



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

DISCLOSURE QUESTIONNAIRE

Company Name: Danone Dairy Brazil
 Date Submitted: 02/01/2021

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		√
Biodiversity Impacts		√
Chemicals		√
Company Explanation Of Disclosure Item Flags		√
Disclosure Alcohol		√
Disclosure Firearms Weapons		√
Disclosure Mining		√
Disclosure Pornography		√
Disclosure Tobacco		√
Energy and Emissions Intensive Industries		√
Fossil fuels		√
Gambling		√
Genetically Modified Organisms		√
Illegal Products or Subject to Phase Out		√
Industries at Risk of Human Rights Violations		√
Monoculture Agriculture		√
Nuclear Power or Hazardous Materials		√
Payday, Short Term, or High Interest Lending		√
Water Intensive Industries		√
Tax Advisory Services		√

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		√
Child or Forced Labor		√
Negative Environmental Impact		√
Negative Social Impact		√
Other		√

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		√
Breaches of Confidential Information		√
Bribery, Fraud, or Corruption		√
Company Explanation Of Disclosure Item Flags		√
Company has filed for bankruptcy		√
Consumer Protection		√
Financial Reporting, Taxes, Investments, or Loans		√
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		√
Labor Issues		√
Large Scale Land Conversion, Acquisition, or Relocation		√
Litigation or Arbitration	√	
On-Site Fatality		√
Penalties Assessed For Environmental Issues		√
Political Contributions or International Affairs		√
Recalls		√
Significant Layoffs		√
Violation of Indigenous Peoples Rights		√
Other - Penalties	√	

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		√
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		√
Company Explanation Of Disclosure Item Flags		√
Company prohibits freedom of association/collective bargaining		√
Company workers are prisoners		√
Conduct Business in Conflict Zones		√
Confirmation of Right to Work		√
Does not transparently report corporate financials to government		√
Employs Individuals on Zero-Hour Contracts		√
Facilities located in sensitive ecosystems		√
ID Cards Withheld or Penalties for Resignation		√
No formal Registration Under Domestic Regulations		√
No signed employment contracts for all workers		√
Overtime For Hourly Workers Is Compulsory		√
Payslips not provided to show wage calculation and deductions		√
Sale of Data		√
Tax Reduction Through Corporate Shells		√
Workers cannot leave site during non-working hours		√
Workers not Provided Clean Drinking Water or Toilets		√
Workers paid below minimum wage		√
Workers Under Bond		√
Other		√



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: Danone Dairy Brazil

UPDATED AS OF: 02/01/2021

DISCLOSURE QUESTIONNAIRE CATEGORY	Other - Penalties
ISSUE DATE	2018-2019
TOPIC	Government labor investigation of a customer of Danone Dairy Brazil's opportunity client, which are clients who buy products with an advanced expiration date based on the company's leftovers.
SUMMARY OF ISSUE	A government investigation in Brazil uncovered that close-to-expiry Danone products were sold to a door-to-door sales network in which the investigation took place. While Danone did not have any direct business relationship with this door-to-door sales network, the Secretary of Labor applied a fine of of R\$ 185,000 considering that they were Danone's products. Danone has presented its defense, which maintains that the employees of this client of a client had no direct relationship with Danone. The investigation is still pending and a final decision has not been rendered.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	Public reports about this investigation state that 28 individuals were found to be working in slave-like labor conditions.
IMPACT ON STAKEHOLDER(S)	During the investigation, it was uncovered that these workers were operating under poor slave-like working conditions which included long hours, debt bondage, and unsanitary living conditions
RESOLUTION	The investigation is still pending and a final decision has not been rendered.
IMPLEMENTED MGT PRACTICES	Following this investigation, Danone conducted an audit its opportunity clients and found that their operations were in some cases informal and in others non-compliant with labor laws. Therefore, Danone decided to suspend its relationship with all of its opportunity clients. Danone understands Brazil peculiarities and will pursue to fulfill its mission that is bring health to many people as possible. Danone is studying new ways to deliver its products to distance communities in an affordable way.
REPORT	https://theintercept.com/2019/01/27/danone-nestle-trabalho-escravo/
DISCLOSURE QUESTIONNAIRE CATEGORY	Penalties regarding financial reporting, tax payments, investments, or loans
ISSUE DATE	Taxes cases within 2015-2020
TOPIC	Tax Penalties
SUMMARY OF ISSUE	Over the past 5 years, Danone Dairy Brazil has had cases where the tax authorities reportedly identified underpayment of taxes, specially regarding the right to use credits, regarding different interpretations of tax legislation, and disagreements in ancillary obligations. In this time period, 13 cases resulted in a penalty being paid the the company and 12 cases were dismissed without a penalty. As of mid 2020, Danone Dairy Brazil has 52 cases pending review.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The total amount paid by Danone for cases closed in the last 5 years (inclusive of taxes + any penalties) was R\$ 52.594.214,66. The total projected value of open cases is R\$ 1.418.982.000,00, and most of theses cases are classified as possible or remote chances of loss.

