACTICES

- Proactive training and communication for employees to report potential environmental issues or improvement issues.
- Regular inspection and transparent reporting on environmental performance to employees and publicly. Conducting root cause analysis on issues identified and evidence of continual improvement.
- Sustainability practices are embedded across the Supplier's operations and activities and all material issues are proactively addressed. A systematic review of the supplier's sustainability practices, and environmental management systems is undertaken regularly.
- For suppliers of mined materials: requirements such as those defined in the Code for Responsible Extraction (CORE) or equivalent standards are implemented.
- Environmental Management System is aligned with ISO14001 and externally assured.



17 | SUPPORTING ANIMAL WELFARE

MANDATORY REQUIREMENTS

The **five freedoms of the World Organisation for Animal Health** are complied with by Suppliers who provide animal products (i.e., milk, meat, fish, eggs), either as ingredients or as part of finished or semi-finished products, to protect the welfare of the animals.

Tail docking and dehorning of animals after 8 weeks of age are not performed as standard procedures. Eggs are at minimum cage-free.

Effective husbandry systems and practices are in place, to prevent the occurrence of diseases and to maintain animals in good health. Veterinary drugs are only used for the treatment of sick or injured animals or to prevent any diseases, and always under veterinary advice. Any sick or injured animals must be treated promptly.

Antimicrobials deemed by the World Health Organisation (WHO) as highest priority and critically important for use in human medicine, are not permitted for use in Danone's supply chains, other than as a last resort supported by diagnostic testing to protect animal welfare.

Animal testing is not performed, if another scientifically satisfactory method of obtaining the result sought, not entailing the use of an animal, is reasonably and practically available.

No livestock or livestock products are used that originate from genetically modified or cloned stock.

ENABLING MANAGEMENT SYSTEMS

- **Policies and procedures are in place and implemented** for issues related to animal welfare and health, use of antimicrobial, animal testing and use of genetically modified or cloned stock.
- All Suppliers (including farmers) involved in the handling of livestock must be **appropriately trained and competent** to care for them.
- All **antimicrobial use for all animals must be recorded** through documentation in a manual or electronic medicine book.

ADVANCED PRACTICES

- **Higher welfare husbandry systems** are adopted, including lower stocking densities and animals are provided with a physically and mentally stimulating environment to ensure farmed animals stay mentally and physically active and healthy. Promoting free stall barns, group housing, yard and pens for all species.
- **Transportation** times are restricted to a maximum of eight hours or lower. Pigs, cows and sheep are provided with bedding during transport to make the journey more comfortable and to reduce the likelihood of injuries.
- **All species are stunned prior to slaughter to secure insensitivity to pain.**



**FUNDAMENTAL BUSINESS
ETHICS PRINCIPLES**

FUNDAMENTAL BUSINESS ETHICS PRINCIPLES

These Principles are based on [Danone’s Code of Conduct for Business Partners](#).

18

BUSINESS PARTNER
SELECTION PROCESS
AND CONFLICTS OF INTEREST

MANDATORY REQUIREMENTS

Danone reserves the right to conduct integrity screening including any due diligence on our Business Partners, as part of its selection process.

Business Partners are required to declare in writing any potential conflict of interest prior to the start of the selection process.

Before and during a selection process such as tendering or RFQ, business partners shall not seek to solicit business through influence or gathering information, apart from the usual commercial discussions with the responsible Danone persons.

19

ANTI-BRIBERY AND CORRUPTION,
MONEY LAUNDERING, COMPETITION
LAW AND INTERNATIONAL TRADE
SANCTIONS

MANDATORY REQUIREMENTS

Business Partners shall abide by all applicable anti-corruption, anti-fraud, money laundering, and competition laws.

Danone has a zero tolerance stance on bribery and corruption. Business Partners shall not engage in any form of bribery or corruption in order to obtain an unfair or improper advantage, whether actual or perceived.

Business Partners shall not participate in activities which could be seen as impeding competition.

Business Partners shall not have dealings with restricted parties, shall ensure the necessary screening of any related party and shall comply with all applicable international trade sanctions laws.

20

GIFTS AND HOSPITALITY

MANDATORY REQUIREMENTS

Business Partners are prohibited from offering gifts or hospitality above a nominal value to Danone employees, Danone costumers or other relevant stakeholders (such as government officials) when working on behalf of Danone.

Any gifts offered must be of a purely nominal value and must not be intended (or able to be perceived as such) to influence a business decision.

