

DANONE'S
SUSTAINABILITY PRINCIPLES
FOR BUSINESS PARTNERS



DANONE
ONE PLANET. ONE HEALTH

Danone's Sustainability Principles for Business Partners

Version	Version 3
History	Entered into force in 2009
Approval Procedure	Approved by Katharina Stenholm SVP Chief Cycles & Procurement Officer, Emmanuelle Wargon SVP Corporate Affairs & Sustainability Integrator, Bertrand Queffelec VP HR Regions & Social Dialogue, Alexander Juengling Chief Compliance Officer, in 05/2018
Binding on	All Danone's Business Partners company-wide referred to hereinafter as "Business Partner(s)"
Document Owner	Jean Christophe Laugée
Level of confidentiality	Internal & External use
Number of pages	8
Language	English (binding language), French (reference language)

Danone SA is the exclusive holder of all copyrights related to this document. All rights reserved.

TABLE OF CONTENTS

01. SCOPE AND OBJECTIVE	4
02. IMPLEMENTATION	4
03. FUNDAMENTAL SOCIAL PRINCIPLES	5
04. FUNDAMENTAL ENVIRONMENTAL PRINCIPLES	7
05. ETHICAL PRINCIPLES	8
06. RAISING A CONCERN	8

1. Scope and objective

1.1

Danone aims to form fair, sustainable and ethical relationships with our Business Partners, including suppliers, distributors and all other Third Parties, collectively known for the purposes of this document as "Business Partners". Danone has made responsible, sustainable sourcing practices an integral part of our strategy. Danone aims to promote decent working conditions, environmentally responsible practices and ethical behaviour as part of our ongoing commitment to developing a sustainable supply chain.

1.2

The Sustainability Principles apply to all Danone Business Partners.

1.3

The Sustainability Principles include:

- The Fundamental Social Principles;
- The Fundamental Environmental Principles;
- The Business Ethics Principles.

These Principles define Danone 'sustainable and ethical conduct expectations of our Business Partners.

1.4

Acceptance and adherence to these Principles (or provision of equivalent principles) is mandatory for all Business Partners.

2. Implementation

2.1

The Business Partner guarantees that the Fundamental Social Principles and the Business Ethics Principles or equivalent principles are already in place in its own organization and undertakes to, and shall ensure that its employees, agents, suppliers and sub-contractors comply with them, throughout all stages during the commercial relationship. The Business Partner shall also strive to continuously work on the implementation of the Fundamental Environmental Principles.

2.2

To let the Business Partner better follow up the implementation of the Sustainability Principles within its organization and to let Danone have relevant information about this implementation, the Business Partner - where requested by Danone - shall register all of its sites supplying to Danone on a specialized internet platform recommended by Danone.

2.3

The Business Partner agrees that Danone or its authorized external body shall have the right at any time to monitor the permanent adherence and implementation by the Business Partner of the Sustainability Principles. For this, Danone shall have free access to audit at any time the manufacturing and/or warehousing sites of the Business Partner, including without limitation, the premises, the plants, the company records, and the complete process of production.

2.4

If any commitment is found to be breached, the Business Partner shall meet at Danone's request and discuss the reasons leading to the breach. The Business Partner shall then envisage and set up corrective actions with an appropriate time schedule to cure the breach of the commitment.

If the corrective actions are not implemented to Danone's satisfaction in accordance with the agreed time schedule or if the breach by the Business Partner of any of the Sustainability Principles recurs, Danone shall be entitled to cancel the purchase orders in force and/or to terminate the Contract or the relationship for breach in accordance with its terms.

2.5

Acceptance and adherence to these Principles is understood to be confirmed by the Business Partners when they accept to undertake business with Danone, including signature of a Contract or GTCPS and/or acceptance of performance of a Purchase Order.

3. Fundamental Social Principles

The seven (7) social principles described below relate to the international work norms established by the International Labor Organization.

3.1 Child Labour

The Business Partner does not employ children aged under fifteen (15). If the law sets a higher minimum working age or compulsory schooling is to a higher age, this limit applies. Educational programs and training are not included in this limitation.

3.2 Forced Labour

The Business Partner does not use forced or compulsory labour, meaning any work or service performed under threat or that is not consented to by the person concerned.

This refers to the three (3) following principles:

- Every worker should have freedom of movement and freedom to leave employment subject to normal contractual provisions. The ability of workers to move freely should not be restricted by the Business Partner through physical restriction (confinement) abuse, practices such as retention of passports and valuable possessions, threat of reporting illegal workers to the authorities or the menace of any form of penalties.
- No worker should pay for a job. Fees and cost associated with recruitment and employment should be paid by the employer, not the employee (Employer Pays Principle).