IMPACT ON STAKEHOLDER(S)	Financial impact
RESOLUTION	Open cases have not yet been resolved and value of cases that resulted in a payment is described above.
IMPLEMENTED MGT PRACTICES	Danone Dairy Brazil has always acted within the laws and compliance rules, and prioritizes transparency in the development of its activities, especially by the tax authorities.
OTHER MANAGEMENT COMMENTS	The company categorically disagrees with the tax authorities interpretation and is confident that it will obtain a favorable decision in most cases. In this regard the company has technical analysis by external lawyers. Danone is one of several Brazilian companies that have discussions with the tax authorities regarding the interpretation of tax legislation.
RELATED INCIDENTS (YES/ NO)	All cases summarized above
DISCLOSURE QUESTIONNAIRE CATEGORY	Material Litigation or Arbitration against the company
ISSUE DATE	2016
TOPIC	In 2016 a case was filed by Instituto Alana against Danone claiming that the marketing of the products Danoninho, Bonafont Kids and the program at schools 1, 2, 3, Saude were allegedly abusive marketing practices aimed at children.
SUMMARY OF ISSUE	<p>In 2016, 'Instituto Alana' offered a complaint before the Public Prosecutor accusing Danone of aiming marketing to kids regarding the products Danoninho, Bonafont Kids and also Alana questioned a program at schools called '1, 2, 3 Saude'. The lawsuit referred to Resolution 163 of 2014 of CONANDA and article 37 of Consumer Code, which prohibits all abusive advertising. The Resolution, in turn, states that it is abusive to target advertising and marketing communication to children and offers examples of these types of advertising. However, this Resolution is not in force since was not accepted by economic freedom law and deemed unconstitutional.</p> <p>Danone's global pledge of marketing aimed at children states that the company does not direct any marketing towards children of products that do not comply with Danone's nutritional criteria. According to the company, Danoninho and Bonafont Kids comply with the company's nutritional criteria, therefore, its marketing is considered as an educational tool for good and healthy habits.</p> <p>The program at schools 1, 2, 3 Saude was unbranded and was a program in which Danone was helping kids to learn about a healthy diet, explaining about the importance of a balanced diet (composed by vegetables, fruits, dairy, protein and grains) and the importance of water.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>The sales of Danoninho and Bonafont Kids represents 27% of the total sales of Danone's products.</p> <p>The original case issued by Instituto Alana was dismissed by the Authorities without payment.</p>
IMPACT ON STAKEHOLDER(S)	Public schools that participated in the program 1, 2, 3 Saude and children affected by the marketing.
RESOLUTION	The Public Prosecutor filed Alana's complaint as Danone advertising of Danoninho and Bonafont and also Danone's unbranded program 1, 2, 3 Saude was correct, legal and ethical.
IMPLEMENTED MGT PRACTICES	Danone is committed to follow its Global Pledge on Marketing aimed at Children which can be found linked below in this report.
REPORT	<p>Full case issued here: https://criancaeconsumo.org.br/wp-content/uploads/2016/07/Representa%c3%a7%c3%a3o-Danone-Danoninho-Bonafont-e-123-Sa%c3%bade.pdf</p> <p>Danone pledge on advertising to children: https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/policies-and-commitments/en/2019/Danone_Pledge_On_Marketing_To_Children_2019_12.pdf</p>

DISCLOSURE QUESTIONNAIRE

Company Name: Danone Nutricia Brazil
 Date Submitted: 02/01/2021

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		√
Biodiversity Impacts		√
Chemicals		√
Company Explanation Of Disclosure Item Flags		√
Disclosure Alcohol		√
Disclosure Firearms Weapons		√
Disclosure Mining		√
Disclosure Pornography		√
Disclosure Tobacco		√
Energy and Emissions Intensive Industries		√
Fossil fuels		√
Gambling		√
Genetically Modified Organisms		√
Illegal Products or Subject to Phase Out		√
Industries at Risk of Human Rights Violations		√
Monoculture Agriculture		√
Nuclear Power or Hazardous Materials		√
Payday, Short Term, or High Interest Lending		√
Water Intensive Industries		√
Tax Advisory Services		√