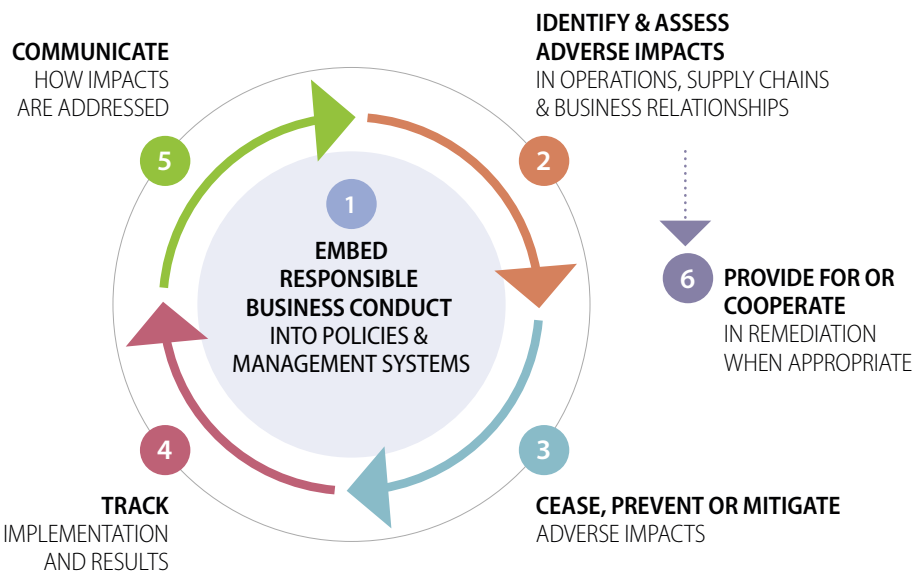
No gifts or hospitality may be offered during tender or contractual negotiations.

GUIDANCE ON THE DUE DILIGENCE APPROACH

Our expectation is that you will determine and take responsibility for establishing appropriate due diligence to be able to meet or exceed the Mandatory Requirements of our SSP.

At Danone, we see managing social, environment and ethical issues as a continuous improvement management system. Whilst there are many social and environmental systems, we have aligned with the OECD Responsible Business Conduct (RBC) due diligence approach (illustrated in the diagram). The expectation is that Due Diligence is an ongoing and iterative process that supports all stages of business development, providing a lens for monitoring and appraisal.

FIGURE 1. DUE DILIGENCE PROCESS & SUPPORTING MEASURES



1. Embed responsible business conduct into policies and management systems:

Supporting your business to move from a compliance approach to a broader due diligence approach starts with defining what the business wants to achieve in this case on a specific social, environmental or ethics issue. Companies often write this as a policy which includes defining what is in scope, what external standards it is based on, who owns the policy, who is accountable, how it is implemented and enforced.

2. Identify and assess adverse impacts in operations, supply chain and business relationships:

Using tools such as external risk indices, supply chain mapping, materiality assessment (prioritising which issues matter most, with regards to risks to the business, the environment, people, and opportunities for positive impact), saliency assessment (prioritising which Human rights issues may have most severe negative impact to people), and data from audits, can help identify where organisations should focus their resources to minimise the harm. These processes should utilise human rights and sustainability expertise and involve stakeholder representatives who can reflect issues from affected communities and workers perspectives. This might involve engaging with trade unions, relevant NGO’s, workers and their communities.

GUIDANCE ON THE DUE DILIGENCE APPROACH

3. Cease, Prevent or Mitigate adverse impacts: This is the “how do we get there?” phase of the due diligence management system. Working from the risk assessment (2), and an understanding of the legal and customer requirements, a **business needs to create the appropriate process controls** (procedures) and **organisational structures** to prevent its activities and its partners’ activities causing or contributing to adverse impacts, and to implement the organisation’s policies. Individuals with implementation roles need to be **trained on social and environmental issues** to be able to raise awareness about business policies, spot red flags and know what to do if they find issues. Given many of the human rights and environmental risks and impacts occur in supply chains, **collaboration** with relevant business partners is key in the prevention or mitigation of adverse risks or impacts. This could be through **training, sharing/scaling best practice**, and increasing individual leverage through industry initiatives or multi stakeholder partnerships.

4. Track implementation and results: Suitable governance needs to be in place to monitor the implementation and effectiveness of business due diligence activities. Are the targets being met? Are the process or controls effectively preventing, mitigating and, where appropriate, supporting remediation of impacts? **Obtaining and regularly reviewing worker grievances and other feedback** is an essential tool for organisations to monitor their impact. Feedback is also crucial for environmental management systems. Engaging with supply chain, partners, customers, farmers and community members enables increased insight into whether the measures an organisation is using accurately reflect issues and improvements.

5. Communicate on how impacts are addressed: Increasingly businesses are required to publicly report to meet regulations, fiduciary duties, customer, employee, and other stakeholder expectations. They are expected to demonstrate that the management systems they have developed and implemented are appropriate to prevent and mitigate the risks and impacts identified. The communication is expected to include metrics that offer clear and relevant evidence to support narratives.

6. Provide for, or cooperate in, remediation: It is important to focus on identifying the root cause(s) to determine the appropriate corrective and preventive actions that will address the immediate issue and prevent a recurrence.