- No worker should be indebted or coerced to work. Workers should work freely, aware of the terms and conditions of their work in advance, and paid regularly as agreed. No worker should be indebted to work as a result of excessive recruitment fees, unauthorized deductions from wages, disciplinary measures, fines or inflated prices for company goods, tools or uniforms.

3.3 Discrimination

With due regard for applicable law, the Business Partner refuses to engage in any discriminatory practices.

Discrimination means any distinction, exclusion or preference limiting equality of opportunity or treatment.

It may be based on race, color, sex, sexual orientation, religion, political opinion, age, nationality, family obligations or other considerations.

3.4 Freedom of Association and Right to Collective Bargaining

The Business Partner recognizes and respects employees' freedom of association and their right to freely choose their representatives.

The Business Partner also recognizes employees' right to collective bargaining.

The Business Partner ensures that employee representatives do not suffer any discrimination.

3.5 Health Care and Safety at Work

The Business Partner ensures that the workplace and its environment do not endanger the physical integrity or health of employees.

Action to reduce the causes of accidents and improve working conditions is the object of ongoing programs.

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

As a minimum, the Business Partner must provide employees with drinking water, clean toilets in adequate number, adequate ventilation, emergency exits, proper lighting and access to medical care.

3.6 Working Hours

The Business Partner must ensure that national applicable legal restrictions on working hours, including overtime, are complied with.

Employees have at least one (1) day off each week, apart from exceptional circumstances and for a limited period.

3.7 Pay

The Business Partner ensures that:

- no wage is lower than the applicable legal minimum;
- all employees receive a pay slip;
- employees receive a decent wage, as compared to standard pay practices in their country;
- wage rates for overtime are in all cases higher than for normal hours.

4. Fundamental Environmental Principles

4.1 Preservation of Resources

Production

The Business Partner shall work on minimizing the consumption of energy coming from all the sources. It will develop the use of renewable energy.

Packaging

The Business Partner shall work on minimizing product's packaging for optimizing the product service (Eco-conception). To do so, the Business Partner shall privilege the recycled raw materials, contribute to developing recycling and recycling fields.

Logistics

The Business Partner shall optimize transportation to reduce fuel consumption.

Water

The Business Partner shall minimize the water consumption.

4.2 Chemicals

The Business Partner shall reduce the use of chemicals and fertilizers and exclude the use of chemicals and fertilizers which are hazardous to people's health.

4.3 Climate Change & Greenhouse Gases Emissions

The Business Partner shall work at measuring direct and indirect greenhouse gases emissions of its different activities.

The Business Partner shall work at minimizing its overall greenhouse gases emissions.

4.4 Environmental Management

The Business Partner shall work at measuring and controlling its environmental risks.

The Business Partner shall work at measuring its transported, imported and hazardous wastes according to the Basel Convention.

The Business Partner shall aim to put in place the environmental management system recognized by national/international authorities.

4.5 Animal Welfare

Business Partners who provide either milk, meat, fish and eggs should incorporate measures to protect the welfare of their livestock.

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

5. Ethical Principles

Danone expects the Business Partner, its agents and its sub-contractors, to be familiar with and comply with all applicable legal and contractual obligations relating to their business activities, including these Ethical Principles.

5.1 Business Partner selection process and conflict of interest

The Business Partner shall cooperate with Danone and provide Danone with background accurate and complete information for integrity and compliance screenings (prior and during the selection, contracting and/or monitoring process).

The Business Partner shall declare any potential conflict of interest to Danone prior to the start of the selection process and at any time during the business relationship.

5.2 Anti-bribery and corruption, anti-money laundering, competition law and international trade sanctions

The Business Partner shall abide by all applicable anti-corruption, anti-money laundering, international trade sanctions, data privacy and competition laws.

The Business Partner shall not engage in any form of bribery or corruption to obtain an unfair or improper advantage, whether actual or perceived.

The Business Partner shall not participate in activities which could prevent competition.

The Business Partner shall not have dealings with restricted parties (in accordance with international trade sanctions law).

5.3 Gift and hospitality

The Business Partner is prohibited from offering gifts or hospitality above a nominal value to Danone employees, Danone customers or other relevant stakeholders (such as government officials) when working on behalf of Danone. Any gift 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. Hospitality offered must be linked to business purposes, must be of an appropriate value and must not be intended (or able to be perceived as such) to influence a business decision. No gift or hospitality may be offered during tender or contractual negotiations.

6. Raising a concern

Any concern from the Business Partner, its agents or its sub-contractor, or any Danone agent, regarding these Sustainability Principles or their application should be reported to the usual contact at Danone.

To report a concern, there is also a dedicated and secured reporting tool available called DANONE ETHICS LINE (www.danoneethicsline.com) that may be used. This reporting tool can be used anonymously. Anyone who genuinely reports a concern shall be protected from any retaliation.