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		√
Child or Forced Labor		√
Negative Environmental Impact		√
Negative Social Impact		√
Other		√

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		√
Breaches of Confidential Information		√
Bribery, Fraud, or Corruption		√
Company Explanation Of Disclosure Item Flags		√
Company has filed for bankruptcy		√
Consumer Protection		√
Financial Reporting, Taxes, Investments, or Loans		√
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		√
Labor Issues		√
Large Scale Land Conversion, Acquisition, or Relocation		√
Litigation or Arbitration	√	
On-Site Fatality		√
Penalties Assessed For Environmental Issues		√
Political Contributions or International Affairs		√
Recalls		√
Significant Layoffs		√
Violation of Indigenous Peoples Rights		√
Other - Penalties	√	

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		√
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		√
Company Explanation Of Disclosure Item Flags		√
Company prohibits freedom of association/collective bargaining		√
Company workers are prisoners		√
Conduct Business in Conflict Zones		√
Confirmation of Right to Work		√
Does not transparently report corporate financials to government		√
Employs Individuals on Zero-Hour Contracts		√
Facilities located in sensitive ecosystems		√
ID Cards Withheld or Penalties for Resignation		√
No formal Registration Under Domestic Regulations		√
No signed employment contracts for all workers		√
Overtime For Hourly Workers Is Compulsory		√
Payslips not provided to show wage calculation and deductions		√
Sale of Data		√
Tax Reduction Through Corporate Shells		√
Workers cannot leave site during non-working hours		√
Workers not Provided Clean Drinking Water or Toilets		√
Workers paid below minimum wage		√
Workers Under Bond		√
Other		√



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Danone Nutricia Brazil

UPDATED AS OF:

02/01/2021

DISCLOSURE QUESTIONNAIRE CATEGORY	Material litigation or arbitration against company - Labor (Employees Internal)
ISSUE DATE	2015-2020
TOPIC	Labor Lawsuits filed by Danone's employees
SUMMARY OF ISSUE	Labor lawsuits mainly from sales representatives claiming overtime payment.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	As of mid year 2020 Danone Nutricia had 44 pending cases with a total claimed value of R\$ 14.226.574,00 and a total projected value of R\$ 2.086.719,00. In the last 5 years, the company had 21 settled cases and paid a total value of R\$ 2.086.719,00
IMPACT ON STAKEHOLDER(S)	Claims made by employees in this litigation alleged overtime working hours demanded by the company without proper payment of such overtime hours.
RESOLUTION	44 cases are pending without a resolution. 21 cases have been settled with payment in the last 5 years.
IMPLEMENTED MGT PRACTICES	Danone Nutricia has taken preventative measures to avoid labor lawsuits, such as decreasing the number of weekly visits of medical sales representatives to participate in medical events.
RELATED INCIDENTS (YES/NO)	No
DISCLOSURE QUESTIONNAIRE CATEGORY	Penalties regarding financial reporting, tax payments, investments, or loans
ISSUE DATE	Taxes cases within 2015-2020
TOPIC	Tax Penalties
SUMMARY OF ISSUE	Over the past 5 years, Danone Nutricia Brazil has had cases where the tax authorities reportedly identified underpayment of taxes, specially regarding the right to use credits, regarding different interpretations of tax legislation, and disagreements in ancillary obligations. In this time period, 4 cases resulted in a penalty being paid the the company. As of mid 2020, Danone Nutricia Brazil has 9 cases pending review.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The total amount paid by Danone for cases closed in the last 5 years (inclusive of taxes + any penalties) was R\$ 3.745.047,97. The total projected value of open cases is R\$ 40.538.000,00, and all of these cases are classified as possible or remote chances of loss.
IMPACT ON STAKEHOLDER(S)	Financial impact
RESOLUTION	Open cases have not yet been resolved and value of cases that resulted in a payment is described above.

IMPLEMENTED MGT PRACTICES	Danone Nutricia has always acted within the laws and compliance rules, and prioritize the transparency in the development of its activities, especially by the tax authorities.
OTHER MANAGEMENT COMMENTS	The company categorically disagrees with the tax authorities interpretation and is confident that it will obtain a favorable decision in most cases. In this regard the company has technical analysis by external lawyers. Danone is one of several Brazilian companies that have discussions with the tax authorities regarding the interpretation of tax legislation.
RELATED INCIDENTS (YES/NO)	All cases summarized above