

# Danone S.A.

**TICKER**

ENXTPA:BN

**MARKET CAPITALIZATION**

US\$54 billion

**HEADQUARTERS**

France

**COMPLIANCE**
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Not applicable](#)
**COMMITMENTS**
[Yes](#)
**OVERALL RANKING**

## 11 out of 38

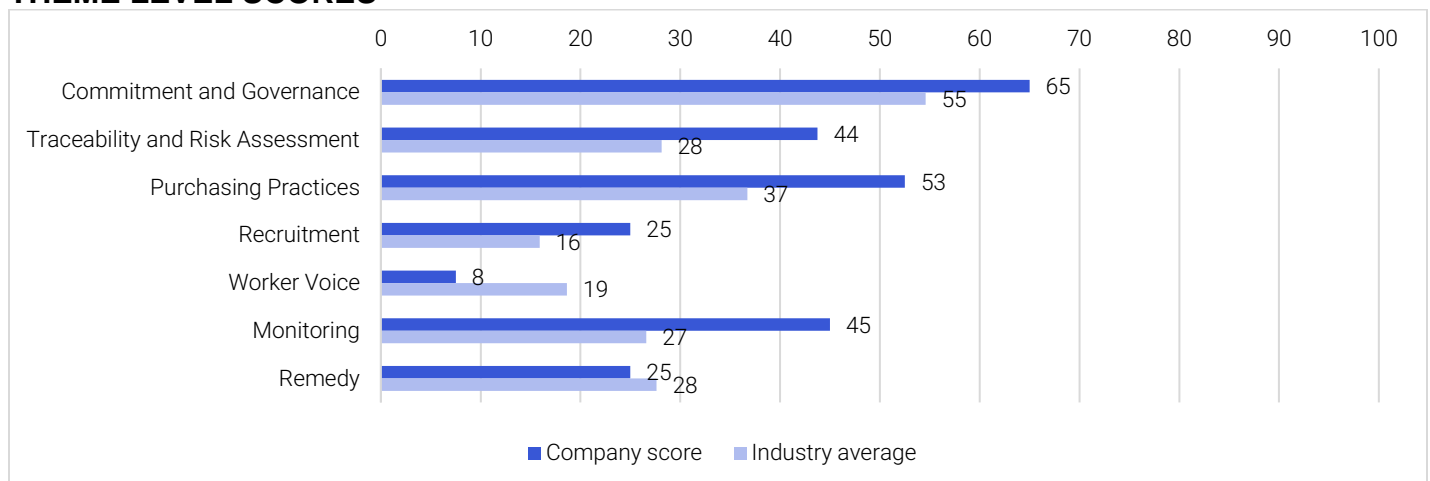
(2016: 12 out of 20)

**OVERALL SCORE**

## 38 out of 100

**SUMMARY**

Danone S.A. (Danone), a French company producing dairy products, beverages, baby food, and medical nutrition products, ranks 11th out of 38 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except worker voice and remedy. Compared to 2016, the company improved its score by ten points. This is because the company discloses stakeholder engagement on forced labor, a forced labor risks assessment and some outcomes, a supplier code which prohibits worker-paid recruitment fees and requires suppliers to cascade the standard, and the expansion of its grievance mechanism to include human rights related grievances. Notably, the company discloses that the Social Responsibility Committee of its board will have regular meetings on human rights due diligence and forced labor beginning in 2018. Additional steps the company could take to address forced labor risks in its supply chains include disclosing policies and practices on the themes of recruitment, worker voice, and remedy.

**THEME LEVEL SCORES**


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## LEADING PRACTICES

None.

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## NOTABLE FINDINGS

**Commitment and Governance:** Danone discloses that compliance with its RESPECT program (which is based on principles such as the prohibition of forced labor in supply chains) is monitored by the Nature and Cycles Sustainability team, which reports to the Strategic Resources Cycles steering committee. It discloses that procurement staff is involved in following up on non-compliances found during social audits. In addition, the company discloses it has selected 89 ambassadors for its RESPECT program to help drive the culture and train buyers internally on the topic of supplier responsibility. Danone discloses that buyers who manage supplier compliance are routinely trained on the RESPECT program. The company discloses that 84% of its subsidiaries have also implemented this training for its buyers. In addition, Danone states that it is a member of The Consumer Goods Forum, working "via the Social Sustainability Committee" towards implementing the initiative's resolution on forced labor.

**Risk Assessment:** Danone discloses that, at the end of 2016, it undertook a CSR risk assessment across 20 of its purchasing categories. The assessment was based on internationally recognized standards, including SA8000 and GRI G4, and had a strong focus on forced labor issues. It further details that, together with "stakeholder expectations," the resulting risk matrix led the company to prioritize commodities and services to further improve traceability and respect for human rights. Danone states that, based on the human rights risks identified through the above processes, it will focus its attention on workers employed through labor agencies or service providers, and the product categories that include palm oil, cocoa, cane sugar and fruit, noting that "the potential risks brought to light are mainly situated in farms and plantations, upstream in the supply chains."

**Purchasing Practices:** Danone states it has established a policy to ensure all of the palm oil it purchases is traceable and—among other criteria—"comes from plantations where the rights of all workers are respected." Since 2014, the company has sourced all its palm oil from RSPO-certified sources; it also sources UTZ-certified cocoa.<sup>1</sup> In addition, Danone states it has collaborative projects to support producers regarding their income and working conditions in its strawberry and vanilla supply chains. The company further discloses partnerships with milk producers in France and the United States which cover technical as well as "environmental and societal aspects". The scheme includes a fair pricing model where prices are discussed jointly with producers or their organizations, to offer better visibility and financial stability. Danone discloses that these suppliers which make up for 19% of its milk supply are contractually covered by this pricing scheme.

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## OPPORTUNITIES FOR IMPROVEMENT

**Recruitment:** The company may consider developing and disclosing a policy that requires direct employment in its supply chains. To avoid the exploitation of migrant workers in its supply chains, the company may consider requiring recruitment agencies—and, where relevant, employment agencies—in its supply chains to uphold workers' fundamental rights and freedoms. In addition, the company is encouraged to ensure that such agencies used in its supply chains are monitored, and to provide details of how it supports ethical recruitment in its supply chains (for example, by providing supplier training on ethical recruitment or supporting the development of ethical recruitment schemes).

**Worker Voice:** To prevent forced labor in its supply chains, the company is encouraged to work with relevant stakeholders to engage with and educate workers in its supply chains on their labor rights. To support collective worker empowerment, the company is encouraged to work with its suppliers to improve their practices in relation to freedom of association and collective bargaining and to work with local or global trade unions to support freedom of association in its supply chains.

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<sup>1</sup> RSPO and UTZ are standards that are ISEAL full members and includes forced labor.  
Research conducted through March 2018, or through June 2018 where companies provided additional disclosure or links.

**Remedy:** The company may consider establishing a process to ensure remedy is provided to workers in its supply chains in cases of human trafficking and forced labor and disclosing details on this process, such as timeframes, engagement with affected stakeholders, responsible parties, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

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## COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)