RELEVANT DANONE POLICIES AND DOCUMENTS

- [Danone Human Rights Policy](#)
- [Danone Forest Policy](#)
- [Danone Climate Policy](#)
- [Danone Impact Journey Report on Water 2024](#)
- [Danone's Code of Conduct for business partners](#)
- [Danone Sustainability Principles & Implementation Note for Business Partners](#)
- [Danone Statement on forced labour](#)
- [Danone Ethics Line whistleblowing statement](#)
- [Danone's Methane Ambition](#)



APPENDIX

INTERNATIONAL STANDARDS ACCORDING TO WHICH DANONE DRAFTED ITS SOCIAL AND ENVIRONMENTAL PRINCIPLES:

SOCIAL

Danone has drafted the 10 Fundamental Social Principles in accordance with internationally recognised standards, including:

- The International Bill of Human Rights:
 - › [The Universal Declaration of Human Rights](#)
 - › [The International Covenant on Civil and Political Rights](#)
 - › [The International Covenant on Economic, Social and Cultural Rights](#)
- The ILO eight core conventions:
 - › [Forced Labour convention](#), 1930 (No.29)
 - › [Abolition of Forced labour Convention](#), 1957 (No. 105)
 - › [Freedom of Association and Protection of the Right to Organise Convention](#), 1948 (No. 87)
 - › [Right to Organise and Collective Bargaining Convention](#), 1949 (No.98)
 - › [Equal Remuneration Convention](#), 1951 (no. 100)
 - › [Discrimination \(Employment and Occupation\) Convention](#), 1958 (No. 111)
 - › [Minimum Age Convention](#), 1973 (No. 138)
 - › [Worst Forms of Child Labour Convention](#), 1999 (No. 182)
- The [ILO Occupational Safety and Health Convention](#), 1981 (No. 155)
- The [ILO Declaration on Fundamental Principles and Rights at Work](#) (1988), as amended in 2022
- [Ethical Trading Initiative Base Code](#)
- The ten principles of [United Nations Global Compact](#)
- The [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](#)
- [United Nations Declaration on the Rights of Indigenous Peoples](#)

ENVIRONMENTAL

Danone has drafted the 7 Fundamental Environmental Principles in accordance with internationally recognised standards, including:

- [The Rio Declaration on Environment and Development](#) (UN 1992)
- The [Johannesburg UN World Summit on Sustainable Development](#) (UN 2002) [Political Declaration and Implementation Plan](#)
- the [ISO 14001:2015 Environmental Management system](#)
- the [FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests \(VGGT\)](#).

APPENDIX

RESOURCES FOR SUPPLIERS

KEY RESOURCES

- [United Nations Guiding Principles on Business and Human Rights](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)
- [Inventory of Business Tools – SDG Compass](#)
- B Corp free [assessment](#)
- [A Nature-Positive World: The Global Goal for Nature](#)

ADDITIONAL RESOURCES

Operationalizing the UNGPs

- [Guide for companies – doing business with respect for human rights](#), Shift Project
- [Free learning tool on the UNGPs](#), Shift Project and the UN Global Compact
- [Climate Action and Human Rights: How the UN Guiding Principles can help companies respect human rights when responding to climate change](#), Shift Project

ADDITIONAL RESOURCES

Modern Slavery

- [Migrant worker guidelines for employers](#), International Organization for Migration, with [supporting tools](#)

[Suite of Resources](#) from Walk Free, including:

- [What Works? Five years of lessons learned from the Promising Practices Database](#)
- [The Global Slavery Index 2023](#)
- [Modern Slavery Response and Remedy Framework](#)

Grievance Mechanisms

- [Operational guidelines for businesses on remediation of migrant worker grievances](#), International Organization for Migration

APPENDIX

RESOURCES FOR SUPPLIERS

ADDITIONAL RESOURCES

Water

- Open training on Water with Ramsar: [Bankable Nature Solutions Academy – Unlocking the Private sector potential for conservation and biodiversity](#)
- World Business Council for Sustainable Development [Water tools, guides and case studies](#)

Waste

- [Explore the circular economy \(ellenmacarthurfoundation.org\)](#)
- [Home - Food Loss and Waste Protocol \(flwprotocol.org\)](#)
- [FAO Toolkit - Reducing the Food Wastage Footprint \(fao.org\)](#)
- [UNCC e-learning](#)

Climate / GHG

- [Resources - Science Based Targets](#)
- International Energy Agency [Renewables Overview](#)
- [CDP Corporate Engagement tracker](#)
- [GHG protocol corporate training](#)
- [Resources Archive – Transform to Net Zero](#)

ADDITIONAL RESOURCES

Deforestation

- [Regulation on deforestation-free products](#)

Biodiversity

- [TNFD](#)
- [Science Based Targets Nature](#)

